



Your Business Bulletin from Thanet & East Kent Chamber

Thanet & East Kent Insider

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Includes comments on the 2012 budget

1. Unemployment

Most people reading these comments will have a particular concern about how the budget impacts on their families, their companies and their employment prospects. Of all the national economic indicators, the one with the most effect locally is unemployment. The private sector generates the wealth that the public sector spends. It is only by encouraging companies to move here and to allow them to expand that Thanet will address effectively the fearful unemployment figures which show youth unemployment in Thanet to be the highest in the South East. With unemployment in the district for 18 to 24 year olds at 14.8% and rising, there is an increasing risk of social unrest..

2. High Wage Earners

High wage earners are no different to low wage earners. They want more money. The difference is that many of the senior executives in successful firms are in a position to place their surplus cash and leveraged investment funds in almost any continent, in any country, in any region and in any district. The key to East Kent's success is to attract that private sector funding here to our part of the world. The reduction in income tax for high wage earners is a step in the right direction, but needs to be accompanied by more encouragement at a local level. The recent announcement by Infratil that it has put Manston Airport up for sale does not send out the best signals to inward investors in Thanet. There is not a queue of companies promising 3,000 jobs by 2018. The progress of the Dover People's Port Trust's campaign has received a boost in the last few weeks with the despatch of 55,000 letters to every household and business in the Dover District. Should DPPTL be successful in acquiring the freehold of the port, we can expect a much sharper focus on promoting and sustaining local companies.

3. Tax Allowances

The raising of the tax allowance on personal incomes to £9,205 from April 2013 will be welcomed by many but do not expect the Treasury to lose out as the lowering of the 40% threshold will mean that there is probably not much more new money in the household budget for our shops, hotels and restaurants. You would have to be hard-hearted to object to the changes in Child Benefit, but there are plenty of well-to-do entrepreneurs with large families who probably will.

4. Growth Projections

In the last twenty years, we have learned to be wary about growth projections for our economy. If the Thanet and Dover Districts manage 0.8% in 2012 as forecast for the national economy, there will be some heartfelt sighs of relief, but we must remember that set against inflation and the problems in the Eurozone, any growth below 5% is nothing to shout about.

5. Banks

A £1 billion fall in projected borrowing is probably meaningless to most local residents and why should it be anything different? Despite some recent encouragement from government, High Street banks are not releasing funds to ambitious young companies to the extent that we would like. We cannot list how many times in the last year the Chamber has heard the refrain: "The problem with the banks is that they lend money only to those who don't need it."

6. Skills

On the question of skills, companies are still complaining that school-leavers and job applicants continue to suffer from a lack of the so-called "soft skills". By this, they mean the simple virtues of turning up on time, wearing the appropriate clothes and being polite to colleagues and customers.

7. Mansions In East Kent

Thanet and Dover have few homes with a potential selling price of over £2 million which will attract the increased stamp duty premium of 7%. We cannot expect many tears to be shed over this measure as Estate Agents from outside the area are often engaged to market residences at the top end of the market; foolishly in our view as the local agencies are blessed with much better knowledge of previous interest in the area.

8. Air Passenger Duty

Although not a bullet point quoted in the Chancellor's budget speech, we know that Air Passenger Duty is to rise by 10%. It is not surprising that in a joint statement the Chief Executives of EasyJet, Ryanair and British Airways have objected strongly to the impact this will have on overseas flights. In our view, the dithering by Thanet District Council over night flights at Manston has ensured that in the short term this will have a limited effect on our East Kent coastal business community. The 3,000 jobs that could have been created by Infratil by 2018 have for the moment entered the fat TDC file of lost opportunities. By contrast, the much more business-minded Southend Council has developed its local airport successfully. As the Secretary of State for Transport, Rt Hon Justine Greening MP, said earlier this month at the opening of the new terminal at Southend Airport: "Not only will the 500 new jobs created by the summer provide a real boost to the local economy and to the broader Thames Gateway region, the redevelopment will bring new opportunities to both business and tourism."

9. A Contrast Of Styles

Whatever the budget outlines, some of its policies will be implemented by councils. The Dover District Chamber of Commerce and the Thanet & East Kent Chamber very much look forward to welcoming a senior official from Dover District Council to a meeting tomorrow, Sunday 25th March 2012 to discuss a planning project that promises to attract a significant number of visitors to the Dover District. This is not the first time that officials from Dover District Council or indeed, the ever helpful staff at Dover Town Council, will have given up their free time with their families to support promising initiatives to attract inward investors to the district. On 14th March 2012, Southend Borough Council was awarded the title of Council of the Year 2012 at the prestigious Local Government Chronicle Awards. The judges made a specific point of saying: "Success has been driven by brave political leadership and strong managerial leadership.". Attempts to engage Thanet District Council in business engagement have proved difficult. Yesterday, the Chamber received an email from Thanet District Council's new Economic Development Manager cancelling a meeting with Thanet businesses for next Tuesday. The exact words and spelling were: "I am very sorry that due to number of diary conflicts I will have to postpone the meeting, I will be in touch again early next week to canvass for an alternative date in the next couple of weeks possibly after the Easter break depending on people availability. Again, I am very sorry for the short notice."

10. Call To Reject Failure

Giving more money to under-performing public bodies to promote the area will not engender much support. Thanet District Council's rejection of a Golf Academy in a disused warehouse in Thanet last year sent shock waves through the local investment sector. The military maxim of reinforcing success and withdrawing from failure should surely have a greater bearing on the allocation of government funding. This appears to be the case with proposed administration of the Regional Growth Fund.

11. Corporation Tax

The successive reductions in Corporation Tax over the next three years to 22% will be warmly received. The bare fact remains, however, then when a company makes a profit, the government will still take a big share of it. When a company makes a loss, it does not give it back.

12. Sunday Is Special

As for the relaxation of the Sunday Trading laws, there will be some concern that family life will be impaired and workers will not get the rest they deserve. At the Chamber, we remember hearing a bishop declare that the one great addition that Christianity had brought to the Western World was a day of rest on Sundays. That may no longer be the case for some workers, but as a temporary measure during the period of the London Olympic Games when the eyes of the world will be upon us along with a massive influx of visitors and tourists, it would be negligent of the government indeed not to give every encouragement to maximize this input of cash into our retailers of all sizes. We are sure that at least one recent visitor to our coastal towns, Marty Portas, would agree.

13. Armed Forces

Reducing the spend on the armed forces in Afghanistan is a natural consequence of our withdrawal from this contentious conflict and will be good news to the military if £100 million is spent on improving the domestic accommodation of our forces at home. Our servicemen and women deserve the best. It would be an additional bonus if a mere £24,000 could be found to support the Chamber's Business Advice Clinics and if a relatively modest £13 million could be secured for the projected National War Memorial on Dover's Western Heights. The latter would probably pay for itself within two years.

12. Smoke, Drink And Gamble

Smokers, drinkers and gamblers will not be surprised that the Chancellor has followed the course of almost all his predecessors. If the House of Commons bars charged the same prices as our pubs and clubs in Thanet are obliged to do, the budget position might be different and there might be fewer instances of punch-ups at Westminster. The well-known political column at Guido Fawkes has a stirring account of a recent fracas in the heart of the mother of parliaments, see <http://order-order.com/2012/02/23/eye-witness-account-eric-joyce-punch-up/>. It is a sad fact that supermarkets can sell discounted alcoholic drinks with no requirement for supervision and yet our hard-pressed landlords seem to be the target of any new curbs on drink-fuelled disturbances in the street. Pubs in East Kent have suffered badly in the last five years and we do not see the general trend improving in the next year or so.

13. Pensions

We are at once happy and sad about the changes in pension arrangements. We are sad that it will cost us all more and happy that we are living longer. Companies are not enthused by the additional payments they will have to make on behalf of their staff; but, a government's first duty is to the health of its citizens and there seems little alternative to the new arrangements being put in place.

14. Manston Airport Update

We received an update on Manston Parkway Station yesterday from Southeastern Railway's Commercial Director, Vince Lucas. Click on <http://www.bbc.co.uk/iplayer/console/p00pqcxr> and fast forward to 2:46:55. Thanet & East Kent Chamber's Co-President is also featured in the broadcast a little earlier when Sir Roger Gale took to task the train company and its absent Managing Director on the service and cost of rail fares from Margate to London. This broadcast can be heard for six days from today. There was no specific mention of Manston in the budget, but we did learn that Air Passenger Duty is being reduced on flights from Northern Ireland: "the APD rates for direct long haul flights departing from Northern Ireland were cut to the short-haul rate (£13 per passenger in economy and £26 per passenger in business

and first class, from 1 April 2012). The power to set APD rates for direct long haul flights departing from Northern Ireland will be devolved to the Northern Ireland Assembly. (Finance Bill 2012)".

15. Summary

On balance, this is a challenging budget that perhaps should have had a little more for company owners in East Kent and much more to encourage tourists to our coastal towns. But, if the government's predictions are proved to be correct and given the reduced room for manoeuvre left to the Chancellor, then it is likely to be seen in the future as a balanced approach to reducing our unsustainable national debt. We would like to have seen some local companies large and small dictating what tunes the government should have on its hymn sheet, because it is only the successful private sector that can produce the money to pay down the debt. After all, as we are paying the piper, we should be calling a few more of the tunes.

16. One Planning Solution

Finally, a Chamber member has contacted us somewhat frustrated by Thanet District Council's planning department's lack of support for his business and his plea for help from the animal kingdom. We had our doubts about the squirrel in question. However, our own checks proved the story to be correct. We leave it to our readers to decide whether the proposed action is legal, ethical or advisable. Our Chamber member said: "I couldn't believe it when I read the story. It was on a website where I check my mobile phone account and it was about some park officials in Poland who were trying to chop down some trees when they were attacked by a squirrel. This took place in Bialystok, Poland. The officials retreated to their offices when suddenly the squirrel leapt in through a window and destroyed all their planning documents and paperwork. Every single shred of paper. One official thought that the squirrel must have taken great exception to the planning department and just went crazy. My first thoughts were to wonder if I could go to Poland, buy this squirrel and let it loose in Cecil Square near the Thanet District Council offices? After all, a business friendly-squirrel inside the building could make a real difference to the local economy." The Chamber makes no comment whatsoever on this outrageous criticism about our hard-working public servants, but the story about the animal in question can be found at http://web.orange.co.uk/article/quirkies/Angry_squirrel_attacks_park_officials

Manston is a quieter airport these days, although private planes regularly depart in the direction of the continent.

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David Foley
Chief Executive, Thanet & East Kent Chamber Limited
Tel: +44 (0) 1843 609289
Email: davidfoley@tekc.co.uk
Mobile: +44 (0) 7967 284850

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For details of membership, email admin@tekc.co.uk

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