

East of England Economic Summit – Tuesday 25th May 2021

Introduction:

On Tuesday 25th May 2021, the London & East Regional team and associated District Society Presidents held the East of England Economic Summit. This event began with analysis that focused on the results of the Q2 ICAEW Business Confidence Monitor before guests moved into their local breakout rooms for panel discussions. The overarching objective was to stimulate debate on how local economies can begin to emerge stronger through a sustainable recovery and reflect on how businesses have fared since the previous Economic Summit in December 2020.

Discussion rooms & Speakers

The summit began with an introduction from Gareth John, ICAEW President for East Anglia followed by analysis by the ICAEW and the Bank of England. Guests then moved into regionally focused breakout rooms. A panel discussion featuring local representatives then took place concentrating on the issues that will impact each region.

Prior to Gareth introducing Phil Eckersley, we ran a poll to capture attendee's perspectives on business conditions as follows:

How do you think business conditions for your organisation will change over the next 6 months?

- Significantly improve
- Marginally improve
- Neither improve or deteriorate
- Marginally deteriorate
- Significantly deteriorate

We also ran the poll at the end of the event to see if opinion had changed.

Opening poll - It was interesting to see that 50%.of attendees thought conditions will marginally improve whilst 34% of attendees thought that conditions will significantly improve.

Closing poll - It was interesting to see that 55%.of attendees thought conditions will marginally improve whilst 32% of attendees thought that conditions will significantly improve.

ICAEW analysis of the Business Confidence Monitor provided by Iain Wright, ICAEW Managing Director, Reputation & Influence

- Remarkable change in six months
- Sharpest recovery – lots of optimism
- This is reflected across all of the region and sectors
- Regional picture is consistent with the national picture
- EOE figure is +32.2
- Domestic sales fell last year by 3.4%
- Export performance strongest in UK over last 12 months
- Exports actually grew by 1%
- Region has strong performance in pharmaceuticals and IT
- There was a rise in demand domestically and oversea in these sectors
- Increase in domestic & export sales expected
- Need to encourage EOE businesses to export
- There has been a fall in labour costs due to furlough
- Average salaries have fallen
- Increase in employment expected
- Profits fell in last year but increase of 7.4% expected
- Decline in investment of 2.7% in last 12 months
- Expect an increase of 3.2% in next 12 months
- Business challenges include customer demand and transport
- Overall, a strong forecast with confidence due to the vaccine, businesses are optimistic and expect a huge bounce back of sales, profits, employment & investment

After the initial analysis, guests and panellist then moved into breakout rooms for panel discussion. Please see the rooms and panels as follows:

Cambridgeshire:

Chaired by Steve West, Chair of ICAEW East of England Regional Strategy Board with Jane Paterson-Todd, CEO, Cambridge Ahead, Vic Annells, Chief Executive, Cambridgeshire Chambers of Commerce, David Cleevely, CBE FREng, & Linn Clabburn, Programme Director, Cambridge Norwich Tech Corridors as panellists.

Suffolk:

Chaired by Luke Morris, ICAEW East Anglia Ipswich City Head with Doug Field OBE, CEO, East of England Co-Op, Tom Hunt, MP for Ipswich, Mark Ling, Orwell Ahead & Mark Taylor, Acting Chief Executive, Freeport East as panellists.

Norfolk:

Chaired by Andrew Dawson, ICAEW East Anglia Council Member with Chris Sargisson, Chief Executive, Norfolk Chambers, C-J Green, Chair, New Anglia LEP & Duncan Baker, MP for North Norfolk as panellists.

Essex:

Chaired by Simon Medcalf, ICAEW South Essex President with Professor Neil Kellard, Dean of Essex Business School, University of Essex, Alison Shadrack, IOD Essex Interim Chair & Richard DeNetto, Associate Director, CBI as panellists

Hertfordshire

Chaired by Julian Daly, BBH President with Bim Afolami MP for Hitchin & Harpenden, Neil Hayes, Chief Executive, Hertfordshire LEP & David Bisoni, Senior Vice President, Business Affairs & International Development at Warner Bros Studios Leavesden as panellists.

Buckinghamshire & Bedfordshire

Chaired by Philip Fenn, Partner, Mercer & Hole with Ben Everitt, MP for Milton Keynes North, Lewis Stringer, Senior Manager, UK Network – East & South-East Midlands, British Business Bank & Hilary Chipping, CEO, South East Midlands Local Enterprise Partnership (SEMLEP) as panellists.

Funding Panel

Chaired by Paul Sullivan, Senior Manager, UK Network, East of England, British Business Bank with Matthew McLoughlin, Senior Investment Manager, Foresight Group, George Neville Jones, Local Director, MetroBank, Amelia Armour, Partner, Early Stage Fund, Amadeus Capital & Chris Tilley, Director, Strategic Solutions, Coutts as panellists.

Skills:

Chaired by Dr Hilary Lindsay, Patterns of Learning with Anne Bailey, CEO, Form the Future, Olga Tregaskis, Head, Norwich Business School, University of East Anglia, Fiona McGonigle, Director, Workforce Transformation Solutions Ltd & Laraine Moody, West Suffolk College as panellists.

Discussion summaries:

Please see a summary of the key points from each breakout room discussion.

Cambridgeshire:

What has been your take on the last six months since our December event?

- People being busy and getting ready to re-open.
- Public sector – Lots of Government initiative, however, these are resource intensive to access.
- Businesses are relocating to the area and wider region.
- There is an increase in new start ups and a lot of private sector investment going into the region
- People are settling down and working out how to do things technology wise.
- Successful vaccine roll-out so people want to do more.
- Brexit – shortage of materials and not being able to trade freely.
- People in London were able to switch easily to home working but not so much in the local region.
- Has started face to face sessions and finds that people are not confident in getting out there.
- People are resilient.
- 4 million less people furloughed in 2nd lockdown – growth was up in the region.
- People – quality of life was better due to less road congestion and affordable housing creating social connections and sense of community.

What central or local Government support measures are going to be required for the remainder of 2021 and thereafter?

- Support will need to be varied dependant on different sectors, sizes of businesses need different support.
- Still a lot of uncertainty with working from home and transport etc.
- Supply chains – Impacted differently so may need tailored support.
- Knowledge sharing and networking across the region and companies.
- Sharing skills.
- Government to work on transport and education due to lockdown.
- Public health has been declining.
- PSBR going down.
- Proper advice from Government regarding working from home and not to leave it to individual businesses to make the decision.
- Get people back into the high street.
- Government need to push start a scheme for young people.
- Colleges need to provide more courses.
- Transport needs to be subsidised.
- New major link to the area.

What does the local professional and business community need to do to help drive a sustainable economic recovery for the region?

- Learning and collaboration, knowledge sharing between region and different sectors.
- Networking – bringing in people to explain how to raise your game, believe in shared experience.
- Voices need to be heard with Government.
- Share knowledge and not let it be a threat that businesses can steal clients but work together.
- Networking amongst the region, the region has everything we need to make things happen.
- Get skill sets together.
- Increase the supply chain.
- Hospitality to move to local high streets.
- Skills – young people given every opportunity to work, share experience, have a buddy up scheme, work alongside teachers to help teach young people about the world.

Panellist to Panellist Questions

Regarding the CPIER report, what do you think will be the key recommendations in a post-Covid recovery?

Lots of changes discussing re-refresh of the report to look at what has changed.
Housing – working from home and transport.
No-change in skills and education.
Environment and climate change – look at green spaces and people’s quality of life. Public health – resilience has been tested with the pandemic and how it has affected wellbeing.

What is the most surprising thing you have seen in the first three weeks of your new role?

The difference in the country from rich to poor is staggering.
The region had a reasonable pandemic compared to neighbouring areas and haven’t felt the full extent as infection rate was low.

How do you see the economy functioning in a post-Covid world?

We are adapting – optimism is in each lockdown.
Hospitality adapted by serving takeaways.
Manufacturing has remained operational.
People have also adapted with working from home and managed to balance work and home life and no commuting.
Digitalisation has given us a choice.
Offices will become a networking, socialising and training space.
Will businesses consider their space?
Housing will change to accommodate more working from home spaces.
Degrees of change will happen.
Although the past 18 months have been challenging for many businesses, what have you seen in terms of new opportunities that businesses in the East of England might look to benefit from?

New opportunities in all sectors, better time to reconsider how they would like to work.
Come up with new ways of delivering their service.
Looking at where is your next customer – look at the public sector.
Talent – how we deal with people – how do we get the most out of people?
Trailing a talent sharing scheme where employees work in different companies and businesses to gain knowledge to bring back different skills to their business.
Opportunities for the region to become a joined-up economy.

Suffolk:

What has been your take on the last 6 months since our December event?

- Challenging time from managing crisis to focusing on recovery.
- Many businesses have been greatly impacted negatively across different sectors.
- Global transportation has been a huge issue. Increased costs of shipping.
- Surge on online retail.
- Clean energy within Freeport.
- Public and private partnership has worked well with Freeport.

What central or local Government support measures are going to be required for the remainder of 2021?

- Possibility to extend support to local business.
- Skills projects of 25m should happen as soon as possible.
- Opportunities to get good qualifications and good skills.
- Better strategic decision making. Get planning, skills and transport under one roof.
- Levelling up; clean energy, technology, innovation hub.
- Leadership in economic development to get funding.

- Call for a business and academic group to drive skills in region.
- Target areas that need the help the most.
- Work with universities and colleges to determine what skills are needed.

What does the local professional and business community need to do to help drive a sustainable economic recovery for the region?

- Focus on strengths and use that to help develop the necessary skills.
- We need less barriers in education with multiple pathways. (eg apprenticeships)
- Making it so that mid-career you can have the opportunities to do so.
- Strong business representation on skills improvement boards.
- Taking advantage of what Freeport can bring to region.
- Tax benefits of Freeport until 2026.
- Kick Start can perhaps be extended past September.
- People in the greater Ipswich area should have a bigger voice and leadership.

Norfolk:

What has been your take on the last 6 months since our December event?

- Chamber of commerce has access to a lot of the documentation, so they have seen things from both sides of the fence.
- Continuing to live through the challenges.
- Two big issues are significant downturn in exports and the bigger issue is the gaps that businesses are experiencing.
- Organic goods seem to be having a problem.
- Funding needs to continue for the next 12-18 months
- A clear unlocking programme, better decision making.
- Vaccination policy has undoubtedly been saving the unlocking programme that means we will be one of the fastest to bounce back. This has been approved and surveyed by the public, many of which agree that we are on track.
- Positive roadmap and easing of restrictions.
- Last period didn't feel so unknown, and made it feel less challenging.
- From a LEP perspective, the team has been incredible.
- No doubt about the human impact has been huge.
- Retaining the style of work force will be interesting.

What central or local Government support measures are required for the economic recovery of the region?

- Covid safe measures are key and that sectors find their feet to feel normality.
- Again this has been positive for us we have also been supported by re-staff grants.
- These grants have been crucial, there is no doubt that the remainder of 2021 will be challenging.
- Growth metrics may look great now but its vital that as a region we focus on areas that have been heavily hit and significant sectors that need continues support.
- Looking at it like training a marathon, we are in the final few miles in terms of recovery and this is where most of the energy is needed, we cant do less we need to do more! We need to let them know what is available and how they can use it.
- Keep the cash coming but also the flexibility, long may it continue.
- DTI is very focused around exports; we need to do more for SME organisations so we can understand how they can do more around the export work they do.
- Travel sector, we will need to see more help. Undoubtedly need more help around September, still government support is needed.
- LEPs are vital as they are the eyes and ears on the ground.
- The government seem to want to put all their eggs in the northern basket but they need to help here too.

What does the local professional and business community need to do to help drive a sustainable economic recovery for the region?

- Invest in the downturn ready for the upturn.
- The amount of time we invest in places when the going is poor.
- The bankers thought we were bonkers, but we make sure we invest in a time when the economy will bounce back.
- I hope this shows all businesses invest when we are down and confidence is what many businesses need.
- We are surrounded by a media that want to down play all the good work and we have to lead the way.
- Young people are important as their life chances are effected massively
- Some of my reflections across the regions, a lot of businesses have their heads down inside their organisations.
- Lots of SME's with their head down we find it hard for them to make an impact in the region.
- We need to use funding and where we put people is important, businesses talking to businesses really exciting things happen through conversations.
- Knowing how to access funding and how they need to talk to, they work hard to make that awareness.
- Businesses learn from other businesses more than any other source. Find as many creative ways to bring those organisations together in the right methods, there is no short supply of community minded people.
- Knowledge hub which is a digital media platform, it has been successful, over 100 hours of stories of businesses talking about problems and sharing experiences.

Essex:

What is your take on the last 6 months and what is coming up in the next 12 months?

- Consumer spending is on the rise
- It has been a tale of two halves in the last six months
- There were questions over the Brexit trade deal along with lockdown and now an improved outlook
- Roll out of the vaccine has been impressive
- Businesses, employees & employers have greater confidence in a return to the office
- There is a big shift in terms of working from home
- SME firms have realised that working from home can work
- Hospitality & travel have been hit the hardest
- Brexit has caused some issues for businesses
- Government needs to continue support
- Virus variants are a concern
- Lots to be done domestically & internationally with vaccines
- We can be cautiously optimistic

What does Government and the local business community need to do to help drive a sustainable economic recovery for Hertfordshire?

- Some businesses at serious risk of collapse
- Some business have been able to fast track grants
- Some businesses will be insolvent once government support finishes
- We need to ensure that companies can repay the debt over time
- If government is cautious about the payback terms, other creditors may allow for payment over time.
- Skills gap will affect growth
- Skills / workforce gap for industries such as agriculture & hospitality
- Will be a mistake to tighten fiscally too soon
- Furlough scheme has been important to retaining employment
- Grants & loans need to be kept under review
- Business rates will need a review
- There should be incentives for hiring new employees

- Kickstart & help to grow are important programmes
- We need to think what we want the economy to look like in 10 years' time
- We need to support decarbonisation.
- We have COP26 coming up and we need to showcase green solutions
- We need to encourage angel investor's
- Make it easier to recruit & attract staff

What does the local professional and business community need to do to help drive a sustainable economic recovery for the region?

- Long term strategy is required
- Investment is required
- The local community needs to be involved to drive a sustainable recovery
- We need to look at skills base
- Infrastructure concerns need to be looked at in order to help with the skills deficit
- There need to be a green focus
- Local business community will need to continue to support each other
- Business community need to help those struggling especially with long term planning & organisation
- Seize opportunities – there are benefits to hybrid working
- Clear plans & a clear strategy
- Mentoring is important
- Mastermind groups
- All groups need to help their members navigate issues

Hertfordshire

What is your take on the last 6 months and what is coming up in the next 12 months?

- Herts economy is moving back and in a lot of places, powered through the pandemic assisted by the Government support packages.
- Looking forward post Covid and Brexit, there are clusters in the pharma and the film/tv sectors which need to be developed into a critical mass with opportunities for significant growth which will require more business space and talent to enable them to continue to expand.
- Herts suffers from a digital infrastructure (fibre) lag but feels the long-term recovery is positive but could be turbulent in the next couple of years.
- Film studios were open from June onwards and continued production – although each use their own production units (contractor staff) it kept more than 3k crew member jobs plus the support services working.
- UK has become a major centre in the past 10 years with more companies now working here and in our area in addition to Warner Bros – eg Sky's new premises in Elstree coming online next year, Netflix, Disney+, Apple etc. who are all producing content.
- The studio tour (Harry Potter) was closed for 9 months out of the past 12 although they retained all (400+) staff who mostly live locally and supported local suppliers and invested in the production of new sets. This re-opened on 17 May 2021 with 30% capacity so customers felt safe (which required almost all staff onsite) so, looking to the future, we should proceed with caution to prevent future lockdowns.
- The last six months have seen behaviour changes in the way people live, work and spend with a local emphasis on all.
- Looking to the future - this means our local high streets will benefit as people shop and spend closer to home while working from home. In Herts - our transport infrastructure is geared towards commuting into London but we need more local cross Herts routes so people can travel more easily locally as even those still working in London may no longer commute every day so, looking to the future, there are transport challenges.
- Looking at the economy, there is optimism in Herts not so much so for London which is often the engine that powers other parts of the country. London is expensive (business costs, housing), hard to recruit and retain staff so, although Herts is strengthening, if London weakens, this is a worry.

What does Government and the local business community need to do to help drive a sustainable economic recovery for Hertfordshire?

- Business needs clear rules so they can continue to trade. When comparing the last full year of visitor numbers 30% of these were from overseas.
- To avoid further lockdowns, Government should restrict travel from overseas so businesses can have a strong domestic year. Businesses and Government should also focus on the Track & Trace system (not being implemented uniformly by restaurants? rules needs to be adhered to more rigorously) again to avoid further lockdowns.
- Also see the opportunity to address how we work in the future, flexibility in train tickets, move to a low carbon economy sooner rather than later. Businesses need to see these regulations now and they should be bold. Retaining and re-training skills – there are shortages in the mid-tier skills for productions which will go elsewhere if we can't provide. HE and FE are trying to help – camera operators, finance teams, location managers with experience are needed. Professional advisors, whilst they can provide answers to questions business ask, more should be looking at being proactive and approach their clients with solutions.
- We have suspended the free economy rules (with furlough and Government support) – people would have lost jobs without them – but at what point do we take away this floor? Although predicted economic growth is currently faster than anticipated this could change after the end of furlough in September.
- People are more concerned about jobs – if they or their family members have lost jobs they're not interested in the economic growth picture.
- Aware of the digital (infrastructure) lag because we're replacing / upgrading previous infrastructure (rather than starting from fresh) and this does take more time.
- Herts had skills supply and demand shortages even before Covid and we also need to consider those who are transitioning to new sectors / jobs. Whilst employers want fully qualified and "ready to go" candidates they should be looking at being more flexible – consider 80/20 - prepared to take on those with 80% skills and be willing to train-up to become that "ready to go" person.
- In the same vein there needs to be more vocational studies and apprenticeships (not at degree level) although it is recognised some SMEs find it difficult to undertake this training role including within the creative industries. The idea of an FEs clearing house is currently being explored.

Buckinghamshire & Bedfordshire

What has been your take on the last 6 months since our December event?

- Milton Keynes confident having protected jobs as much as possible is able to pivot to a growth mindset.
- Businesses starting to look to growth for the future.
- Manufacturing optimism in 3 months to April improved at it's fastest pace since April 1973. (from CBI trend survey)
- Optimism has come from vaccination roll out and easing of lockdown.
- Continued use of the Covid-19 schemes.
- Equity market only just returning; investors looking at portfolio rather than investments.
- Concerns that when support schemes drop off, there won't be individuals and businesses bounce back.
- Concern about moving back to office. Transport in terms of logistics will be key factor.
- Developers confirmed for net zero logistics park in Milton Keynes.

What central or local Government support measures are going to be required for the remainder of 2021?

- Important for central government to maintain furlough for as long as possible.
- Government's ability to encourage innovation and growth.
- Key issue is indebtedness. Businesses taking on significant debt.
- Self employment as an option.
- Bounce Back MK a large part of recovery plan championing innovation.
- Public and private sector working together.

- Support of professional services to businesses when needed.
- Develop strong business plans and skilled workforce.
- Need more graduates and school leaders with digital skills.
- Focus on long term sustainability.

What does the local professional and business community need to do to help drive a sustainable economic recovery for the region?

- Need to address the indebtedness for businesses.
- Insolvency practitioners adopting an approach that is proactive. A positive role taken by IP professionals.
- Private sector lenders have to show some flexibility.
- Work with companies that can manage their indebtedness.
- Events such as the East Of England Economic Summit do promote the ability to work together to share information.
- ICAEW has business advice centre if people are aware that people are in trouble.

Funding Panel

Key points from the overall discussion as follows:

- Last 6 months has been defined by government lending
- Lots of work done with bounce-back scheme
- This has been a big opportunity to support businesses in last 12 months
- Equity has been important in the funding environment
- Lots of positive news around the UK
- Impressed with the resilience and innovation of businesses
- For good businesses, capital is chasing them
- Different companies are taking advantage of the disruption and adapting their offering
- Lots of activity and deals done in last 6 months
- Growth is leading to salary inflation
- Jobs market is more competitive
- Large US funds setting up in London
- Exciting time for start-up's to take advantage of funding market
- Amelia – works in early stage funding – works with tech companies which generally have an academic founder – interested in b2b companies
- Matthew – operates funds that are for developed businesses – different types of companies – companies need to think what funding is for – has a big emphasis on client relationships – values – objectives and sustained relationships
- Chris – Echoes relationship building comments – works with entrepreneurs & enterprise – organisation is very much associated with royal family & gentry but has a large pool of international clients
- George – more of a focus on debt - key to funding environment is going to be agility – cash shortage will be an issue – companies need to look at options in terms of their assets, cash flow and balance sheet
- Key theme is that businesses need to think about the right type of finance for them

Skills:

What has been your take on the last 6 months since our December event?

- Schools have faced a difficult challenge
- Great challenges have also brought great opportunities
- Young people are not applying to service sector roles.
- Students worked with peers and academic communities completely hybrid. Self directed learning. Huge learning curve for these students.
- A lot of issues firms need to address and not lose sight of going into recovery phase.
- Focusing on what the skills of the future should be as well as retraining.

What central or local Government support measures are going to be required for the remainder of 2021?

- Is the funding being directed in the right way? Ensuring no one falls through the gaps.
- Enable providers to put more into what's required in the apprenticeship of skills.
- Fund high quality programmes at every level.
- Reviewing how apprenticeships are delivered. Certain skills have to be done face to face or in workshop setting.
- Investing money in new technology.
- Look into what hybrid learning looks like.

What does the local professional and business community need to do to help drive a sustainable economic recovery for the region?

- Leaders to drive change needed.
- Retraining and re-skilling is necessary.
- Industry is paramount as they'll be the ones responsible for creating opportunities.
- Work experience is essential. Need to have more businesses come forward to help learners.
- The challenge is for those that are unemployed or under-employed.
- Target various sectors and work with employers to be able to retain talent and be open to new talent.

Conclusion:

The Business Confidence Monitor analysis provided by the ICAEW has concluded “Business confidence in the East of England has climbed to its highest level in nearly seven years in Q2 2021, at +32.2. This probably reflects the fast distribution of vaccines across the UK and the resulting decline in infection rates, and expectations of a strong recovery in economic activity in 2021 and into 2022”.

The regional breakout rooms have enabled discussion and reflection to take place which has provided our members and guests with new knowledge and strategic direction to take back into their businesses, companies and to share with their colleagues, clients, and wider network.