

Minutes for the Kent & Medway Business Advisory Board (BAB) Meeting
Octagon Suite, Holiday Inn Dover, Singledge Lane, Whitfield, Dover, CT16 3EL
9 January 2024, 9.30am-11.30am

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 and wider discussions |
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| <p>Challenges: The following <u>key challenges</u> were raised by board members:</p> <ul style="list-style-type: none"> • Ongoing skills and labour shortages. • Lack of certainty from government around messaging, policy and decision making. • Issues with planning authorities. • Ongoing uncertainty about the resolution of Nutrient Neutrality issues in Kent. • The lack of international rail services stopping in Kent. • Continued difficulties in EU/UK trading and concerns around the forthcoming Exit and Entry. • Biosecurity issues in the livestock sector. |
| <p>Ambition / outlook for 2024:</p> <ul style="list-style-type: none"> • Interest rates have stabilised, which will hopefully have a positive impact. • There are opportunities to support businesses in overcoming the aforementioned challenges. • Embracing opportunities of new technologies such as AI. • Supply Chain issues are also starting to ease. • Investment is starting to pick up. |
| <p>Actions:</p> <ul style="list-style-type: none"> • Ensure that the discussion around Eurostar / international rail services for Kent is added as an agenda item for the next meeting. • KCC to consider coordinating a KMEP/BAB response to FCA consultation on the use of cash in time for deadline • KCC to convene a short meeting with relevant BAB members to discuss a response to the DEFRA consultation of Fresh Produce Supply Chains |

DRAFT MINUTES

Participants:

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| Transport & Logistics: | Paul Barrett Ltd, Barretts of Canterbury |
| Agri-food: | Claire Eckley, NFU Kent & Eckley Farms Mario Caccamo, NIAB EMR Carol Ford, Horticultural Taskforce (online) |
| Digital, Creative, Media: | Andrew Metcalf, Maxim PR Jo Nolan, Screen South Miranda Chapman, Pillory Barn Tom Chown, Digitom |
| Construction / Property services: | Liz Gibney, Lee Evans Partnership Roland Cooper, Considine Karl Eliot, Clague LLP Mark Quinn, Quinn Estates |
| Financial & Professional Services: | Daren Rose, Lloyds Bank Samantha Mason, MBM Balance Ltd Emma Liddiard, Spurling Cannon Accountants Iain Hawthorn, Oxbury Ban |

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| Visitor Economy/Leisure | Kanagaratnam Rajamenon, Leaf Hotels |
| Business Support | Tudor Price, Kent Invicta Chamber of Commerce |
| Others/Observers | Steve Samson, Kent County Council (KMEP Secretariat/Interim Head of Economy) Emma Watson, Kent County Council(KMEP Secretariat/ Project Officer) |

Apologies:

Matthew Arnold, (Stagecoach); Troy Barratt, (Contracts Engineering & BAMUK Group Ltd); Marion Brookes, (Apogee); Chris Broom/ Mayer Schreiber, (Discovery Park); Zoe Cairns, (ZC Social Media); Jason Davis- Baker, (Unipet); Jemma Fairclough-Haynes, (Orchard Employment Law); Josh Fenton, (Logistics UK); Nick Fenton,(Kent Developers Group Chair); Alex Hicken, (DHA Planning); William Hickley (Bax Thomas French Ltd t/a BTF Partnership); Ashley Hook,(mhs homes group); Jeremy Licence, (Furley Page LLP); Vince Lucas, (VA Rail); Martin Prentice, (IoD); Salim Somjee, (Cripps LLP); Deidre Wells, (Visit Kent); John Keefe, (Getlink)

1. Welcome

Liz Gibney welcomed everyone to the meeting.

2. General Update and Key Points for 2024

Steve Samson provided an update on the following topics:

LEP Integration: Government guidance published on 19 December highlighting the importance of business representation in new Functional Economic Areas:

- “Effective, independent and diverse business representation should remain in institutional structures.”
- Private sector and employer perspectives are expected to be able to enhance local economic strategies and interventions including:
 - business, trade and investment support
 - challenge / insight on business impacts of public sector initiatives
 - providing delivery expertise, market credibility and a vehicle for leveraging match funding for public sector programmes
- Strong business voice is an eligibility requirement for some government programmes (including Growth Hubs)
 - **Membership:** a wide range of business types, sizes, diversity of voices, involvement of business representative organisations, conflict of interest policy
 - **Role and responsibilities:** local authorities to consider how business boards can feed into local economic priorities and how will business boards have representation on other local fora.
- In response to a question from Jo Nolan Steve Samson confirmed that SELEP has been responsible for distributing around £800 million since its inception in 2012, a number of these projects and programmes are still running. There is a responsibility on KCC to take over the formal monitoring of those live projects and report back to the government. There will be a transfer agreement between SELEP and KCC, Essex and East Sussex. Following this there will be a direct agreement between government and KCC.
- Miranda Chapman reiterated the need to put a marker down for Ashford Spurs Money. Steve Samson provided context and explained that SELEP funded several activities around Ashford Station to do with physical improvements to the rail infrastructure, and there is now the ongoing issue with Eurostar not stopping in Kent at all at the moment. A decision on whether they will stop in the future will not be made until at least 2025.

- Steve Samson then reminded members of the business questionnaire regarding Eurostar services and encourage them to fill this out. <https://kcc.welcomesyourfeedback.net/s/KentBusinesses> (deadline 15 Jan). There is also a residents' survey as well. Vince Lucas is working on a paper to outline the reasons why Eurostar is not stopping in Kent and he could possibly share this at the next BAB meeting in March.

ACTION: Bring an update on Eurostar to next BAB meeting

Kent & Medway Nature recovery strategy Workshop for Local Businesses:

- 10 January 13:00 - <https://www.makingspacefornaturekent.org.uk/events/>

TMBC / Sevenoaks DC Green Business Grant Scheme opening late January:

- Up to £5K for reducing carbon footprint
- Up to £8K for Green Economy businesses
 - A total £60K pot for applications.

TMBC Shopfront and Vacant Unit Improvement Scheme also opening for new applications:

- 60% of project costs up to £5K.
- <https://www.tmbc.gov.uk/business/shopfront-grant>

FCA 'Access to cash' Consultation (deadline 8 Feb):

- The FCA is proposing a new regulatory regime, which would require banks and building societies designated by the Government to assess and fill gaps, or potential gaps, in cash access provision that significantly impact consumers and businesses.
- www.fca.org.uk/publications/consultation-papers/cp23-29-access-cash

ACTION: Consider a KMEP/BAB response to consultation in time for deadline

Nutrient Neutrality:

- Government Letter published 23 December including confirmation of £9.8m Local Nutrient Mitigation Fund for Stodmarsh. Details to be provided at future meeting once known.

[Letter from Minister for Housing, Planning and Building Safety on nutrient neutrality, December 2023 - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/letter-from-minister-for-housing-planning-and-building-safety-on-nutrient-neutrality-december-2023)

Roland Cooper then gave an update on Nutrient Neutrality

- There are questions around how the £9.8 million will be spent.
- To put it into context, what becomes enshrined in law on the 26th of January this year is that the water companies have got to greatly improve all their wastewater treatment work outputs by 2030.
- On behalf of the region, Roland and others are arguing for a catchment strategy, not just dealing with Stodmarsh. It is important to talk about the whole catchment and arguably the region.
- It means talking to agriculture, business, industry, planning authorities, and influencing spatial plans over time to make sure that we have strategies in place to reduce water consumption. To make sure there is a strategy in place to reuse and recycle where possible and to make sure to capture all of the good works.
- Carol Ford highlighted online that it is important not to duplicate efforts where other groups are feeding into the debate.
- Horticulture is already doing to great deal reduce their nutrient load into the catchment. None of that is quantified at the moment. All of it is relevant there is a need to pull together. To be able to say that as a catchment, things are improving substantially.
- Roland will be drafting some questions for at the moment with Ashford to send to King's Council to see if legal advice can be updated.
- Following the legal certainties on the 26th of January, it would be good to see if it would now be safe to start raising consents.
- Mark Quinn suggested to challenge the [WINEP Report](#). Roland Cooper said that it would possibly be time consuming to do and recommended working with what is certain.
- Roland Cooper will be having meetings soon about the strategy for unlocking, planning permission now. To empower officers to start turning on decisions and that in the longer term

recognise that the issue must be tackled strategically. Following this there was a discussion on the importance of creating a catchment area and dropping borders between Ashford and Canterbury.

Steve Samson continued with the general BAB update.

- **DEFRA consultation 22 Feb Deadline:**

The UK fresh produce sector: review of the supply chain. <https://consult.defra.gov.uk/supply-chain-fairness/contractual-relationships-in-the-uk-freshproduce-i/>

ACTION: KCC to convene a short meeting with relevant BAB members to discuss a response

- Liz Gibney, thinking about the new KMEP structure, wondered whether there is more work that KMEP could do around biodiversity. Creating a strategy to do with wetlands, housing and how these impact on biodiversity and nutrient neutrality. How it links with farming and horticulture. Otherwise, it's just going to keep happening repeatedly. Unless somebody comes up with something positive and proactive, everybody is just going to keep hitting brick walls.

3. Economic Commentary

The board members were invited to provide the following thoughts on their industry sector:

- A current challenge for your business / sector
- Your ambition / outlook for 2024
- A free (positive) comment

Emma Liddiard, Spurling Cannon Accountants

- Emma Liddiard has moved from Global Media to work at Spurling Cannon Accountants.

Challenge: Skills Shortages due to ageing workforce and early retirement. The shape of accountancy is changing recently in terms of having to adapt to user technology, but traditional services in accountancy need to evolve as well. All this has an impact of the availability of qualified candidates.

Ambition/ outlook: It is a busy time, with clients requiring services as it is an uncertain time. There is a need for more consultancy roles and more advice being given but the market is buoyant and is growing. Leading on bringing companies up to speed on digital transformation, social and environmental governance.

Samantha Mason, MBM Balance Ltd

Samantha Mason agreed with much of Emma Liddiard's commentary.

Challenge: Clients embracing new Technology is a challenge and there is a need to advise clients accordingly, to embrace this challenge. Staff shortages are also still a problem. Although recently they recruited great people in data analysis which has helped.

Ambition/ outlook: Is to carry on in what could be a challenging year for clients and for some sectors and wanting these businesses to achieve and keep everyone moving.

Miranda Chapman, Pillory Barn

Challenge: Feels that 2023 was hard for many people but is feeling positive about 2024. AI is really affecting the sector at the moment.

Ambition/ outlook: Not frightened by AI, happy to embrace it and using it wisely. This means focussing more of the human side of things. In Miranda Chapman's own business this means talking to journalists and doing more work in the engagement sector, this means talking to the public about development, education etc.

Free comment: Clients are facing difficult times at the moment, but it is still important to be there for them.

Paul Barrett Ltd, Barretts of Canterbury

Challenge: Government has changed EV messaging and have pushed back zero emissions until 2035. However, ZEV mandate means that 22% of cars sold must be zero emissions but demand is not matching. Business is embracing EV, but not the public. Meaning that manufacturers will have to incentivise the market. Skills are also an ongoing issue. They have ramped up technician apprenticeships and increased pay rates. Demand is still flat, due to interest rates and affordability and cost pressures. Heading back to 'old normal'. Used car values sliding now – 15%.

Ambition/outlook: Supply chain issues largely resolved, there is now plenty of supply and stock is building.

Andrew Metcalf, Maxim PR

Challenges: Growth has not been consistent in terms of which sectors are growing (PR can be dropped); Government has been inconsistent in policies and decision making. (Dividend allowances - £5K from 2018 to £1K later this year). Dropped NI but not to businesses. Corporation tax has gone up from 19% to 24%. Ghosting from clients has also been a big challenge, after getting prices in, things go quiet.

Ambition/outlook: Andrew is looking for consistency relating to the afore mentioned challenges in 2024. Kent Press and Broadcast awards have been planned and the company has now moved into Regis workspace which has been good. Expressed worries about EES coming into force later this year.

Mario Caccamo, NIAB EMR

Challenge: The sector is contracting; some of the reasons will be relevant for DEFRA consultation. The main reason that the sector is contracting is down to risk vs rewards when it comes to crop growing. The growers have been taking the bulk of the risk. This might mean paying more for food.

Ambition/ Outlook: EMR got an important deal with Bayer to take ownership of plant genetic rights for strawberries. This means that work will continue with NIAB in East Malling. Mario expressed thanks for the support from KMEP LGF, GPF. Indeed, received investment in their site thanks to LGF / GPF. Growing Kent and Medway has been a success and a brand with own life. However, they are now halfway through funding. Work needs to be done to continue the legacy and get future funding. The sector is under stress.

Daren Rose, Lloyds Bank

Challenge: There are challenges in getting the message across when supporting businesses that the service offer is wider than conventional banking. E.g., international trading, access to free tools and other free services such as making sure businesses are keeping safe from fraud. SMEs need a lot of support around sustainability and Lloyds offer sustainability audits.

Ambition/Outlook: This is positive and are they now seeing investment pick up, and businesses are starting to invest in their future (asset finance, demand for HP). Staffing issues beginning to ease and inflation beginning to ease as well.

Kanagaratnam Rajamenon, Leaf Hotels

Challenge: Affordability is causing many people not to go out so much as they used to. Menon is hopeful that interest rates coming down will help with this issue. Due to political issues many projects have been put on hold and, where previously there would be workmen staying, now there are none. Contractors that used to come to see SAGA are now also not coming any longer. Staffing is still an issue, especially around digital marketing.

Ambition/Outlook: However, they are doing well and even out of season are at full capacity. It would be good to have a conference centre in a coastal area in Kent. Conference season is generally January through to April and thinks that there is demand for this.

Positive Comment: They are getting more bookings from European Customers.

Iain Hawthorn, Oxbury Bank

Challenge: Impacts of the base rates going up over the last few years affecting clients now and mean that they might start to post losses. This could have an impact on their credit risk rating. Although companies seem to be very resilient.

Ambition/ Outlook: Base rates are coming down now and hopefully will make things more affordable. Larger projects have been postponed to 2025/2026 and the recommendation is that companies move away from pure farming and diversify. However, what they need to do is often the hardest to justify. HP demand is strong, and companies are still investing in equipment. Perhaps this is due to the difficulties they are having in recruiting staff.

Free positive comment: Iain is a long-time supporter of Canterbury Christchurch University and appealed to the board members to invest in the students by supporting the Graduates Futures Fund by making a donation. Student hardship is particularly high now.

Karl Eliot, Clague LLP

Challenge: Due to good years in '22 and '23 means having to pay more tax on this. Their challenge is to maintain this level of growth although their sector has levelled out slightly. Other challenges include nutrient neutrality issues and a local authority that they have been working for putting themselves on notice of going bankrupt. Furthermore, local planning authorities are not working well at the moment.

Outlook/ Ambition: Trying to maintain their team and expand the cross spectrum of project that they are working on.

Mark Quinn, Quinn Estates

Challenges: 2023 was a difficult year and business was down by about half. Planning is also causing real problems in the sector. Despite creating net gain in biodiversity and protecting turtle doves at Betteshanger, they still being challenged. Any support from KMEP would be appreciated.

Ambition/Outlook: To get the planning in place for planned projects. Development around Kent Science Park are looking promising, Betteshanger and Ashford will also continue in 2024 (although nutrient neutrality is causing problems here, too.)

Claire Eckley, NFU Kent & Eckley Farms

Challenge: Biosecurity Livestock challenges, keeping disease out of the county/ region. Testing for livestock for Blue Tongue Virus is causing welfare issues for the animals (as they cannot be released from barns prior to testing). This also has a big financial impact on farms. There are issues getting the livestock to abattoir. This has been one of many challenges biosecurity wise. Asian Hornet, Avian Flu have also caused challenges (but no outbreaks in poultry farms in Kent). When a vaccine for Blue Tongue is made available, the farmers in the South will protect their stock at their own cost to protect the rest of the country. Kent Trading Standards have been a real support.

Outlook/ Ambition 2024: Farmers need a lot more bandwidth about what is going on. There is a new sustainable farming initiative that is taking over from what used to be a European Subsidy. However, a lot of land is being taken out of food production, either because of nutrient neutrality or BNG (Biodiversity Net Gain).

Free Comment: Clair Eckley took part in a lit-up tractor run for Charity and raised £12,000 for the air ambulance just before Christmas.

Jo Nolan, Screen South

Challenge: There are challenges in the creative sector around skills, investment, and business models. Also, local equity investment models. Jo is involved in projects that involve various pathways to employment or business development. Mainly in the TV and Film industry and in creative technology. There seems an increasing understanding of IP and asset management. It is a challenging landscape for those independent emerging SMEs or smaller companies to understand how investment works and how they're going to skill up in the future. And to understand where their markets are developing. Creative businesses need support in this area.

They can be supported by ensuring that they have the correct skills needed to thrive. The main problems that they have around skills are in project management, accountancy, recruitment.

Last year was a difficult year due to strikes internationally and the fact the post covid surplus has now ended, resulting in job losses.

Ambition/ outlook: The film industry is likely going to recover, and high-end television has continued. There are lots of virtual production opportunities. There are also opportunities for creative tech. Jo is predicting that next financial year will start to get very busy not just nationally but internationally. Kent needs to provide the skilled workforce to support this. Tackling the business model issue will also be important and work is being carried out to support this. Would appreciate support from accountants and banks on this issue.

Free comment: There is a huge amount of talent locally in Kent that needs tapping into.

Tom Chown, Digitom

Challenge: Challenges around growth and skills. Being part of the Create Southeast programme has been beneficial however finding the appropriate skills to collaborate and grow has been the biggest challenge. The downturn in advertising in broadcast has led to a downturn in broadcasters commissioning content as well.

Ambition/Outlook: This is positive. Last year was their best in 14 years. With a 40% growth from the previous year. Have work booked in in January where they are actually producing, which does not normally happen, and things are looking positive for spring. They are also experiencing growth in local advertising, which is appealing to smaller companies rather than the nationals.

Free Positive Comment: Digitom are a new sponsor for the Tast of Kent Awards.

Tudor Price, Kent Invicta Chamber of Commerce

Challenge: The BCC published its Q4 Quarterly Economic Survey (attached) which indicated a steadily growing confidence in the UK compared to this time last year and there seems to be light at the end of the tunnel. However, very few companies are forecasting any improvements on sales, cashflow or investment. So overall we are in a period of stagnation. This is mirrored locally in Kent and Medway in sectors such as construction, hospitality, and retail. There is a need for incentivised growth of medium sized businesses as they have a wider economic impact. Labour shortages, particularly around low skilled workers remains an issue. Anecdotally, KICC are expecting more redundancies for businesses in the new year as reserves are running low.

Ambition/Outlook: The chamber has recently stated its critical aims as part of the 'Where Business Belongs' campaign. They include better planning (including improved grid infrastructure). In terms of UK/EU relations it is still hard to do business across the border, also nervous about the Entry Exit System coming into play in October 2024. It is important that we can mitigate against that. They are also looking at skills and national apprenticeship levies and trying to encourage local businesses to invest in local employees. Looking at Net Zero and assisting companies in overcoming the barriers to businesses. Local Skills and Improvement Plan is going well, continuing to take on board new stakeholders. Big successes with the Local Skills Improvement Fund. Been Particularly pleased with the coalescence around the plan. Also been able to give out some low carbon audits.

Roland Cooper, Considine

The ambition for 2024 is to deliver the company's pipeline, while keeping it full at the same time.

AOB

Updates from members sent via email.

Gaurav Malhotra, Goaco.

Current challenge for business/sector is talent acquisition. As a company, we are investing into academies and training to grow skills and capabilities across the tech industry.

Ambition & Outlook for 2024 is to grow our talent base within the Kent region by 2x fold, aligning to growing demand from new and existing clients across the digital transformation and cyber security space.

Positive comments:

- a. We are successfully delivering a number of workstreams on the Cabinet Office Transforming Public Procurement (TPP), as a digital partner for the Procurement Act. All suggestions, comments welcome from the board to support a number of phases for delivery this year.
- b. We've changed our brand, as you may have noticed now from Level 5 to Goaco. <https://goaco.com/level5evolution/>.
- c. Really proud to be supporting the Ebbsfleet United U15 team.

Attached: BCC Survey, Q4.