

## **London & South East Economic Summit – Monday 24<sup>th</sup> May 2021**

### **Introduction**

On Monday 24<sup>th</sup> May 2021, the London & East Regional team and associated District Society Presidents held the London & South East 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 Vicky Andrew, LSCA President followed by analysis from 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 Vicky introducing Iain Wright, we ran a poll to capture attendee's perspective 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 25% 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 28% of attendees thought that conditions will significantly improve.

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

- Levels of optimism and a view that things are going to get better
- BCM is a good barometer of the economy
- The evidence was gathered from 18 January -12 April for this report
- Unprecedented success of vaccine rollout has been a factor
- Accumulated savings are being spent / considering how to be spent
- Credit card spending and retail spending has improved
- Hospitality bookings in the restaurant sector have increased by 60%
- National confidence is measured at 38.4
- In Q4 2020 – national confidence was -20.4
- Fastest rise in modern times
- Sharp rise in GDP expected in 2021
- Domestic sales have increased by 7%
- Exports have risen by 3.7%
- Banking / IT sectors have performed well
- Improved employment prospects
- Improved spending
- London has been hit hard
- A slow return to work will have an improved effect on London
- South East has highest confidence level and growth is anticipated

- There are challenges – these include regulatory requirements, supply / demand where there are constraints on supply chains. Risk of inflation due to the recovery and the inflationary pressure is a cause for concern.
- Overall great, optimistic results after the difficulties faced in 2020
- South East may well lead the entire UK through the recovery.

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

**London:**

Chaired by Vicky Andrew, LSCA President & Viresh Paul, Deputy LSCA President with Luke Bruce, Programme Director of London's Recovery Programme, GLA, Louise Pryor, President elect, IFoA & Chair of London Climate Change Partnership and Warwick Lightfoot, Economist, and former advisor to the Chancellor of the Exchequer as panellists.

**Croydon, South London & Surrey:**

Chaired by Tom Ahmad, President, ICAEW Croydon with Richard Plant, Chairman, Develop Croydon, Steve Broom, Area Director, Metro Bank, Matthew Sims, CEO, Croydon BID & Steve Shaw, Chief Human Resources Officer, Apogee Corporation as panellists.

**Kent & Sussex:**

Chaired by Sam Mason, President, ICAEW South East with Craig Mckinlay, MP for South Thanet, Tudor Price, Deputy Chief Executive, Kent Invicta Chamber of Commerce & Laura Bounds MBE, Owner, Kent Crisps as panellists.

**Thames Valley:**

Chaired by Ian Blleloch, Deputy President, ICAEW Thames Valley with Lape Adejuwon, Founder at Elle Won, Neil Brackstone, Tax Partner, BDO, & Richard King, Virtual Finance Director, VFD Netas as panellists.

**Funding Panel:**

Chaired by David Woods, Senior Manager, UK Network, London, British Business Bank with Jonathan Hollis, Managing Partner, Mountside Ventures, Jenny Tooth OBE, CEO, UK Business Angels Association & Natasha Goodman, Local Director, Metro Bank as panellists.

**Skills**

Chaired by Dr Hilary Lindsay, Patterns of Learning with Jennifer Jones, Founder & Consultant, Metis LLP, Jonathan Worrell, Senior Business Development Manager, ICAEW & Andy Roland-Price, Group Financial Controller, Purespring Therapeutics as panellists.

**Discussion summaries:**

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

**London discussion:**

**Question 1: What has been your take on the last 6 months since our December event?**

- Strong recovery developing
- Market economies likely to adjust.
- IMF says less long-term scarring.
- Businesses are coping
- Building back better – not much action?
- We need to use this recovery to make us less fragile
- There are more shocks to come in the form of global events
- Last 6 months have been difficult with the Kent variant and another full lockdown
- London has been severely impacted by this
- Huge sectoral division to consider – some industries have thrived whilst others have suffered immensely.
- Big issue to get visitors / guests back into London
- Issues with Aviation & supply chains

- Unemployment is a factor we need to consider

**Question 2 - What central or local Government support measures are required for the economic recovery of the region?**

- We need a longer-term future focus
- Sustainability will create new business opportunities
- Government support and action is needed
- We need to concentrate on reducing carbon emissions
- Consider environmental issues such as flooding
- London needs to be resilient and prepared
- Government support has avoided cliff edges
- We need to be more flexible with support
- Long term planning is required
- Need to be flexible over business rates
- Broadband connections – needs immediate improvement.
- Reform of planning – buildings need to be constructed easily
- The role of science & technology for the future success of London is key

**Question 3: What does the local professional and business community need to do to help drive a sustainable economic recovery for the region**

- Think about opportunities
- Support with skills and expertise
- Upskill individuals
- Organisations can help with upskilling.
- Academic resources – vast – doing great work – need to utilise
- Before Covid / Brexit - Everything is too expensive
- Rates too expensive for all professions
- Will affect London's international competitiveness
- Challenge of Brexit & competition will be a good thing for London
- We need to continue support and advice for small businesses
- Professionals need to provide advice
- Use local contacts
- Share advice
- Keep an eye on London's position

**Croydon, South London & Surrey Discussion:**

**Question 1 - What has been your take on the last 6 months since our December event?**

- Been a bit of a rollercoaster, optimism has gone up after the vaccine roll-out but during the 3<sup>rd</sup> lockdown optimism dropped again
- Concern that some not having the vaccine
- There have been some good steps from the Government regarding furlough, rents and business loans
- Worried that new variants could hinder people's confidence.
- Support from government helped businesses
- Disturbed by the amount of shops disappearing from the high street
- Encouraged that there is optimism out there
- Uncertainty ahead with the re-payment of loans and the furlough scheme coming to an end
- Looking forward to the next 6 months to see if things settle and what the new normal will be
- Businesses outside of the high street have done well
- Big office's may not be required so much due to hybrid working
- No set desk spaces in offices leading to agile working, office space will diminish
- Residential builds in Croydon have been able to get on with work during lockdown
- Residential business doing well.
- Rents have doubled but retail in trouble.

**Question 2 - What central or local Government support measures are required for the economic recovery of the region?**

- Invest in people – all in this together and when we are free of the challenges of lockdown we need to look after people's mental health and wellbeing, government will pick this up and support but more investment is needed.
- People have been able to save so need to start spending.
- High streets are a big issue, how do we rebuild and support so they can become a thriving area again so people will spend time there – need to make the spaces attractive.
- Having a plan to change the high street.
- With 3,500 residential areas more shops, doctors surgeries etc are needed in the area.
- Urban planning needed.
- Had great support for businesses but this needs to continue, if they cannot afford to repay loans an extension needs to be granted.
- The season ticket loan scheme is really positive as this will improve the high streets.
- The South East will benefit as if we continue with hybrid working people will stay local to spend money instead of travelling to a major town to work.

**Question 3 - What does the local professional and business community need to do to help drive a sustainable economic recovery for the region?**

- Invest in people as there are skill shortages.
- People have different expectations to working life, people are able to drive and motivate themselves outside of the office environment, trust people to work from home.
- Support each other, make contact with local people and businesses.
- Be flexible and agile as a business, planning a new normal will be important.
- There may be uncertainty in the future but take control of this.
- Do not underestimate the power of social media, talk up your area to make it a positive place to be.
- Look after mental health.
- Growth in some businesses is great which helps invest in IT and social media.
- Positive optimism from businesses which will enable them to drive business forward.
- Use local businesses so they can grow and invest in the community.
- People are the most important thing.
- Property is the next biggest cost, large office spaces not needed.
- What will the new office look like? They need to be better quality, going forward will be used for team meetings, networking and training and not just sitting at desks in rows working. They will need large breakout spaces.
- Get empty buildings back in use which is now happening.
- Office rent is rising so will need to be reviewed.
- Rates have been a big burden on some.
- Property is still a high cost but not as much as staffing costs.
- Rents will go up but the spaces will be of better quality.

**Further question that was answered:**

**How do you see occupancy in office spaces?**

- Paperless offices mean less space required, people have adapted to working from home as long as they have decent Wi-Fi and equipment.
- If you do move to smaller offices hybrid working would have to stay as limited space for staff to come into.
- We have always been hot desking and working from home, we have to plan for hybrid working for the next few years as people now have a choice. Some people like the office environment to be able to collaborate and network. Cultural change in the office as not seeing people all the time, as we have had to work from home during lockdown doesn't mean this works for the culture or the organisation.
- It has proven we can trust people at home and it does suit the majority as some struggled commuting to the office. Younger people will have been affected as some have never worked

in an office environment so may see them struggle in the future although this has shown that people are very resilient.

- Hybrid working all depends on your personal circumstances, if you live alone you may struggle working from home. Younger people have probably suffered more as they have had everything taken away from them including socialising.

### **Kent & Sussex Discussion:**

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

- A learning curve with challenges to overcome.
- A lot of positivity that can come out of what has occurred over the past 6 months.
- Recommendations made to various policy holders based on lessons learned.
- Concern about people's mental health or medical health.
- Management of the debt incurred by the pandemic.

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

- Lack of support of funding for support of supply chain. (manufacturing, etc)
- More support in SE for manufacturing; specific focus on different sectors, especially around employment.
- Risk of overheating of economy with demands, logistics and Brexit issues.
- Need to monitor the situation very closely.
- Local involvement and decision making is key.
- Connectivity is required and have local authorities work with the MP's.
- Not many businesses are aware of Kick Start and encouragement is needed.
- Creating vacancies for young people through Kick Start.

#### **Q3: What does the local professional and business community need to do to help drive a sustainable economic recovery for the region?**

- Competitors becoming allies and less narrow mindedness.
- ICAEW can work with clients to ensure they have the core skills (eg cash flow)
- Connect the vast amount of capital with potential business agents (new start ups) and new ideas.
- Accelerate the transition to the new way of working.

### **Questions from room:**

#### **Question: Is the whole network of grants and supports too complex and are we better served to streamline this?**

- Growth hub concept was to try and simplify access to support, however, the funding architecture, constraints around applying and delivery mechanisms was geared towards individual organisations bidding, securing funds and going out to market and delivery and there was no coordination nor centralized facilitation. Continuing to tie all that together. Needs to be more coordination and streamlining.

#### **Question: We have areas of real wealth and real deprivations in Kent. What do we do to level up in our county let alone the wider regions?**

- Favours a dynamic economy. A capitalist well running vibrant economy outward looking is the best way of creating wealth for everybody.
- Need a permanent state of flux. Look at how skills provision across county can be more responsive and adaptive to a more SME economy.

#### **Question: What regulatory requirements are most scary to new and existing businesses and how can support organisations help navigate them?**

- Brexit is of the most concern and made worse by COVID-19. More clarity from government necessary.
- Learning curve that everyone goes through along with government providing clarity.

**Question: Challenge of staffing. Employees may not want to work in sector as they had prior to Covid. What are thoughts about recruiting staff into hospitality sector and is government currently working on a solution?**

- Issue with problems with benefit system with people wanting to work. Have businesses have been reliant on foreign governments providing the training for foreign workers? We have to skill up domestically.

**Question: Anything we can do to avoid the fallout of furlough ending?**

- Does not think there will be a wave of redundancies. Signs of economy doing well.
- Skills training is key.

**Thames Valley Discussion:**

**Key points from the overall discussion as follows:**

- High Street seems very bleak and gloomy but since the vaccine at the High Street has seen vibrance again this is reflected as well in the business confidence monitor.
- restaurants have suffered the hardest. However, this has meant that businesses have had to reinvent themselves and reinvent their idea of growth
- The bounce back loan has meant that people want to invest in a more robust scheme for businesses.
- The Furlough scheme is coming to an end in September and driving businesses through
- Technology is vital, smaller businesses may find this difficult.
- Businesses are learning to grow and to adapt
- Car manufacturing are struggling.
- Businesses have been accelerating change for example hybrid working what is this new mix?
- There needs to be greater thought on ESG
- Support measures have been helpful but they need more help to keep going forward a lot of businesses are on life support.
- Tax measures can support business, but we need more clarity on this
- Resource for significant sufficient skills needed - technology is vital for this change.
- Successful high streets shops have done well but a lot of hospitality has been shutdown due to the pandemic.
- Bank of England data looks good and very promising.
- Black holes appearing in retail, a lot of empty shops. There is more pressure to have the towns lived in
- Online is here to stay and there needs to be more investment in the High Street.
- People want to know who is behind the brand and sustainability is now more than ever important.
- Independent designers are vital to the economy and they are also very successful. For example, since the Superdry founder has gone back into the business, sales have rocketed as Superdry has reinvented themselves to become more sustainable.
- H&M among other brands are starting to move away from fast fashion they have collections now where you can recycle your old clothes and again this supports the idea of sustainable fashion.
- Government needs to invest in training and skills development, including software needs to be looked at specifically for hybrid working.
- Hybrid working is vital - businesses would probably look to have three days a week in the office and that will be the new normal.
- ICT is vital in regional economy and for businesses, we need to have an established routine that works well to rebuild the economy and look at where we have shortages.

## **Funding Panel Discussion:**

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

- Clients have asked for help
- investors struggles esp. new investments, focused on proposals
- Investors held off at first, now reversed
- Future fund could not use Angel investors, women still lacking access
- Angel investors seem to be embracing investing post-COVID, VC's are following

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

- Recovery Lend Scheme
- Pent up demand, not enough capacity, flexibility important
- Realise UK is at forefront of support

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

- Supporting Each other
- Connectivity, Local ecosystem, warm introductions
- People more localised, natural localization
- Look ahead – strategies on funding needs, use funding hub, be careful who you approach these things take time
- Consider alternative options
- Preparation, skills, training
- Stand out, impact, sustainability

## **Skills Discussion**

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

- Greatest challenge is motivating staff remotely.
- Leaders engaging with staff and sharing feedback and recognising need for learning.
- Most businesses do not have a culture of challenge.
- Many businesses choosing to replace staff rather than retraining them.
- Fatigue was kicking in during last lockdown.
- Companies have been forced to adapt.
- More confidence from employers in 2021.
- Hard to find the skills at the higher levels.
- Employers are getting students back into the office safely.

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

- Need a focus around skills gaps.
- How do we encourage the mindset of people to continue training themselves?
- Would like to see more apprenticeships that supports ACA trainees and all types of qualifications. More flexibility with this.
- Interest in getting communities to support each other and promote international trade.
- Need of collaborating with communities and private sector.
- Soft skills are needed to change the way people are thinking and need for continuous learning.
- Business and mentoring are needed as well.
- Initiatives in north east to digitalize the high street.
- There should be openness and transparency with regards to governments spending money.
- Focus should be getting young people on right career path.

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

- In terms of skills they can come together to mentor and share their knowledge.
- Values driven organisations are the most sustainable.
- Younger generations need to have a purpose.
- Skills need to be integrated into the core business offering.
- Leaders need coaching and mentoring.
- Need to be able to help people embrace and create change.
- Work closely with local schools to explain various career options.
- Having conversations about green agenda and diversity.

**Questions from room:**

**Question: What do we say to our chartered accountant potential students?**

- Work with members across the UK to do profiles and outreach at universities.
- Demonstrate the breadth of roles.
- A responsibility of CA's to assist young students and mentor them for their future.
- ICAEW could tailor programme to broadcast to all schools and universities to have maximum impact.

**Discussion about apprenticeship numbers and personal development.**

- Comes down to leadership and management to create environment for mentoring and coaching.
- Optimize the new ways of working.
- Looking at the long-term approach.
- ICAEW incorporated into strategy around belonging, diversity and equality.

**Question: What new skills required over the next 5 to 10 years?**

- Communication is imperative is core to the business of finance.
- Sustainable agenda has to be high up on any agenda.
- Data mining is a key field.
- Getting trainees to understand how to harness technology to do their role.
- Cognitive, intrapersonal, resilience and interpersonal area skills.



## **Conclusion:**

The Business Confidence Monitor analysis provided by the ICAEW has concluded that “London’s Business Confidence Index has risen to its highest-ever level in Q2 2021 since the survey began in 2004. The prospect of a rebound in economic activity, as well as the resilience of London’s important IT & Communications and Banking, Finance & Insurance sectors during the pandemic, have clearly helped boost sentiment in the capital. The exclusion of financial services in the Brexit deal was a source of concern for London”

In terms of the picture in the South East, “The South East’s Business Confidence Index has climbed to its highest-ever level in Q2 2021, at +42, the large majority of companies in the region are optimistic about business conditions in the year ahead. Clearly, the swift roll-out of vaccines and the decline in infection rates have been the driving factors here, bolstering recovery prospects for businesses in the South East”

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.