

Your Weekly Business Bulletin from Thanet & East Kent Chamber

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1. The Budget

The emergency budget of 22nd June 2010 has significant implications for all businesses in the East Kent coastal business community. An initial telephone survey of members welcomed the broad outlines of the emergency measures announced by the Chancellor, George Osborne, although the broad brush approach over-painted some issues vital to the regeneration of our local economy. Firstly, companies of all sizes seem to welcome the common sense implicit in balancing the national account by 2015/16. As one Chamber member put it, "Any school child will tell you that if you receive £5 of pocket money each week and continually spend £6, eventually your mum and dad are going to think twice about funding your profligacy." This is reasonable as without credible measures to reduce debt, the country would face potentially huge costs from increased interest payments. Also, anyone who can use the word 'profligacy' at eight o'clock in the morning deserves to have his views treated with respect. Secondly, the emphasis on the private sector is good news for the wealth creators. After all, the simple truth is that the public purse contains only what is confiscated from the operations of the private sector or what the government prints for itself. A certain lady prime minister famously commented on the matter in a speech at Cheltenham Racecourse in July 1982, "And we can't avoid one unchallengeable truth. The Government has no money of its own. All that it has it takes in taxes or borrows at interest. It's all of you, everyone here, that pays. Of course, there is another way. Instead of taking money from our people openly, in taxation or loans, we can take it surreptitiously, by subterfuge. We can print money in order to pay out of higher inflation what we dare not tax and cannot borrow. But that disreputable method is no longer open to us. Rightly this Government has abjured it." The new government has obviously decided to do the same.

2. East Kent Pubs

Before getting carried away in post-Falklands euphoria, some of the specifics of the emergency budget deserve a close examination. The rejection of the proposed rise in tax on cider will please the apple growers in Kent, but offers little solace to the workers in our East Kent pubs and the entrepreneurs who continue to support them. Tourists from all over the world appreciate public houses as unique features of our British way of life. We know that pubs contribute an important element to the social cohesion of our towns and villages. East Kent has a magnificent tradition of first-class pubs providing a community focus and a warm welcome to visitors. No-one disputes that inefficient businesses should bear the consequences of their failure to meet the needs of their customers, but the imbalance in taxes between beer sales in supermarkets and those on licensed premises constitutes nothing less than a concerted attack on our local heritage. A rise of 26% in the last two years on the taxes on a pint of beer in a pub has been the final straw for many establishments. Most readers of the Thanet & East Kent Insider will know of a pub near where they live or work where no landlord will ever call 'time' again. In an exclusive interview with the Thanet & East Kent Insider, Frank Thorley, owner of 25 pubs, clubs and restaurants in East Kent said, "I welcome the decision to remove the proposed tax increase on cider, but the major issue is the cheap alcohol available from supermarkets where the tax the government charges on beer is so much lower than the tax on for bar sales on licensed premises." Frank has a good point and we look forward to this issue being addressed in the spending review scheduled for October 2010.

3. East Kent Employers

There has been a strong reaction from East Kent companies to the announcement by the Chancellor that: "For the next three years anyone who sets up a new business outside London, the South East and the Eastern region will be exempt from up to £5,000 of employer national insurance payments, for each of their first 10 employees hired." The objection is to the phrase: "outside London, the South East and the Eastern region" as this puts start up companies in East Kent at a potential £50,000 disadvantage against a competitor starting up in, for example, the Cotswold. The broad brush that paints the whole of the South East as a rich area largely ignores the inherited plight of East Kent. By picturing Oxford, London and Sevenoaks in the same portrait as Margate, Cliftonville and Dover, the Chancellor has confirmed a prevailing prejudice in this part of the world that the views and status of West Kent, Sussex and Surrey predominate and East Kent suffers as a result. Despite the predicted success of the Turner Contemporary, the inward investment from wind farms and a resurgent Manston Airport, the government's own figures suggest that the Chancellor may wish to review the strategy that subsidizes new companies in the Cotswold where unemployment is 1.7% and effectively penalizes start ups in parts of Margate and Dover where the jobless figures touch 14% and 10% respectively. The budget

is certainly tough but not exactly fair to East Kent. Entrepreneurs looking to start a company here may well consider that they would be starting their match on a playing field with the slope against them.

4. What Is The Chamber Doing About It?

The Thanet & East Kent Chamber has always enjoyed a positive dialogue with the elected representatives of all parties. With our associates at the Dover District Chamber of Commerce, we will continue that tradition. The Chief Executive of the Chamber has a meeting arranged at the House of Commons on Monday 28th June 2010. A media campaign has already begun; see the ITV Meridian News video available for the next few days only at <http://www.itv.com/meridian-east/give-us-a-break53773/>. After the advert, fast forward to 00:55 to see an excerpt from the recording.

5. VAT

The Value Added Tax rate is scheduled to rise from 17.5% to 20% from 4th January 2011. The consensus from most Chamber members outside the retail sector and its suppliers is that this is the 'least worst option'. In other words, even if the medicine tastes bad, it is in the patient's interest to take it if a cure is to be effected. The measure suggests that trading in our shops over the Christmas period will be frenetic as shoppers scramble to make purchases before the deadline. Boxing Day is the busiest shopping day of the year in normal times. With record crowds likely on the sales floors this year, Boxing Day promises to offer many opportunities to assess the personal hygiene of your fellow citizens. Large stores will be limited to six hours of trading as 26th December 2010 falls on a Sunday. Small retailers and independent traders should have no such restrictions. Remote shareholders of large chain stores may complain about a perceived injustice. The Chief Executives of Debenhams and Arcadia have already shouted loudly, but local shopkeepers who extend their opening hours on the day may find that for once they will enjoy a significant advantages over the large multiples.

6. A Selection of Comments

David Frost, Director General of the British Chambers of Commerce (BCC), stated: "The Budget presents a courageous and forceful plan to re-balance the UK economy towards productive private-sector businesses. Companies and policy-makers will all hope that it will help to secure sustainable medium-term growth". David Kern, BCC Chief Economist: "Additionally, the OBR's forecast that UK unemployment would peak this year at 8.1% appears much too optimistic given the high level of inactivity in the economy and the expected falls in public sector employment." Chamber member Adecco, tel: 01843 609292, produced an official text from head office for the benefit of local Chamber members which reads as follows: "We are pleased that the Government has scrapped the planned tax on jobs. A rise in National Insurance Contributions would have added cost to hiring temporary staff. Now more than ever, we need measures which encourage employers to take on more staff to tackle unemployment. The rise in the threshold will assist this." Jon Cleverdon Chartered Accountants of Broadstairs, tel: 01843 866599, notes: " Many fundamental announcements have been made which affect the taxation of most individuals. These are in addition to changes already made by the previous government, such as the 50% tax rate and changes to the tax relief available for pension contributions." and on VAT: "An increase in the standard rate was widely forecast. Unsurprisingly, draft legislation has also been issued setting out anti-avoidance measures to deal with transactions aimed at forestalling the increase in rate." Finally, the British Property Federation is not entirely happy. " Good news for ports, but nothing for those struggling to cope with empty property rates, despite pre-election sympathy from leading Tories and Lib Dems". Liz Peace, BPF Chief Executive, had already made her position clear in a statement released four days before the emergency budget which quoted verbatim the criticism of the empty rates legislation by Caroline Spelman, Eric Pickles and Vince Cable. As she put it then: "This tax was opposed by hundreds of MPs, including the current secretaries of state for Business, Communities and Environment. If they do not undo this damaging tax next Tuesday, questions will no doubt be asked." The redoubtable Liz will be one of those asking questions.

7. A New Scam on the Scene

Martyn Young of Atlantic Business Resources, tel: 0781 353 7456, has contacted the Chamber with news of a scam that he states "may interest Chamber members". Martyn points out that to his knowledge four companies have been contacted by the perpetrator and two of them have been entrapped. Here is the sad story as related to Martyn, " You get a phone call from someone purporting to be from Microsoft or an agent for Microsoft saying that they have detected that you have a problem with your computer and who hasn't or that you have reported a problem (Your computer might ask you to send an error report from time to time). They will then get you to look in your computer's "Event Log" which nearly always shows errors or warnings.

At this point they get you to connect to a website and agree to them taking possession of your computer – they will now operate your computer remotely. They get you to agree to download some software which will “sort out” all your computer problems. Your computer will now download some cheap and nasty anti-virus software which takes forever to download. To save time, whilst downloading, they ask for your credit card details to pay for the software (Freeware). They are so convincing that many people give them their details and are stung for at least £100. On top of that the software will either fail to download fully or if it does download it will conflict with your own Anti-Virus software and cause your computer to freeze and become completely inoperable. You will then have to pay for someone like me to come and sort it out for you.” Of course, many readers will have received an email purporting to come from a lottery of one sort or another, but the Nigerian General or ‘419 Scam’ remains one of the most lucrative. According to CrimesofPersuasion.Com, ‘This particular scam targets middle class, middle age, business and professional men who would never be as easily deceived by a lottery scam. Estimates put the losses from these “Nigerian Advance Fee” operations at over USD 1 million “every single day” in the U.S. alone.’

8. A Picture of Good Mental Health

This Chamber takes a close interest in mental health issues. East Kent Mencap has a reputation for a practical approach to mental health in the workplace. We are pleased to highlight an exhibition by East Kent Mencap's award winning Photography Group at Broadstairs Library Gallery, Broadstairs, CT10 2BS from Monday 28th June to Thursday 22nd July 2010. All works have been produced by adults with learning disabilities. Opening hours are Monday to Friday from 9.00am to 6.00pm from Monday to Friday and from 9.00am to 5.00pm on Saturdays. Broadstairs Library is closed on Sundays.

9. Coming Soon

The Thanet & East Kent Chamber is looking at the economic impact of asylum seekers and foster children in East Kent. Shortly, we will feature comments received to date. All views are welcome at admin@tekc.co.uk.

10. England and the Cup

The dismal performance of the England football team against Germany in the World Cup this afternoon has put a damper on the merry quips from Chamber members that usually make an appearance in the Thanet & East Kent Insider. There is perhaps room for the mordant wit of one caller to our newsroom. After declaring his disappointment at the standard of refereeing, or words to that effect, he reluctantly admitted that Germany did have the better team. He lamented that his unswerving support for the national side has been unrewarded for the last twenty years. Finally, holding back the tears, he asked cheerily: “What is the difference between the England football team and a tea bag?” After briefly considering a comment along the lines of “Which is the wurst?” or something in similarly bad taste, we had to admit that we did not know the difference. He then replied with grim satisfaction; “A tea bag stays in the cup longer”.

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