

Draft Minutes for the Kent & Medway Business Advisory Board (BAB) Meeting 7 September 2023 held on MS Teams

The Business Advisory Board meets quarterly and provides an insight from the business community in Kent and Medway on current trading conditions. The headline points are presented below, and the full meeting note follows.

Highlights from Economic Commentary

Challenges: The following key challenges were raised by board members:

- Operating and planning in an **uncertain environment** particularly with recent political changes at national and local level
- **Continuing inflationary pressures.** This is having an impact on associated prices/cost increases.
- **Lack of planning resource at Local Authorities.** There are not enough qualified staff to meet current demand.
- **Energy & utilities** – supply not being able to meet demand, difficulties with local (green) grid connections
- The **planning system** –complexities leading to delays in construction projects.
- Issues around **Eurostar services not stopping in Ashford or Ebbsfleet.**

Good News Stories: A number of Good News Stories were flagged during discussions:

- The opening of **Thanet Parkway Station** in July.
- A **sense of renewed optimism going forward** especially in terms of increased interest in export.
- **Demand appears to be high** across many sectors.

Future Focus for BAB:

- Ensuring a **strong ‘business voice’** feeds into LEP-transition discussions in Kent & Medway.
- Supporting work on **‘Brand Kent’** to promote the county’s key assets, sector strengths and areas of innovation internationally and domestically.

Potential workstreams to be developed (task and finish groups):

- **Planning** – engaging with planning authorities and leaders in Kent & Medway to look at issues and barriers and work to support the right investment in Kent
- **Energy** - generating and connecting local green energy to the grid and looking at opportunities to boost local supply including through major sites
- **(Digital) Connectivity** – working to understand and tackle issue with ‘not spots’
- **Highways** - Identifying and influencing decisions on investments in highway improvements
- **Education & Employability** – supporting the work of the Local Skills Improvement Plan and feeding into the education system & infrastructure in the county to develop future skills and aspirations
- **Procurement** - looking at developing local purchasing, encouraging businesses to buy from each other, developing the circular economy.
- **Brand Kent** – helping to draw out Kent’s key offer and support the creation of a framework for Kent’s assets (businesses, organisations etc.) to use

Also include:

- **Nutrient Neutrality** – looking at the progress made around the Levelling Up & Regeneration bill potentially passing in November 2023 and the impact this is having on development in the housing sector.

Actions:

All: to feedback on the Draft Kent Economic Framework

DRAFT MINUTES

Participants:

Transport & Logistics:	Matthew Arnold Stagecoach Vince Lucas, VA Rail Josh Fenton, Logistics UK
Agri-food:	Carol Ford, Chair Fresh Food / Horticulture Group Claire Eckley, NFU Kent & Eckley Farms
Digital, Creative, Media:	Andrew Metcalf, Maxim Gaurav Malhotra, Level 5 Marion Brooks, Apogee Corporation
Construction / Property services:	Liz Gibney, Lee Evans Partnership Roland Cooper, Considine Alex Hicken, DHA Planning Group Karl Elliott Clague LLP Nick Fenton, Kent Housing Development Group Richard Hall, Trenport Property Holdings Ltd
Financial & Professional Services:	Ben Sullivan, Lloyds Bank Patrick Campbell, Bank of England Jemma Fairclough-Haynes, Orchard Employment Law
Health & Life Sciences	Chris Broom, Discovery Park
Visitor Economy/Leisure	Simon Storey, Kent Cricket Deirdre Wells, Visit Kent Kanagaratnam Rajamenon, Leaf Hotels
Business Support	Jo James, Kent Invicta Chamber of Commerce Stephen James, British Veteran Owned Ltd Martin Prentice, IoD
Public Sector	David Smith, Kent County Council Stephanie Holt-Castle, Kent County Council Max Tant, Kent County Council Sean Henry, Medway Council Derek Murphy, KCC Cabinet Member for Economic Development.
Education	Simon Barnes, University of Kent
Others/Observers	Steve Samson, Kent County Council (KMEP Secretariat/Interim Head of Economy)

Apologies: Kieran Dent, South East & East Anglia Agency, Bank of England; Karl Hudson, KIMS; Daren Rose, Lloyds Banking; Ian Piper, Ebbsfleet DC; Iain Hawthorn, Oxbury Bank; William Hinckley BTF Partnerships; Maria Caccamo, NIAB; Tom Chown, Digitom; Salim Somjee, Cripps.

1. Welcome

The BAB Chairman (Liz Gibney) welcomed Board members and attendees introduced themselves for the benefit of the new members.

2. Short updates on key topics since the last meeting

Work on topics discussed in May around sector groups, sub groups for BAB etc:

- Brand Kent

- Procurement
- Education & Employability
- Planning
- Highways
- Energy
- Connectivity

Steve Samson said that because we are looking at the future of KMEP and how that fits in with the closure of SELEP, work on this has not yet taken place but will feed into imminent discussions.

5G Innovation Regions Bid due for submission (8 Sep)

Steve Samson mentioned an opportunity for Kent to bid to become a 5G innovation region. KCC has been leading on an application for that funding programme on how we can use 5G enabled sensor technology and data platforms to improve the monitoring and management of traffic flows to and from the ports/international gateways in Kent.

LEP Transition (Growth Hub, Sector Groups)

- SELEP responsibilities to be transferred to Kent County Council on behalf of Kent and Medway.
- SELEP has several sector groups that it coordinates and currently looking at how best to continue those in the future.
- A range of working groups took place over the summer to look at key issues and make plans for a smooth transfer of activity to Kent & Medway

Nutrient Neutrality & Planning

Max Tant, KCC catchment coordinator for the nutrient neutrality area in East Kent, provided an update on nutrient neutrality. The update and discussion have been captured below:

- Government has proposed amendments to the levelling up and regeneration bill, which will remove the requirements for nutrient neutrality if they pass. If they do pass, the commencement will probably be relatively swift, which means commencement probably new year.
- DLUHC did announce new funding for tackling nutrient neutrality. KCC bid for about 15 million of this funding. That fund is not progressing in the way it was envisaged when it was launched in the summer.
- DLUHC are undertaking a series of conversations with various local authorities about what can still be done.
- They are still looking at opportunities to deliver some of the schemes that would have been delivered through nutrient neutrality.
- The purposes of the amendments that have been made is that appropriate assessments are not required for nutrients from new developments.
- We do not know what it would mean in Kent, but still looking at delivering some schemes that might have been delivered to support nutrient neutrality.
- The expectation is that water companies still upgrade all their treatment works.
- Also investing in sites recovery plans for the designated sites that are in failing condition.
- The amendments are that nutrients from urban wastewater are disregarded in the habitats regulations assessment.
- Roland Cooper asked, about ideas from Kent regarding policies for larger developments where it was suggested that 300 units and above would be expected to do on site mitigation and treatment because they've got the land to do it. What is the mood of the authority in terms of progressing that as a strategy or just abandoning any kind of onsite treatment completely?

- Max Tant replied, from a nutrient neutrality point of view, that requirement won't be necessary. However, there are a couple of sites where actually that's not a bad idea anyway, and so it might be worth continuing to pursue that.
- If building many thousands of homes, recommended to build your own wastewater treatment plant or implement grey water recycling.
- Sites of that size should always be considering on site water management because there are a lot of benefits for it.
- It will not be a policy, but a decision for developers.
- Jo James said it solves the problem about sites being blocked, but it doesn't appear to solve the issue which put the block on in the first place.
- Max Tant said but then neither did nutrient neutrality, it would not have improved the situation.
- it was always going to be a medium-term measure.
- That does mean that the new development will increase the poor condition at these sites. There may be an expectation that developers contribute to that in some way through section 106.
- The problem with nutrient neutrality is it was it was causing disruption to the housing sector and costing a huge amount of money without the results.
- Jo James said, everything's been held up for a long period with no real benefit.
- Max Tant replied that one small benefit is that people are starting to recognise the impact of development and what it's doing to the water environment.
- Liz Gibney asked, would be interesting to know if things are starting to go ahead, is there, anything in place to actually monitor when houses are built?
- Max Tant said, possibly, as water quality is monitored.
- Nick Fenton said that housing was an easy target and a small part of the problem.
- He said that competition with Severn Trent and others is a great thing. Need to make sure they are investing in the infrastructure going forward.
- What's going to happen to all the existing projects that are coming forward to resolve this?
- This scheme was set up following the great crested newt project that was put in place in Kent as a pilot that still up and running and it follows the same principles that were there.
- It is not just about delivering on homes, but this is about all of those section 106s that have not been paid by developers because they don't have the planning and therefore investment in schools.
- Max Tant agreed and said that certainly in Stodmarsh, 91% of the phosphorus that's in the in the river is coming from wastewater treatment works and that is overwhelmingly coming from domestic wastewater. So housing is the major cause of phosphorus in the catchment.
- Most of the nitrogen is coming from agriculture, but housing is the second biggest contributor for nitrogen. With agriculture, most things are not part of the decision making process, which means they do not apply. It makes a big contribution and that was always going to be a problem is how we resolve nitrogen, without having some very stringent rules around what farmers can do.
- Just regarding the timetable, the LURB is going through Parliament now. It must pass before Parliament closes in November. If it does not pass then it then it's lost and the government has to start from scratch and go through all the readings again. If they want to table it again. It is almost certain that LURB is going through. It is just a question of whether these amendments are in it or not. If not, the government will have to find some other vehicle for them, but I suspect the government probably to get these through. Then this probably commences sometime in the new year is the expectation.
- Alex Hicken said he thinks the real concern is significant legal challenge on this is still to come and I think we are a long way off this being sort of a silver bullet to solve this. The advice is to carry on to carry on assuming your existing mitigation strategy.
- Max Tant said, that there that there's a lot of opposition amongst the environmental lobby about this and about what it might mean.

- It only amends the habitats regulations. There are other environmental, regulations and legislation as well which apply, although they apply differently, they don't apply in the same way as the habitats regulations, and they're not as stringent.
- Liz Gibney said I think this is probably an issue for a BAB working group

ACTION: set up working group around nutrient neutrality.

- Deirdre Wells said that she chairs group of southern coastal destinations and a working group at Southern Water.
- There may indeed be some legal challenge from the environmental group.
- It would be good to collectively to keep the pressure on Southern Water to make sure that they are doing all they can to mitigate the damage, both in terms of the impact for our development, but actually also for our environment and our coast which is so important. And on tourism, our brand, Kent perception.
- Max Tant said that the requirements on water companies are legal. the issues around nutrient neutrality are not due to any failings by water companies. This is just the treated effluent from treatment works, which is regulated by the Environment Agency. The EA just hasn't told them to get it down lower and that's the issue.
- Liz Gibney said the issue is that there are lots of people who understand their bit in isolation, but there is not really anybody who's got their head round the big picture. But if it unlocks something in the short, then, then that's potentially positive.

Target Border Operating Model

This will be picked up by Carol Ford in her economic commentary.

The Kent and Medway Business Fund

This is being planned for a relaunch in November. It is interest free loans for Kent and Medway companies, nearly all sectors but that will be launching loans up to 600K over about five year period.

Kent and Medway Economic Framework

This is our new economic strategy for the county and something that government is encouraging areas to have in place following the closure of the LEPS. The framework will be circulated with the minutes.

Government Consultations:

- July: KMEP response submitted to Future of England's strategic road Network.
- July: KMEP written representation submitted to Planning Inspectorate for Lower Thames Crossing
- 8 Sep: The future of customs declarations
- 19 Sep: Operational reforms to the NSIP consenting process.

Further Comments:

- Nick Fenton asked can we keep a watching brief on schools, both with MMC and the concrete?
- Liz Gibney said that Essex was badly hit, in Kent 7 schools were affected.
- Nick Fenton touched upon the delivery of commercial space. Kent is good at allocating or and giving planning permission for commercial space but not good at monitoring it like with housing.
- David Smith added that work is being done with the local planning authorities, the districts and with Locate in Kent in order to be able to make a better offering to inward investors.

3. Economic Commentary

Liz Gibney introduced the economic commentary – BAB members had been asked to reflect on the following points during their intervention:

1. A current challenge for your business / sector
2. A good news story for your business / sector
3. A free (positive) comment

Alex Hicken, DHA Planning Group (Construction, Property Services)

Challenge: There is an issue with resourcing within local authorities that then leads into issues with regards to investor appetite and taking things forward.

Good News Story: They received yesterday confirmation from KCC that work is starting on major works to upgrade (about £16 million investment) on the A249 Bearsted junction 7, M20. This unlocks several sites around there that has been in the pipeline since 2018.

Free Positive Comment: Clients are coming back refreshed from summer leave despite the economic uncertainty, and the scaremongering from the press. People are coming back in September wanting to do things.

Andrew Metcalf, Maxim PR (Digital Creative and Media)

Challenge: Planning is a challenge, but even in terms of a challenge, it is also an opportunity. Slow decisions by officers or some strange decisions by planning committees and the change in the political landscape over the last few months has not helped that at all.

Good News Story: One of their clients, Panattoni is nearly full at the 90 acre site of the former Aylesford News Print, creating 3,500 thousand jobs, Also have also got an application in for a very substantial building for a major client, that should be coming up shortly. Discovery Park announced the fact that the worth of its contribution to UK economy is £324m each year.

Free Positive Comment: Onshore wind farms are coming, if they can come back on or we can get those sorted and progress in, all the better.

Patrick Campbell, Bank of England (Financial, Professional Services)

Challenge: Getting inflation back to our 2% target at the moment is a challenge. Also more persistence in domestically generated inflation, namely wages and prices, mainly in the services sector. This is a much higher trajectory than it was before because of the persistence of the very tight labour market, high wage increases and therefore high price increases, especially from services.

Good News Story: Inflation currently back down to just below 7% annualised to July, so that's down from 11.1 in about October last year.

Carol Ford, Fresh Food / Horticulture Group (Agri-Food):

Challenge: Growers and producers getting their fair share of prices. Berries, for example, the average cost increased by 11% but producers are still being paid the same, despite their production costs rising. Growers now in soft fruit, are looking at reducing what they are producing and that's having a knock-on impact on the work they are doing at East Malling with regard to, plant production and plant breeding, there is less requirement next year.

Good News Story: Regarding the border target operating model, Carol is calling for some support from the business Advisory Board in terms of getting behind the Fresh produce consortium. Government has acted upon the recommendations from the sector with regard to implementing a unique border approach. We can do that ourselves and that will prevent the additional costs that are estimated at around £250 million annually being incurred by the sector and then subsequently being passed on to consumers.

Free Positive Comment: The group is supporting and leading on a teacher encounter is the first of its kind here in and Kent and Medway that's happening on the 2nd of November. It has support from the Employment Task Force. It is producing and developing a Fresh Produce careers programme.

Claire Eckley, Kent National Farmers Union (Agri-food)

Challenge: The transition away from EU subsidy to the government's new incentive system. This will be a difficult transition for some farmers as they are not being paid to own land or produce food and they can actually be incentivised to do good things for the environment. But what we're finding with the new government sustainable farming initiative is that they are currently opening and closing the system at no notice at all and just in the last week it has become a huge issue for business planning and cash flow potentially.

Good News Story Really struggling for a good news story at the moment in agriculture, beef and lamb prices have been up during the summer.

Free Positive Comment: It is 'Back British Farming Day' on 13th of September. Colleagues could join in #backBritishfarmingday.

David Smith, Kent County Council (Public Sector)

Challenge: Not everything is going well and there are sometimes challenges implementing changes from central government

Good news: Locate in Kent is about to produce an investment prospectus which will cover both Kent and Medway. Showcasing things that we have achieved and an invitation to international and other domestic investors to come and invest in the county.

Kent and Medway economic framework will take us to 2030, the consultation document will be circulated shortly for comment.

Deirdre Wells, Visit Kent (Visitor Economy, Leisure)

Challenge: General challenge around staffing as this is quite a people-heavy sector. Specific challenge around Eurostar, struggling to get any traction about services stopping again in Ebbsfleet and Ashford since the pandemic. We will be making the case for the demand also highlight the missed opportunity and the impact that has for the Kent economy.

Good News Story: Demand generally both domestically, internationally is high. It's been a good summer for businesses and demand going into the autumn has been high. Really pushing Kent as a year-round destination. We've had an approach from a leading sustainable and tour operator, to make Kent an inbound sustainable destination.

Free Positive Comment: Visit Kent will be in Manchester on Monday and Tuesday at the annual hotel conference and that's a collaboration with Locate in Kent. We don't have enough of the right scale and quality of hotels in Kent that will allow us to attract major events and conferences.

Derek Murphy, Cabinet Member for Economic Development, Kent County Council (Public Sector)

- Very much in favour of Eurostar stopping at Ashford and Ebbsfleet. Clearly it has a major benefit both to the economic development and industry, as well as tourism and especially fresh food.
- Imminently we are going to see the arrival of Brompton bikes coming down to the area. There are some very big national issues that have to be addressed and we are lobbying as much as we can.
- Regarding nutrient neutrality and looking at it from the political stance and the upcoming election next year meaning that progress might be slow for the next few months.

Gaurav Malhotra, Level 5, (Digital Creative and Media).

Challenge: IT security going through challenges due to economic uncertainty and it's affecting where we're going to invest and take on new hires. Political uncertainty is a challenge as well. And, locally, we're not able to find adequate space for a technology hub nearby.

Good News Story We had challenges in finding adequate skills to join and set up an academy. We have been hiring apprentices that have now become permanent staff members, so it looks like they Academy is working. We're working towards becoming the NCSC certified body national around security, which is great as part of our cyber security investments within the local area.

- The challenge with commercial spaces obviously opens up opportunities and within the Gravesend area, we have got the town centre with lots of space that can be utilised for local businesses.
- Converting one of the areas into a tech hub to bring in freelancers small businesses
- We're now exporting our services to Middle East and that's how we're diversifying as a company
- Always good to hear feedback from other businesses in different industries.

Sean Henry, Medway Council (Public Sector)

Challenge: Some businesses we are speaking to now report their issue as growing too fast and needing extra room, they cannot keep up with sales. There is also a lot of political uncertainty.

Good News Story: A big positive for Medway is that since COVID, GVA increase has outstripped the whole of the rest of Kent for the first time in its history. Businesses, please keep in touch with your district leaders. Business groups they want to hear the voices of businesses.

Jemma Fairclough-Haynes, Orchard Employment Law (Financial and Professional Services)

Challenge: Skills is such a still a big issue also recruitment, although this is easing slightly.

Good News Story: Although we've had our challenges over the last three years, we are starting to see business having more confidence and certainly growing.

Free Positive Comment: This is Jemma's first meeting and it was a joy to hear from colleagues.

Jo James, Kent Invicta Chamber of Commerce (Business Support)

Challenge: The inconsistency and lack of government funded business support. Growth Hub service purely now a sign posting service. Through the SPF some local authorities have invested in business support and others haven't.

Good News Story we've had the Local Skills Improvement Plan (LSIP) approved by government for the next two years. So we will be working with businesses that over this period to continue identifying future skill needs, particularly those that firms are having difficulty with that are a hindering business growth.

Free Positive Comment: The construction Expo on the 5th of October is now sold out and only a few places left for the breakfast and dinner sessions.

Chris Broom, Discovery Park (Life Sciences)

Free Positive Comment: Thanet Parkway opening at the end of July, and seen quite good numbers coming through and using that using that service even over the quiet summer period.

Challenge: Business rates still a challenge; some challenges around that with duplication of buildings and perhaps some wrong valuations.

Good News Story: Discovery Park refurbished lab space earlier in the year with the benefit of GBF funding, and let 8000 square feet of lab space since we opened one of the floors in April.

Josh Fenton, Logistics UK (Logistics and Transport)

Challenge: Border Target Operating model for us is still not very workable as government continues to impose quite serious Customs and Border policies post Brexit, which are quite unworkable. Environmental impact also, as no national border control will boost pricing structure and companies may pick commercial facility that is further away, which obviously isn't helpful for a sector that is trying very hard to

decarbonise. There are still serious concerns if the border target operating model will be achieved before the next general election.

Good news story: The profile for logistics in attracting new talent is increasing, through a generation logistics campaign which is underway, and DfT have put in funding for that.

Karl Elliot, Clague LLP Construction Property Services

Hopefully a good news story will come out quickly for nutrient neutrality and that the bill will be passed through quickly.

Challenge what are our local planning authorities going to do about the backlog of cases? Will additional funds be made available to them to employ and hopefully deal with all those applications that are stalled?

Marion Brooks, Apogee Corporation, (Digital, Media and Creative)

Business challenge: inflation has had an effect on our overall business costs.

Business positive: After a challenging few years during and immediately after the Covid-19 pandemic we had a strong Q3 and are on for a strong Q4 - this is related to both the public and private sector having more certainty on and progressing workplace strategies in a pre-Covid era e.g. their position and strategies on remote, hybrid and office working

Personal comment - thank you for allowing me to join the group - I have found it to be really interesting and insightful and I look forward to working with you all.

Business comment - as part of our E, D & I and social agenda we have recently become a signatory of the armed forces covenant, which we are really proud of. By signing the covenant we are making a pledge to be a forces friendly employer - <https://www.armedforcescovenant.gov.uk/>

Martin Prentice, Institute of Directors (Business Support)

Good News Story

- The IoD's tracker data for August shows improvements in business leader intentions around their own levels of 'investment' and 'headcount'.
- Also, revenue expectations are rising along with an increasing sense that we are getting through the worst in terms of inflation – and that UK interest rates are drawing close to a peak.
- With energy prices expected to keep falling into Q4, it is still possible that the economy could experience a soft landing - where inflation falls sharply without tipping the economy into recession.

Current 'Business Sector' Challenge

- Manufacturing confidence remains fragile.
 - This reflects the overall challenges for the sector in most major economies.
 - Some manufacturing businesses continue to experience a testing time with recruitment - resulting in upward pressure on wages.

'Are Boards Losing Control?': Chosen Topic

- The Institute of Directors has just published a report - ['Are Boards Losing Control?'](#).
- This research looks at the biggest challenges facing companies over the next 5 to 10 Years.
- The report evaluates the level of control Boards have - and the actions required by Boards and Policymakers to address these issues.

'Are Boards Losing Control?': Main Conclusions

- Organisations face risks that are more complex than before - and the idea that they operate in a benign and quite predictable environment is no longer valid.
- The cumulative impact of the challenges they face has put many Boards on the back foot, reacting to events rather than setting their own direction.

- So Boards need to re-establish their leadership role and engage more effectively with stakeholders and issues of concern to wider society - and the full report can be downloaded. Link: [IoD Centre for Corporate Governance: Are Boards Losing Control?](#)

Kanagaratnam Rajamenon, Leaf Hotels (Visitor Economy and Leisure)

Challenge: High business rates, High Food costs. Following local election there is concern that the planned development projects will be shelved. Also trying to get an electric vehicle charging point at hotels which has been a challenge. Furthermore, household spending power on food and beverages still a concern for families.

Good News Story: we have now managed to fit 50% of our rooms with air conditioning. Folkstone and the surrounding area have been voted as one of the top ten places by Lonely Planet Guide. The Folkestone Skate park has won the RIBA SE building of the Year 2023, which brings extra people into the town.

Positive Comment: Clifton Hotel is now partnering with Mark Sargeant to reopen the restaurant.

Nick Fenton, Kent Housing Development Group, (Construction and Property Services)

Challenge:

- The housing market took a bit of a with the reduction of help to buy and sales rates have been cut quite dramatically and have reduced their forecast for the year.
- Social housing is being impacted by rent restrictions compared against inflation and interest rates, so RP are not producing as many units as they would have, and they have also reduced their forecasts in terms of housing delivery.
- Commercial is also worried about interest rates and inflation and are adjusting accordingly.
- The Land Market is struggling because developers are not buying so it is not being put on the market.
- No real agreements between the planning officers and the Planning Committee which is causing a concern (ring fencing any increases in planning fees is very important).

Positives:

- Shared ownership is selling very well in the area.
- There is a new accredited planning course within Kent in one of the universities, we need to encourage as many people as we can to sign up to that planning course and become planners.
- Very good working relationships across all the various sectors. (Need to show that we're joined up both public and private sector and working together to see how we can bring it all forward).
- We are busy, construction hasn't stopped as some people are saying.

Richard Hall, Trenport Property Holdings Ltd (Construction and Property Services)

- Logistics arm is experiencing a boom with second hand goods being sent through packages. Retail arm is holding up (cutting costs through more and more automation).
- Hotels we've got some 98% occupancy over the course of this year.
- Commercial property industry is still suffering a bit of a shock of 15-20% fall in capital value and compensating by increasing rents.
- Southeast Planning is difficult, so it is excellent to hear that there's some planners that are being trained in Kent.
- The choke on building now is finding utilities and power shortages (expected in West London). Water companies are years behind collecting certain water rates.
- The Supply side of the economy is still badly damaged and it's holding prices up, so we're still trying to work out what the where the equilibrium point is going to be as a as false recovery driven by supply shortages or is it, will it be sustained?

Matthew Arnold, Stagecoach (Transport and Logistics)

Challenge: The Folkestone depot closed this weekend because of the ongoing economic situation. Sadly, a few colleagues chose to leave the business, but we redistributed most of the work between now Dover and Ashford, Depots

Good News Story: The £2 journeys have led to a 9% patronage increase. That goes up to £2.50 from the 1st of November and is committed for a further 12 months.

Challenge: Road works and Street works: A291 between Canterbury and Herne Bay cost the business financially.

Roland Cooper, Considine (Construction and Property Services)

Challenges: Planning, Stodmarsh, money supply, utility, resource shortage at local authorities. There is a big increase in enquiries, which is great news, but we're not getting them converted because of this lack of confidence, we're busy, but we could be busier.

Positive Comment: Lots of conversations about alternative to Stodmarsh we have recruited in the expectation of more growth. We are diversifying more, concentrating a lot more on the pre planning and strategic services of the business rather than the detailed design. Generally as a business feeling pretty good about the future.

Simon F Barnes, University of Kent (Education)

Challenge:

- We have over 80,000 students in Kent, 40% of those are doing stem or stem related subjects and one of our main challenges at the moment is to respond to the to the changing needs of those students, potentially adapt and change courses and look at the way that they are learning and where they are living.
- structural issues related to our income and being able to respond to changing student numbers and changing student profiles.

Good news story

- UK has acceded to Horizon Europe. So that will bring in an opportunity for research and innovation projects. Very positive meeting this week at the Kent Innovation Alliance and the three universities are looking to work together on their innovation offering.
- in terms of the life sciences coming to Discovery Park, there is a lot of activity at Discovery Park, although there are challenges around the energy sector still, which is all around, we haven't got enough renewable energy and where it is, it's not in the right place. Need to work on those challenges.
- The ability to collaborate with businesses both inside Kent and across the water in Northern Europe would be a really positive thing.

Simon Storey, Kent Cricket (Visitor Economy and Leisure)

Challenge working within an environment which is reliant on broadcast media monies, largely Sky. It is about 60% of the game's income and over a 10 year period from 2019 through till 2028, effectively those are flat. There are no inflation based links, so inevitably we are experiencing some significant challenges on cost inflation, so we are looking at diversifying income more and more. We have conference and events, and concerts. All we're also seeing it from concert promoters who aren't willing to invest because consumers are going to slightly fewer events and the smaller events, which historically have been very successful are under pressure. Looking to probably 2025 not 2024 to see still the full long awaited recovery that we hope for back to 2019 levels.

Good News Story: We've had a terrific summer. Audiences are up, the game is up. The 100 tournament,

which was, watched by millions, 30% of the tickets were booked by women, which shows that the game is broadening its appeal. Also 25% were under 16's watching the game.

We've got some challenges from a financial perspective as you as you move forward because of the optimism and the confidence of the game and our opportunities to ensure that growth undoubtedly continues.

Stephanie Holt-Castle, Kent County Council (Public Sector)

Challenges:

- Birmingham City Council has delivered a Section 114 notice as it cannot balance its budget KCC does not have the same pressures as Birmingham.
- Operation Brock is being applied due to the prisoner escaping from Wandsworth prison.
- There may be more local authorities across the country expected to declare Section 114 and for this group the relevance is that nearly all of the work with local authorities that take place around growth and business is discretionary and when an authority submits a section 114 notice. That means it must pause.

Stephen James, British Veteran Owned Ltd

Challenges:

- Around veteran employment rates. Currently, 13% of veterans when they leave after six months are not being employed. One of the difficulties they are having is about translating their military skills into civilian life and applying those to businesses as well, and also a kind of a lack of awareness as well within the private sector.
- I would encourage colleagues to sign up for the armed forces covenant, the employer recognition scheme to signpost your support for veterans.

Good News Story: Although 13% are unemployed, that means 87% are employed when they're leaving service. Public sector initiatives like Great Place to work, which is a civil service initiative, is doing really well. Especially the things like the guaranteed interview scheme as well within the public sector. Also the National Insurance relief that the government is offering for people who employ veterans, is putting money directly in the pockets of business owners.

Ben Sullivan, Lloyds Bank (Finance and Professional Services)

Challenge: Is liquidity and the ever-increasing working capital cycle pressure on SMEs.

The liquidity that was present due to largely the government backed schemes during the pandemic have ended and business owners are very nervous about taking on large overdrafts or long term loans. So we are seeing quite a few discussions at present around alternative options for financing working capital support on an ongoing basis.

Good News Story : There has been a huge increase in client and prospect interest in discussing exporting to new destinations and exploring finance options to help them do so.

Vince Lucas, VA rail (Transport and logistics)

In response to the uptick in export enquiries Vince Lucas found that there is no guidance for services on how you sell services into Europe.

Challenges: Political, Industrial relations & economic.

- Government rail reform proposals have been delayed, so the industry is stuck now in a world that was meant to survive in the pandemic, with the government taking cost and revenue risk and companies being paid a small management fee, often less than 2%.

- Industrial relations issues. No real decisions on strike actions that have been going on for over 12 months and those strikes have impacted the economic situation because the last published figures show passenger numbers are about 80% of pre pandemic levels, whilst revenue is around 70%. And what that means is the people who are travelling are paying less.
- There is less commuting, more discounted fares, so the average ticket yield is much less.

Good News Story:

- Southeastern changed their timetable last December in the local area to reflect that reduction in activity and make it more affordable to match demand with supply. And this has worked quite well. If it was not for the figures we see around strike action, we would see a much higher levels of performance.
- Official opening of Thanet Parkway station, brought on by the changes to the Pfizer site and the creation of Discovery Park.
- Thanet Parkway drives both business growth in that part of East Kent but also enables further growth in housing should that be required in the future. This means, getting the infrastructure in, in some cases before it is absolutely required.
- Cost of project is less than half of the 40 million than is often quoted. A lot of the costs as well as going into the land, the road access, the car parks, have also gone into upgrading the infrastructure between Canterbury and Ramsgate.

Further comment:

- Liz Gibney asked given the Paris Olympics next year, is there any way can we put any pressure the Eurostar stopping in Kent or has that already been done?
- Vince Lucas replied that he thinks for Eurostar it is a real problem. From a strategic view, it would be very hard to justify the cost of two stations in Kent.
- Deirdre Wells said that there was talk about potentially pitching a pilot stopping service at Ashford/Ebbsfleet for the Olympics and the Rugby World Cup? And suggested the obvious choice would be Ashford.
- Vince Lucas said they last operated pre pandemic, pre-Brexit they are going to have to reinvest in new systems at some stage. So, the costs of re-entry are going to be high as well as the fact that commercially the Kent stations are a challenge.
- Derek Murphy said there are issues around lobbying for Ashford or Ebbsfleet or both. KCC has used its position on the on the Straits Committee in conjunction with colleagues from Calais who want the service to stop at Calais. They have put in a bid to host the Anglo-French Summit that is planned for the UK because it is the 120th anniversary of the Entente Cordial put forward as part of that would possibly be the train stopping, certainly at Ashford as a minimum.

Tom Chown, Digitom, (Digital, Creative, Media) Commentary sent in via email.

- The last few months have continued to show a steady increase in business, Q3 has reported a 25% increase on 2022 levels and in the previous 13 years where productions have traditionally slowed down towards the end of July into early August this year demand has remained high with a steady 6-8 week lead time on productions.
- Recruitment continues to be the common theme for campaigns across most sectors.
- In July Digitom achieved B Corp certification, one of only 1,500 UK businesses who have met the high standards of using business for change, looking after its community, environment and people.
- August saw us produce our first national TV campaign, due to air on Sky Adsmart in the autumn.

Salim Somjee, Cripps LLP (Professional Services) Commentary sent in via email.

- **Challenge for our business/sector** – Interest rates have a direct effect on transaction flows, whether that is M&A, commercial real estate, property development or residential. The cost of debt has increased and until rates stabilise or decrease, any kind of uncertainty will cause some people to pause. Transactions are still happening and people are still looking to transact, but volumes are lower than this time last year.
- **Good news story for business/sector** – Despite the effect of higher interest rates, the debt market has changed significantly over the last 10 years and there are more routes to finance (in terms of new entrants and new methods) which means that there is no cliff edge this time round!! Deals are still happening.
- **Anything else positive** – I talked about our ‘Purpose’ and the positivity that that can bring to industries and communities. What excites me is that there is a significant uptick in commentary detailing how firms in our sector are striving to be environmentally responsible and community minded; not just ticking boxes, but meaningfully so. There are no downsides to this!

Mario Caccamo, NIAB (Agri-food) Commentary sent in via email.

- It is important to reflect on the current challenges that fruit growers are facing in the region. The direct impact for NIAB is the marked reduction in plant royalty as growers are adjusting their position by planting less.
- On a positive note - NIAB is organising a vine and wine event next week focused on the innovation work we do in Oenology and Viticulture. The event is already over-subscribed which shows the interest that this sector attracts for the region.

4. Any Other Business

- Steve Samson will do some work on some of those topics that have been identified previously and some of the headlines of today. He will progress any subgroups looking at some of these bigger issues and report back.
- Jo James offered to host the next meeting at Ashford KICC.
- Nick Fenton raised Hermitage Quarry and make sure we are giving it as much support as we can for extending quarrying there, this is the Kentish ragstone that not only supplies what feels like a lot of building materials for Kent, but also helps keep up things like Westminster Abbey and Windsor Castle.
 - The next meeting will be in person on 9 November 09.00 – 11.30.