



**Thames Valley Chamber of
Commerce Group
Swindon Business Leaders' Forum
Friday 9th October 2009**

Swindon Business Leaders' Forum

Paul Briggs

Group Chief Executive,
Thames Valley Chamber of Commerce

Delivering for Britain: BCC policy priorities 2009-2010

Adam Marshall

Director of Policy and External Affairs

Swindon, 9th October 2009



Setting the context



The national economy

- Q3 Quarterly Economic Survey to be published on 13th October
 - Growing optimism and confidence
 - BUT balances improving from historically low levels – shaky recovery
- BCC view:
 - Slow, protracted recovery with risk of relapse
 - Need to continue short-term monetary stimulus
 - Credible medium-term plan to reduce public debt
 - Incentives for employment needed – e.g. NMW freeze in 2010
- For the UK economy to compete in future, it must undergo fundamental changes in structure and shape over the next decade



Here in Swindon...

- Sharp recession impacts making national headlines – e.g. Honda
- Some big job losses – but historically, Swindon & the Thames Valley recovers well from economic downturns
- Threats: transport issues and congestion (stations, P+R); lack of high-quality housing; evening economy; image problems; higher education.
- Big questions:
- How will public sector spending cuts affect Swindon – e.g. research councils?
- Are pre-crunch economic strategies still relevant?



Challenges for a new gov't

1. Tackling the legacy of recession
2. Cutting back public spending
3. Rebalancing the UK economy
4. Going forward:
5. *Economic growth will be delivered by the private sector*
6. *The Chamber Network must be at the forefront of recovery*
7. *How will BCC play its part?*



Delivering for Britain: BCC policy campaigns



BCC at the heart of policy

- BCC policy manifesto, 2009/10:
- New relationship between business and government
- Restoring confidence
- Rebuilding economy
- Mending public finances



1: *Rebuilding Britain's Business Infrastructure*

- Key message: protecting infrastructure investment is critical to promoting economic recovery
- Transport, energy, digital connectivity

- Early asks:
 - Clear spending commitments
 - Opportunities for private investment in infrastructure
 - 'Quick wins'
 - BCC Business Infrastructure Commission – to advise next Gov't
 - Retain Infrastructure Planning Commission – speed, certainty



2: *Breaking Down Barriers to Growth*

- Key message: for business to drive growth, we need to lift regulatory and tax burdens that hold back investment
- Early asks:
 - Cancel 2011 employer NICs rise
 - Moratorium on new employment laws
 - Regulatory budgets for Government agencies
 - Real tax simplification
 - Stable skills and training system



3: *Local Enterprise and Global Trade*

- Key message: rebalancing the UK economy requires a greater focus on entrepreneurship and international trade – especially export of goods and services
- Early asks:
 - New vision for UK competitiveness, working with business
 - Pro-active UK export strategy
 - New-generation ‘trade Enterprise Zones’
 - Protect the EU Single Market, and conclude global trade talks



Next steps



Campaigns: ways of working

- BCC Business Policy team:
 - Gareth Elliott – lead on infrastructure campaign
 - Steve Hughes – lead on regulation and tax campaign
 - Kevin Hoctor – lead on enterprise and trade campaign
- Weekly updates through policy email newsletter
- 3-4 Chambers working closely with each campaign team
- Strategic Policy Group and National Business Policy Forum to provide constructive feedback



Influencing decision-makers

- Campaigns will run initially for twelve months – leading up to, and in the period immediately following, the next General Election
- Broad-based engagement with all political parties in Westminster and Whitehall
- Local Chambers: companion mini-manifestos to influence action in Town Halls and regional agencies



Questions / Comments?

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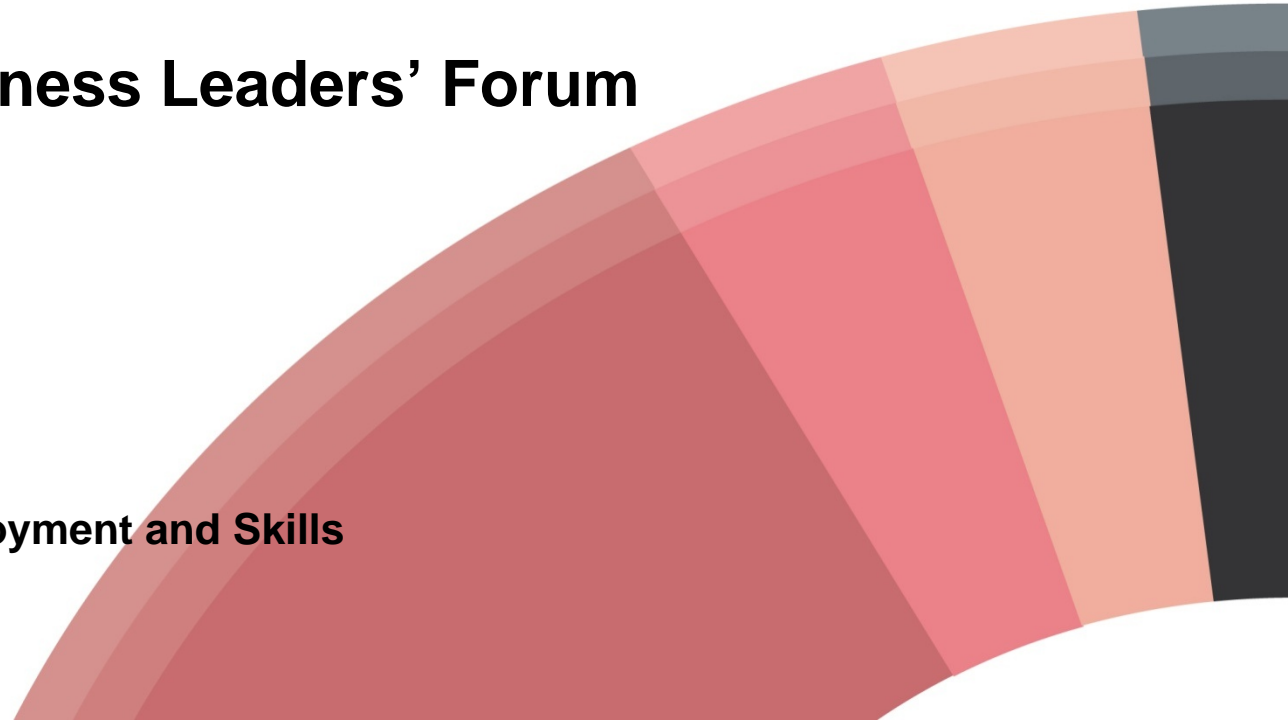


Ambition 2020: World Class Skills and Jobs

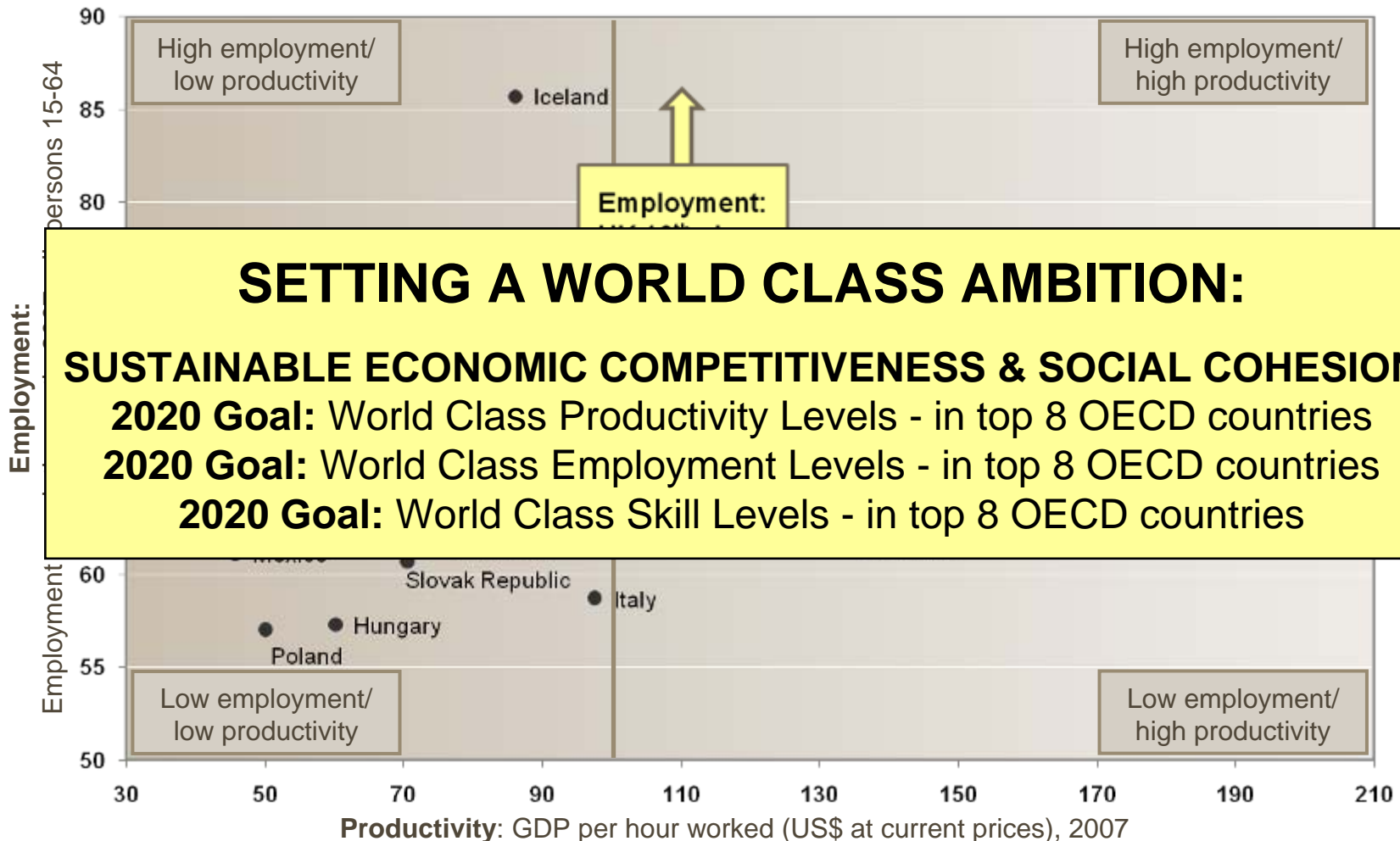
Swindon/M4 Business Leaders' Forum
9 October, 2009

Mark Spilsbury
Chief Economist

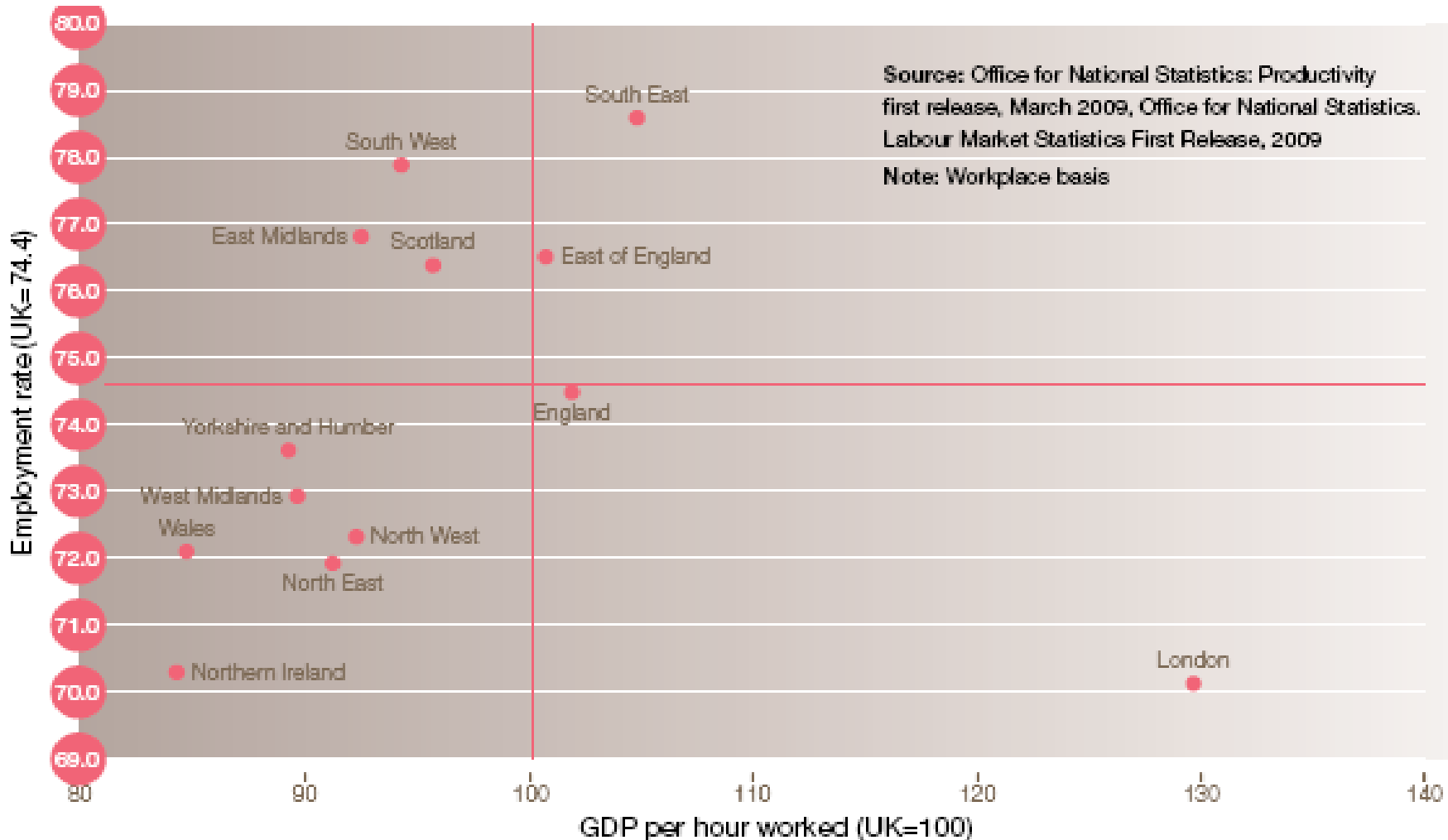
UK Commission for Employment and Skills



The Agenda and the Ambition

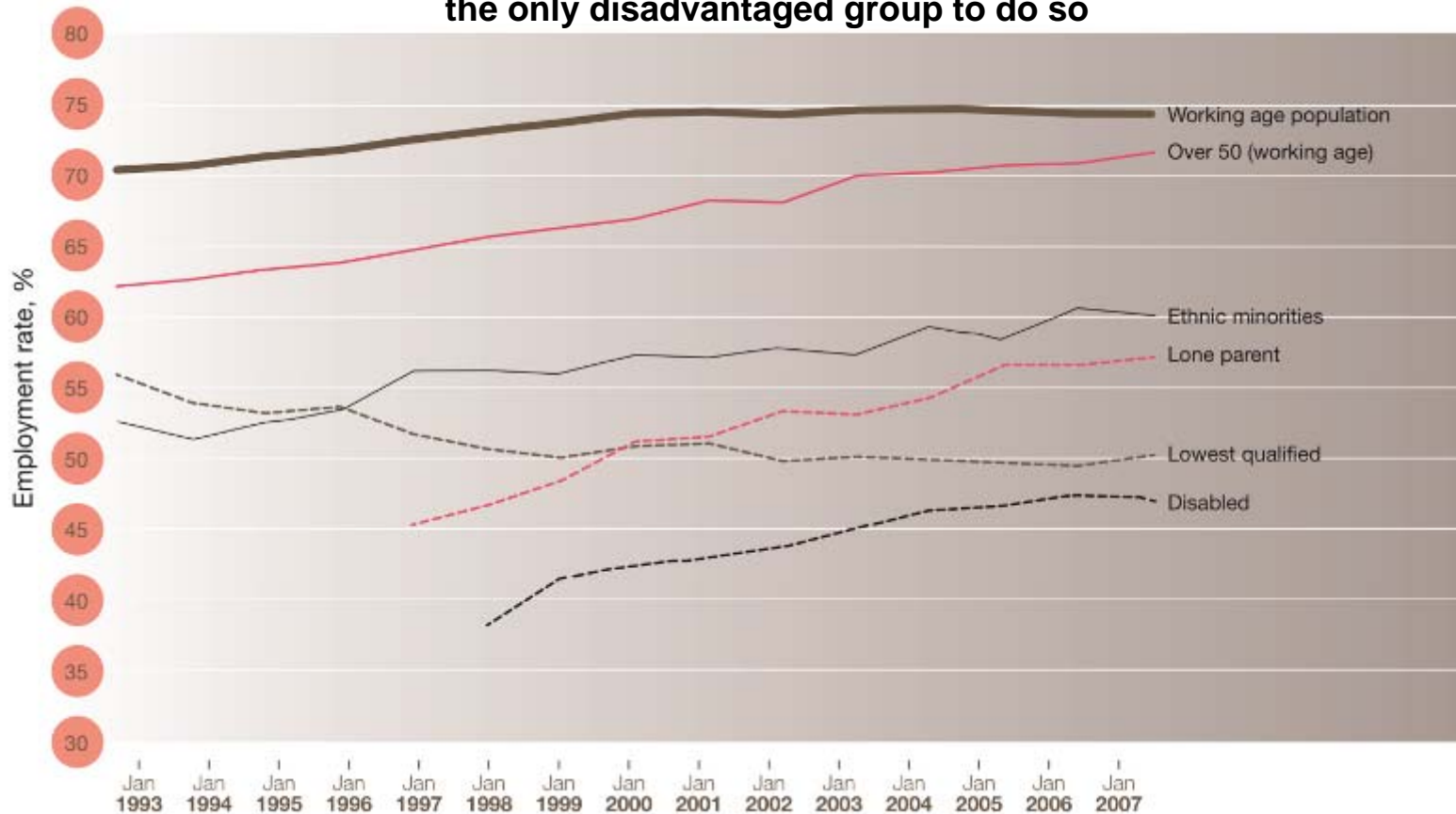


The Agenda: Productivity and employment in the Nations and Regions of the UK



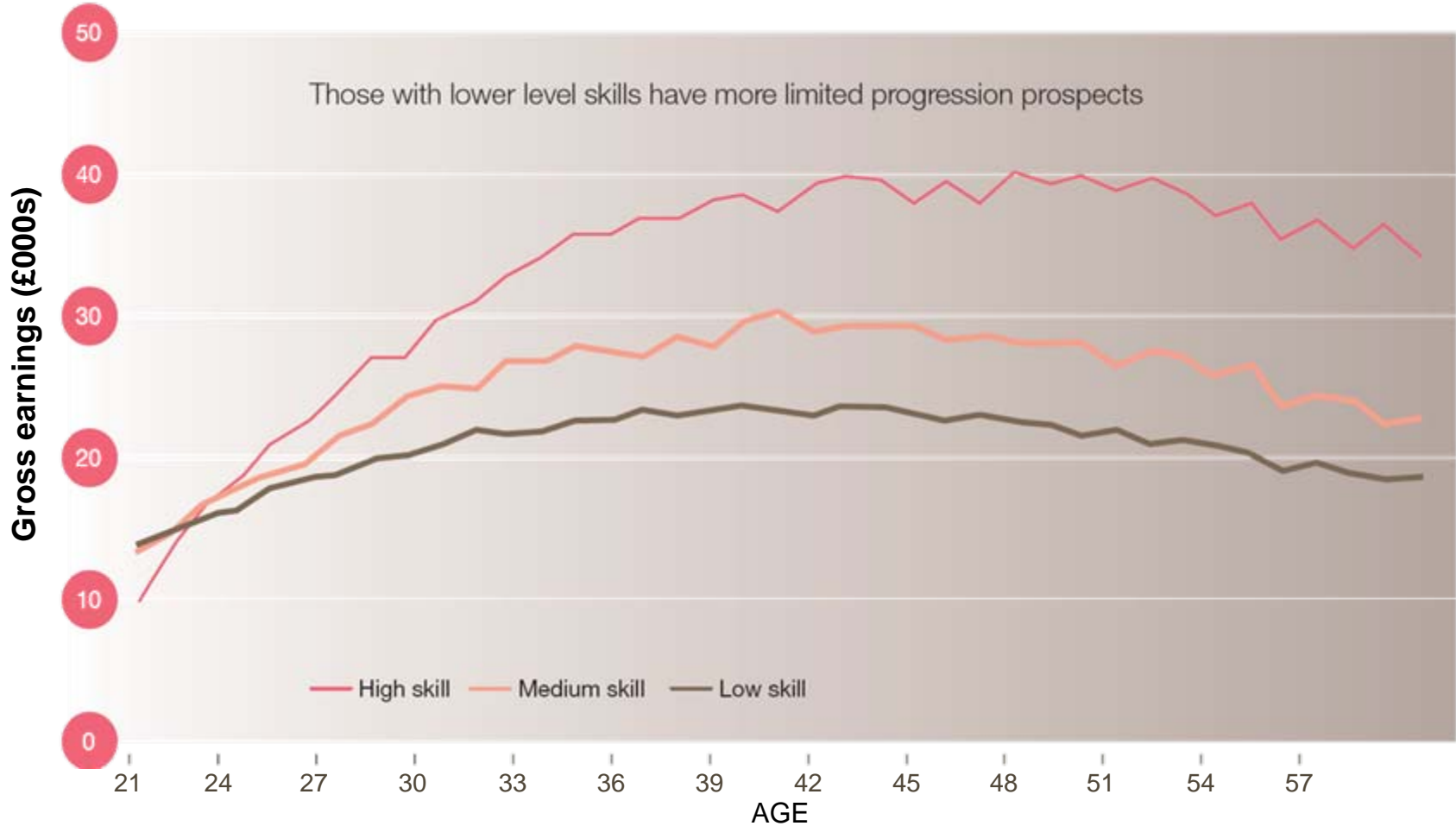
Skills and Employment

The Low Skilled experience low and declining employment rates – the only disadvantaged group to do so



Skills: the route to Prosperity

Gross median annual earnings (£) by age for men, disaggregated by skill level, 1994–2006

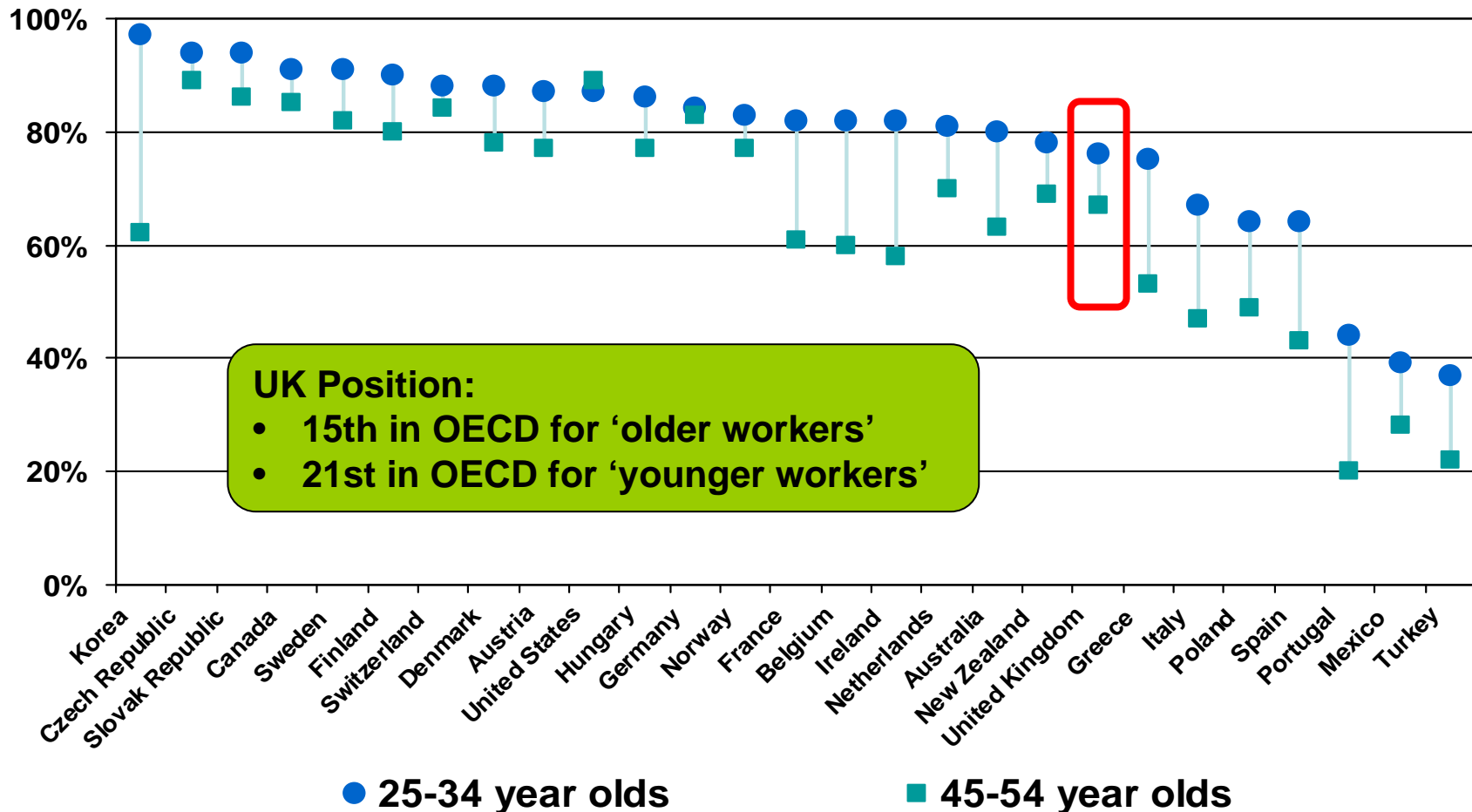


The UK Qualifications Profile 1997-2007: good progress over last decade

UK Qualification Achievements 1997 – 2007	1997		2007		1997-2007 Change		
	%	Nos ('000s)	%	Nos ('000s)	%	Nos ('000s)	
Level 5	3	1087	7	2274	110	+1187	} +44%
Level 4	18	6101	24	8060	32	+1959	
Level 3	18	5999	20	6738	12	+739	
Level 2	21	6865	20	6912	1	+47	
Below Level 2	21	7074	17	6019	-15	-1055	} -26%
No Qualifications	18	5920	12	4351	-26	-1569	

Our Progress and Current Position

Population with at least upper secondary education, 2006



Progress towards 2020 Ambitions

Skill Level	2020 Ambition	Today (2006)	2020 Forecast Outcome
Low level skills	Top 8	17	23
Intermediate level skills	Top 8	18	21
High level skills	Top 8	12	10

Our Prospects

- **Basic Skills**
- **We will achieve our basic literacy objective of 95%**
- **We will not achieve our basic numeracy objective of 95%**

Demand: jobs mismatch and employer ambition

- **growth of skilled jobs and decline of low skill jobs stalled;**
- **no real evidence of deep seated shortages;**
- **over qualification ... or underemployment;**

Employer Ambition

- **it remains crucial to raise skill levels (more people and to higher levels), but we need to go beyond:**
 - (i) raising skill levels; and
 - (ii) a better match between skill requirements and skills availability

- **skills as a ‘derived’ demand**
 - **Economic Policy**
 - **Skill Utilisation**
 - **Management and Leadership**

- **the ‘virtuous circle’ of raising skills demand and supply**

What next? Implications for action

- **raise skill levels: our people:**
 - raise aspirations, make the case for skills;
 - tackle barriers, target actions, policy mechanisms;
 - improve provision: our system:
- **improve provision: our system:**
 - increase ‘responsiveness’;
 - partnership with employers
 - anticipation and matching
 - jobs today and the jobs of tomorrow;
- **raise skill demand: our employers:**
 - increase ambition: the business case for skills;
 - tackle barriers, target actions: policy mechanisms
 - skills as a ‘derived demand’

- **Increased skill levels only make economic sense for people and business if there are jobs available to make use of those skills**

Questions:

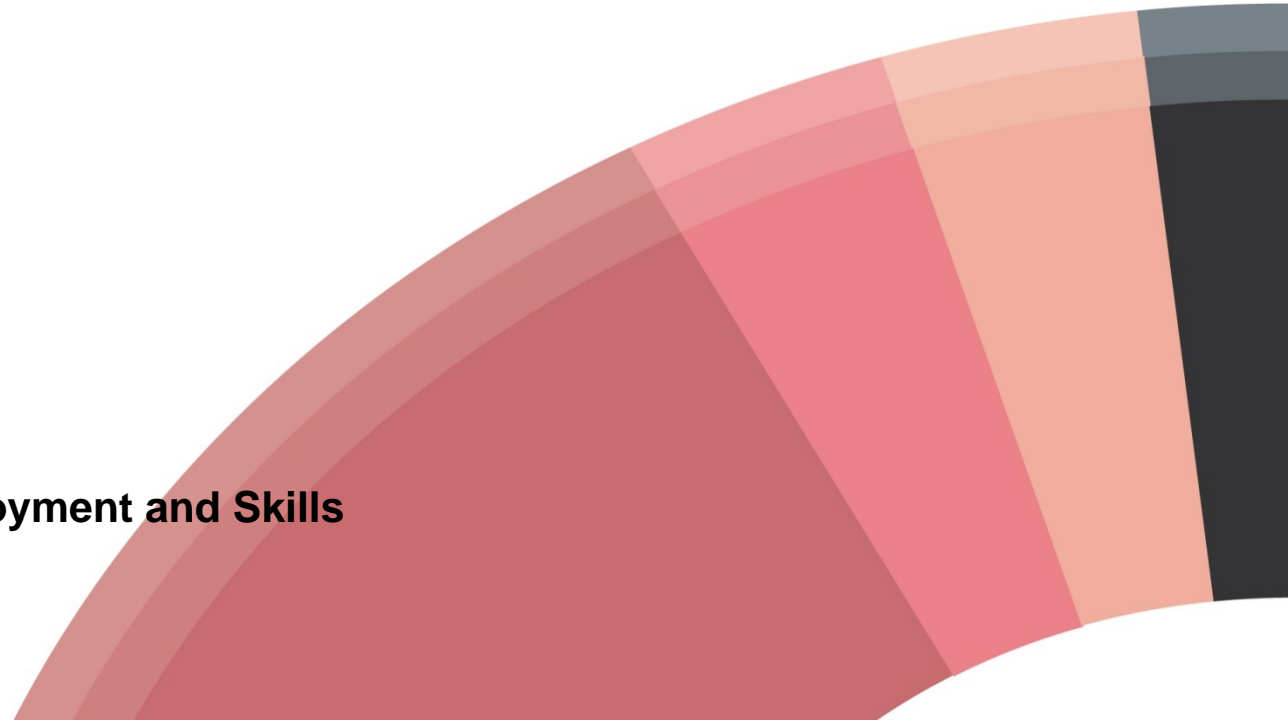
- **what do you want from Government?**
- **what works well, what poorly?**
- **what are you going to do about it:**
 - in conjunction with external partners?
 - within your own companies?

Ambition 2020: World Class Skills and Jobs

9 October, 2009

Mark Spilsbury
Chief Economist

UK Commission for Employment and Skills



The talentmap framework (2 level)

Expert advice

The entire talent and skills landscape is summarised across these 5 high level themes



Transform the performance of your business through talent and skills. We can make it easier for you to find the publicly funded support you need.

[Explore the framework](#)
[Who brought you talentmap™?](#)
[See why talentmap™ is important](#)

Explore talentmap™

Click the bubbles to find out more



Improve performance

Efficiency and innovation are essential to cope with the current recession. Get help to improve the way your business works and influence the performance of your suppliers.

[find out more ▶](#)

A few categories in this area

- [Build your company's skills](#)
- [Improve efficiency](#)
- [Build innovation skills](#)

Search talentmap™

Know what you're looking for?
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Want some more information? Why not try exploring the [framework](#) or check out the [case studies](#)

What is talentmap™?

talentmap™ provides a simple framework for employers to navigate the education, employment and skills systems in the UK - and find the funding and support they need

[About talentmap™](#)

Who is talentmap™ aimed at?

Employers - large or small - who want to improve the skills of their staff, as well as brokers and advisers who are supporting employers

[Your feedback](#)

Why talentmap™ is important

The UK has a skills gap - we can show you the way to deliver better business performance and help make the UK a world-class leader in productivity

[Case studies](#)

The talentmap™ framework



Developed by employers, the talentmap™ framework can help you consider the range of ways you can build talent and skills in your business.

[View the full framework](#)



talentmap™ is developing all the time

More sources are being added to the search and content providers continue to up-grade their web-sites. If you don't find good results please let us and the content providers know by emailing info@talentmap.org.uk.

Your feedback will help ensure that talentmap™ and the partner organisations aims to meet the needs of businesses across the UK.



Not an employer?

Partners and content providers - [click here to visit the resource centre](#)

Brought to you by the talentmap coalition:

Business members
 British Chambers of Commerce, Business in the Community, Commission for Rural Communities, Confederation of British Industry, Federation of Small Businesses, Sector Skills Councils, UK Commission for Employment and Skills



BANK OF ENGLAND

**The way out of recession and
prospects for businesses**

**An “off-the-record” review of the central bank’s
role and the outlook for the UK economy**

Kevin Butler, South West Regional Agent

9 October 2009



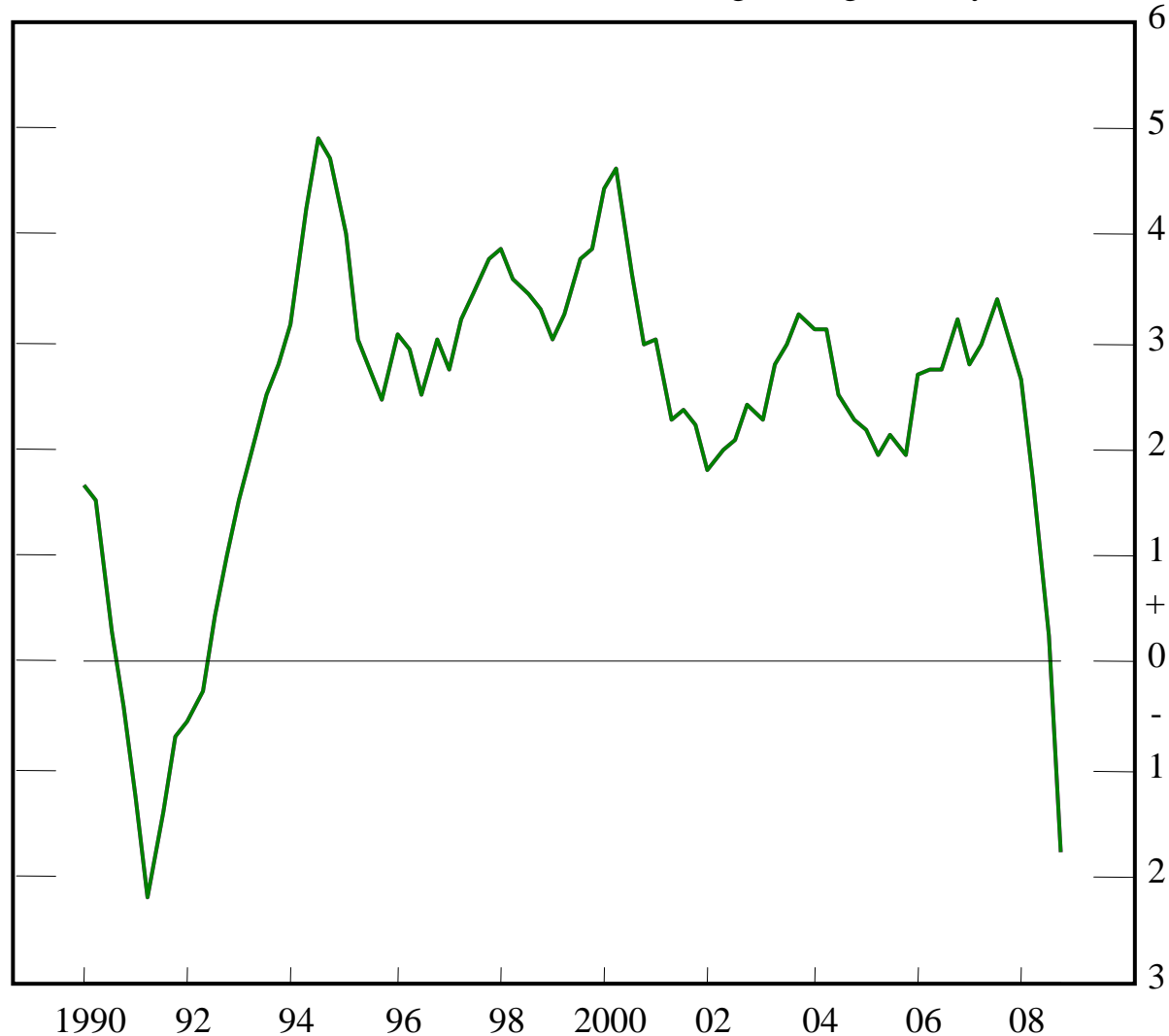
Flashback to Business Leaders' Forum 6 March



UK GDP at market prices

- output fell sharply in H2 2008 after a long period of stability

Percentage changes on a year earlier



The MPC expected:

GDP to contract further in the near term as:

- The weakening labour market and increased uncertainty weigh on consumption
- Businesses run down inventories and reduce investment
- The weakness in world demand hits exports.

Activity then recovers, reflecting the building stimuli from:

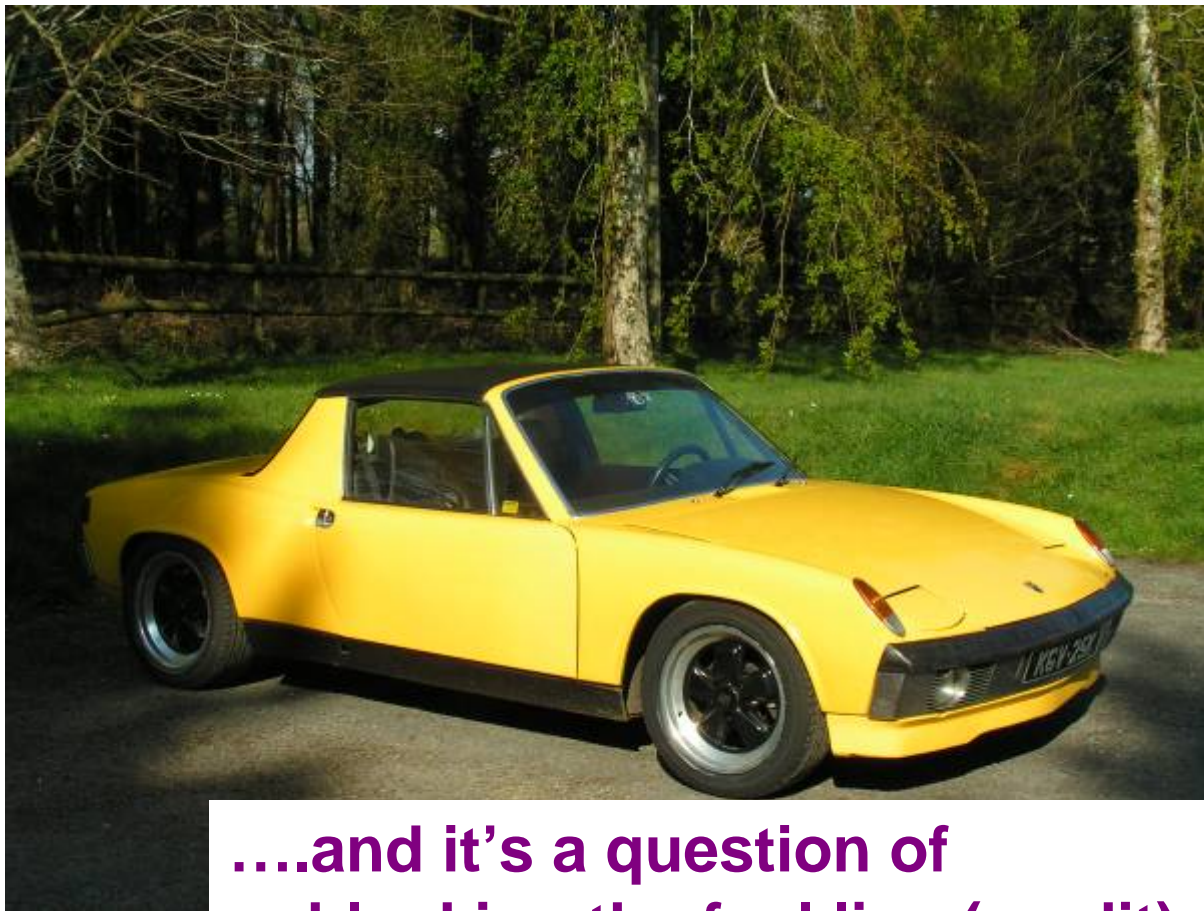
- Easing monetary and fiscal policy
- Substantial depreciation of sterling
- Past falls in commodity prices
- Actions by the authorities in the UK and abroad to improve the availability of credit

CPI inflation falls well below the 2% target over the medium term, as:

- A larger margin of spare capacity more than offsets ...
- ... the impact on import prices of the lower level of sterling.



I said there's petrol in the tank, the engine needs it....



....and it's a question of unblocking the fuel line (credit) and pumping the tyres (money)



The World has moved on....



“The World Economy remains in a deep recession and its financial system in a fragile condition. But there are more encouraging signs looking ahead.”

Mervyn King, 12 August 2009

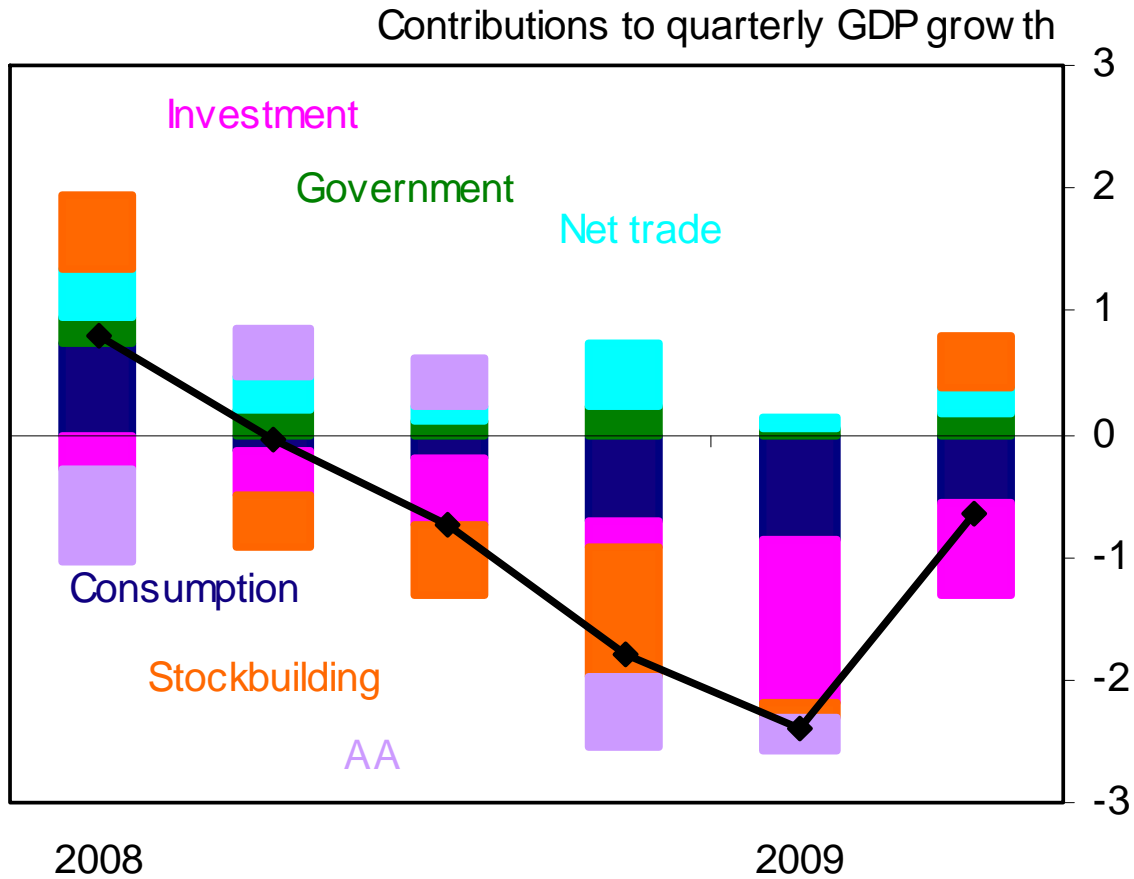
“.....there are now signs that growth has resumed in the third quarter... Both at home and abroad, there are now signs that activity is picking up.”

MPC minutes, September 2009



UK GDP to 2009 Q2

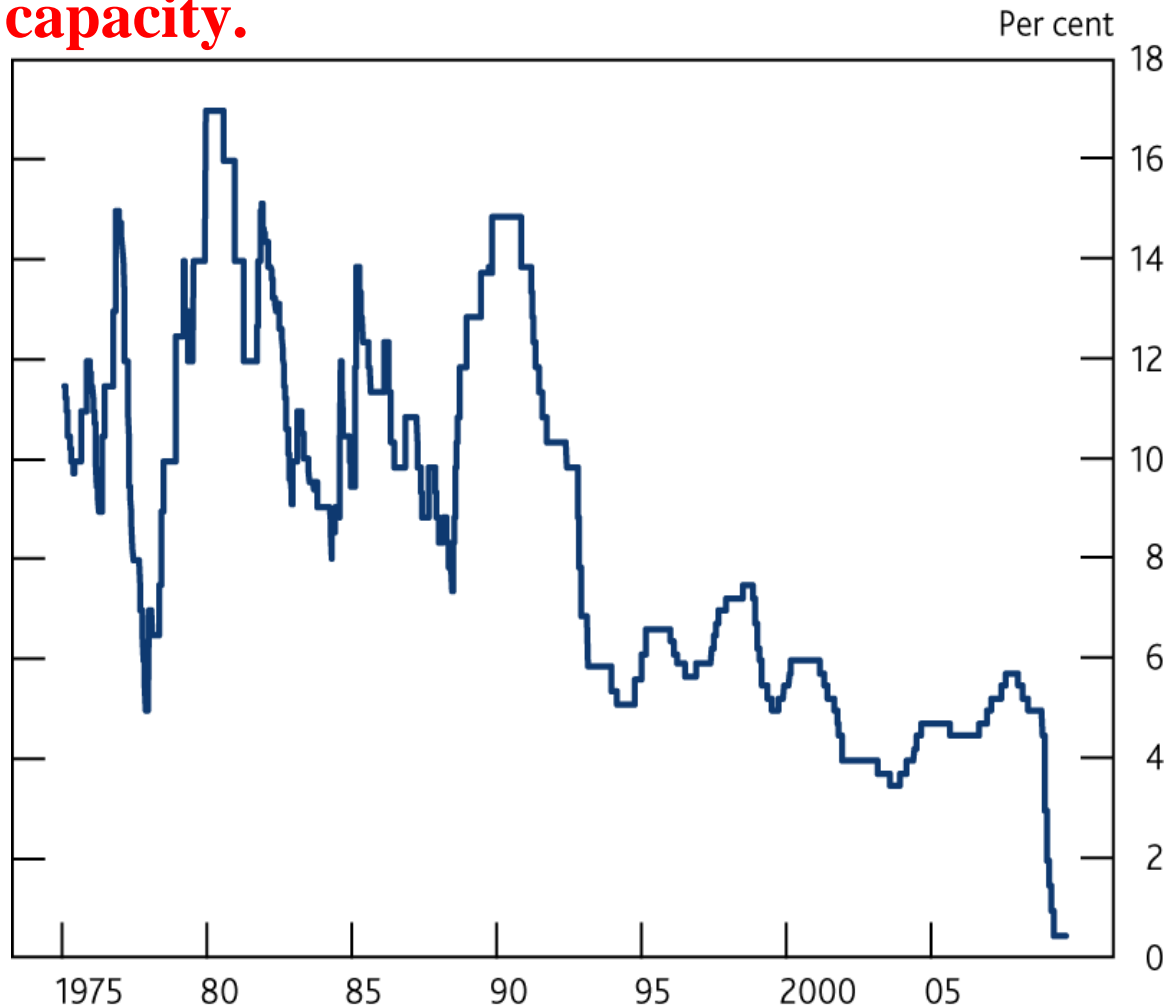
Year on year **-5.5%**; quarter on quarter **-0.6%**



Source: ONS
Agency for South West

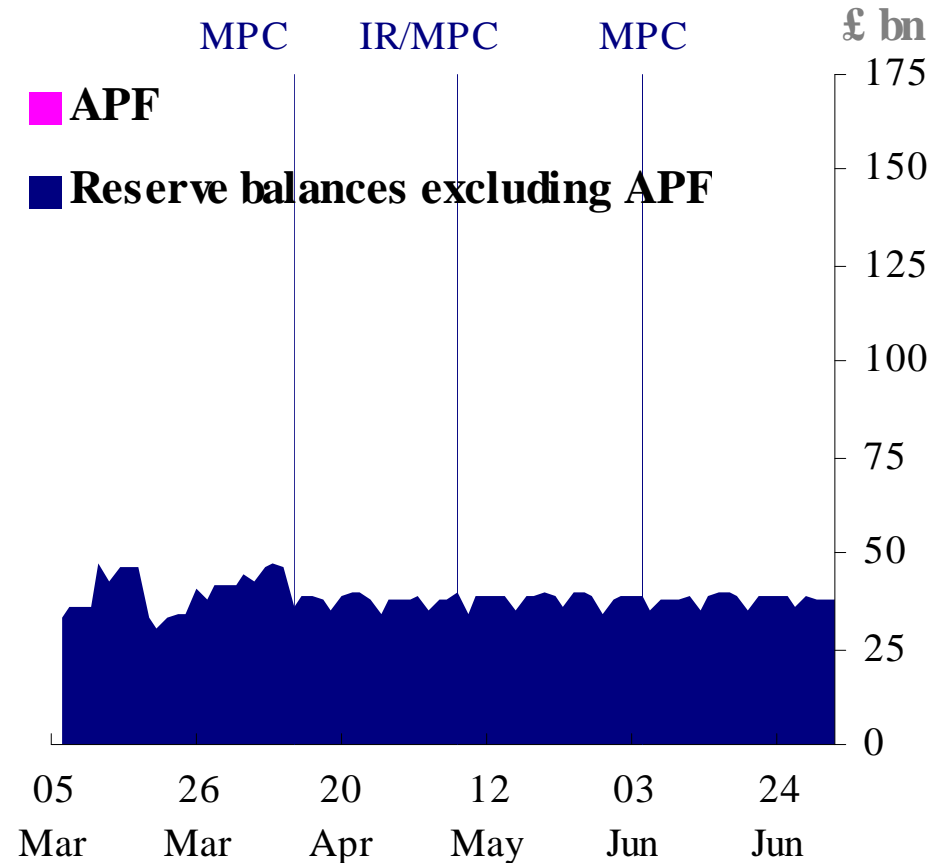


UK Bank Rate... remains exceptionally low reflecting weak demand and spare capacity.

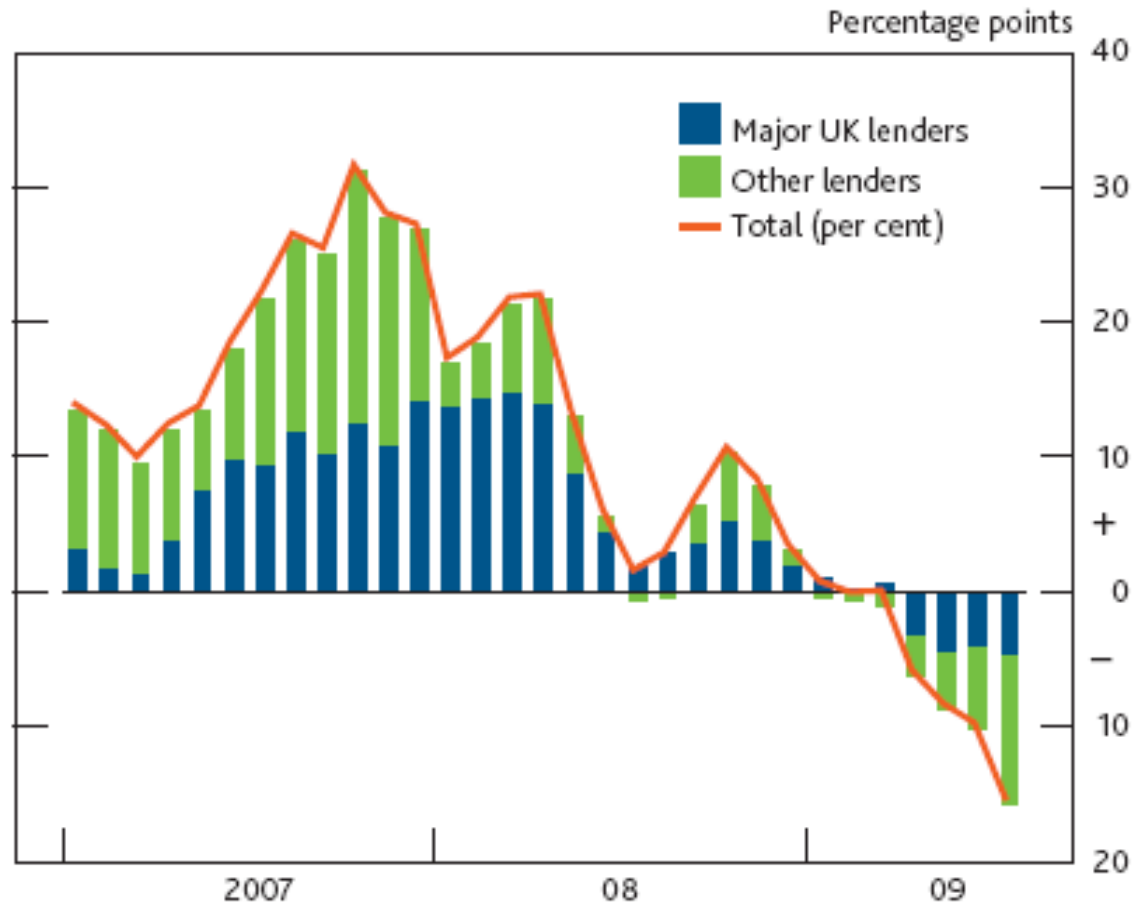


Quantitative Easing (asset purchase) – an additional weapon in the armoury

- increased to £175bn;
- boosts lending power and asset prices
- reduces longer term borrowing costs
- but its effects take time



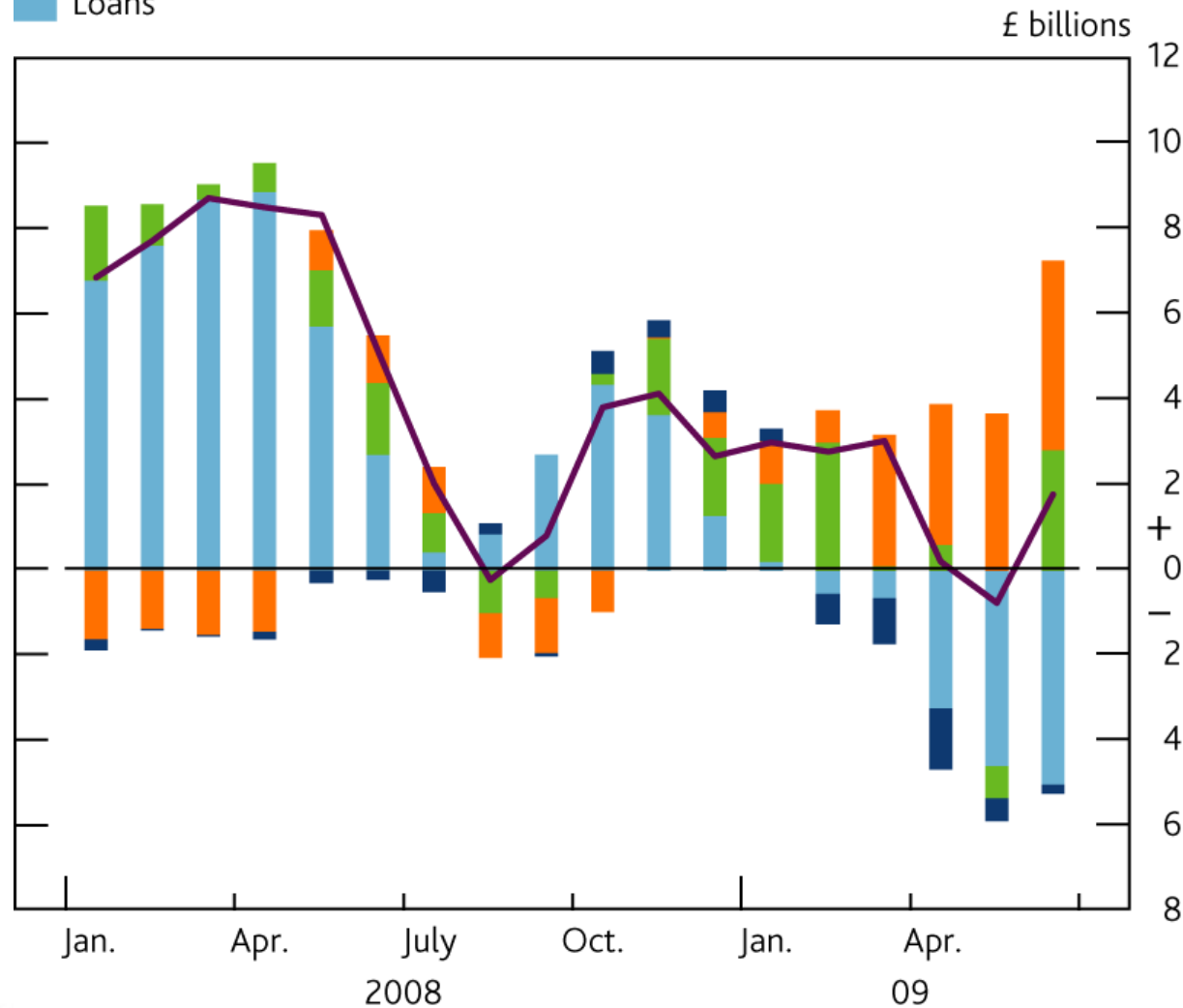
Net bank lending has weakened... with credit tight and firms paying back debt



(a) Lending by monetary financial institutions to private non-financial corporations. Three-month annualised growth rates in the stock of lending. Seasonally adjusted.



But (larger) firms have raised funds through direct issues

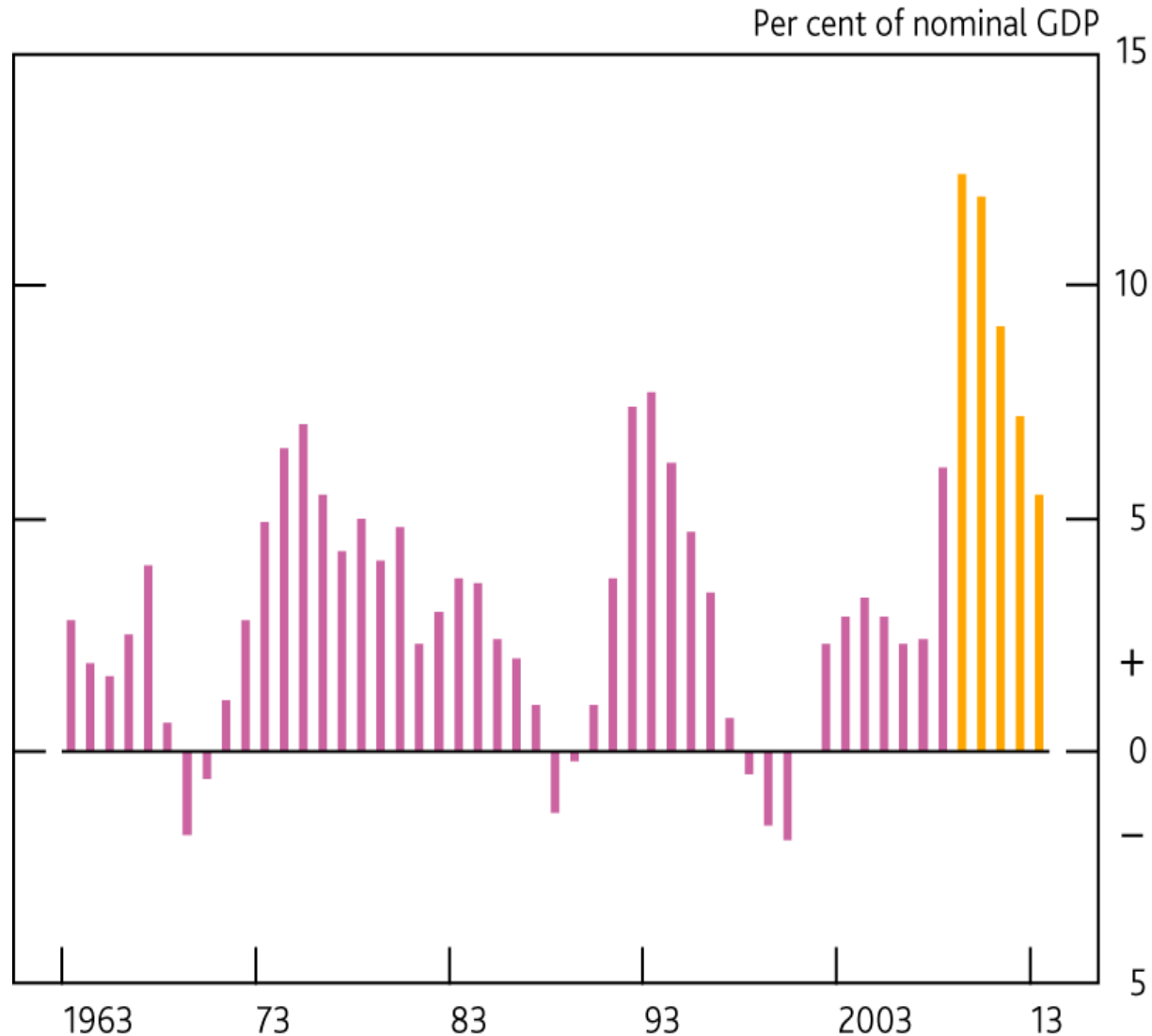


Meanwhile, sterling...

is some **25% below mid 2007 peak**; a boost to recovery



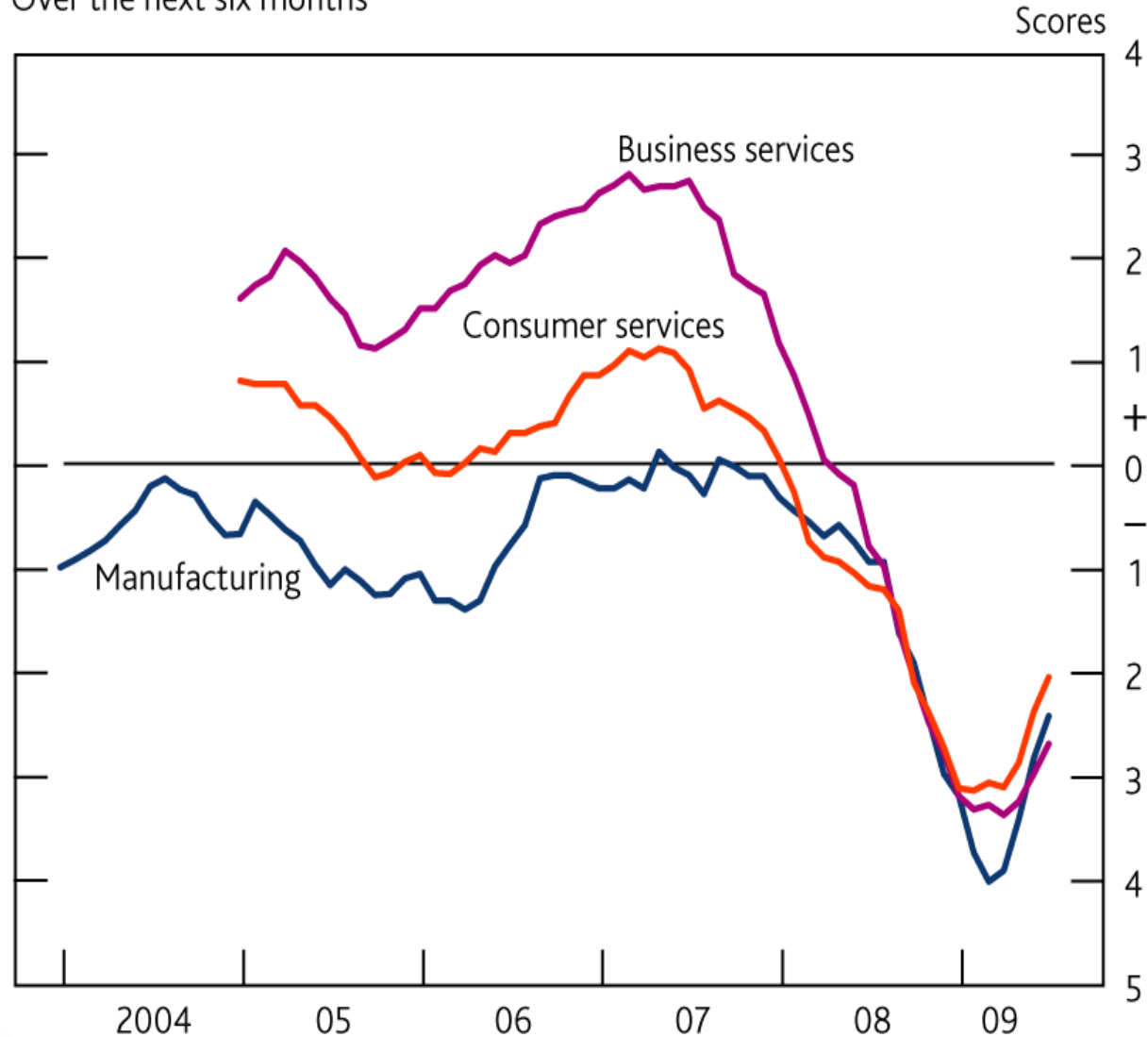
Public sector net borrowing also a boost to demand... peaks at 12% of GDP (2009 Budget)



Agents' scores for employment intentions (July)....

rate of decline has eased

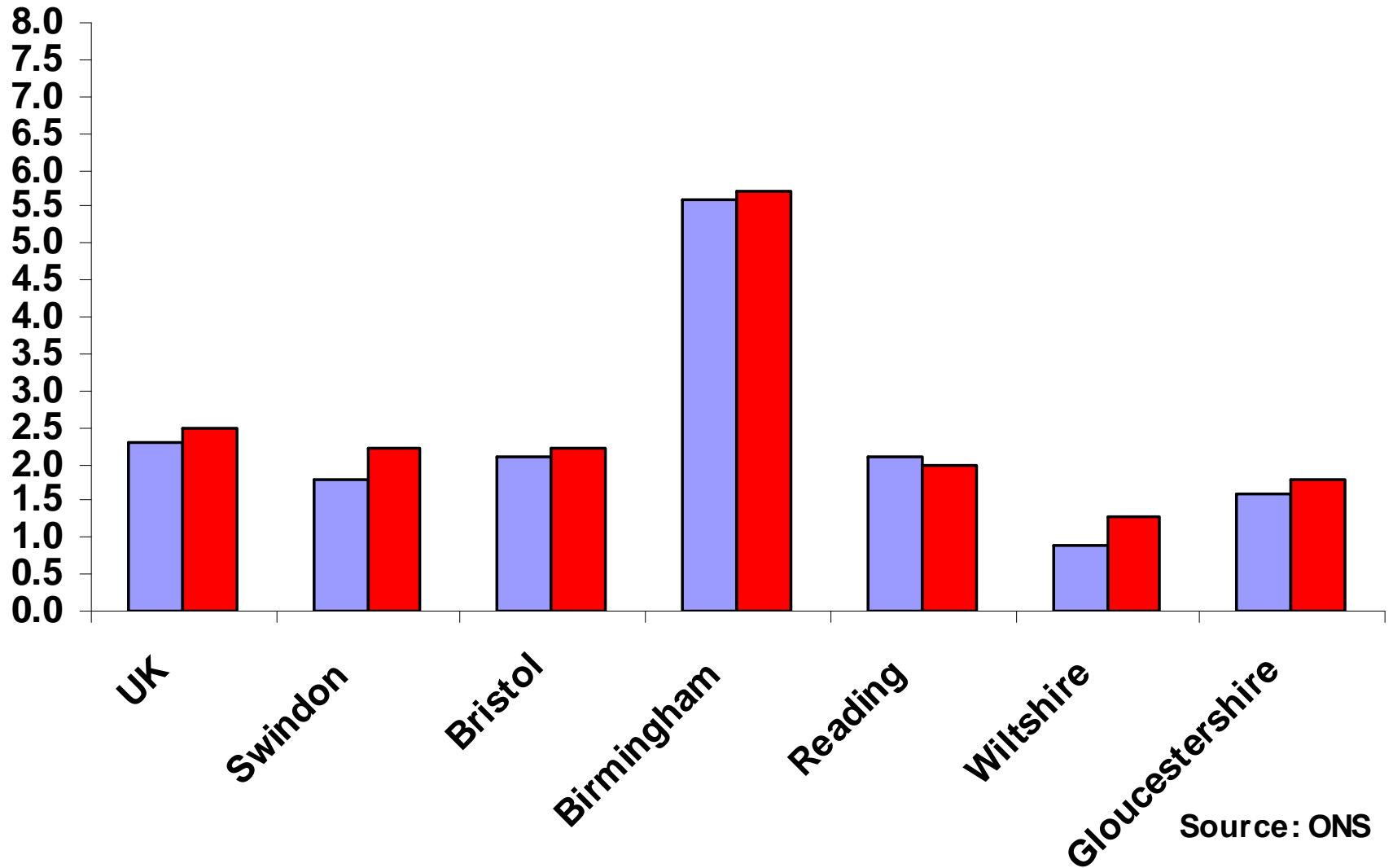
Over the next six months



Agency for South West

Claimant Count Unemployment as a proportion of the resident working age population

Aug '07 Aug '08

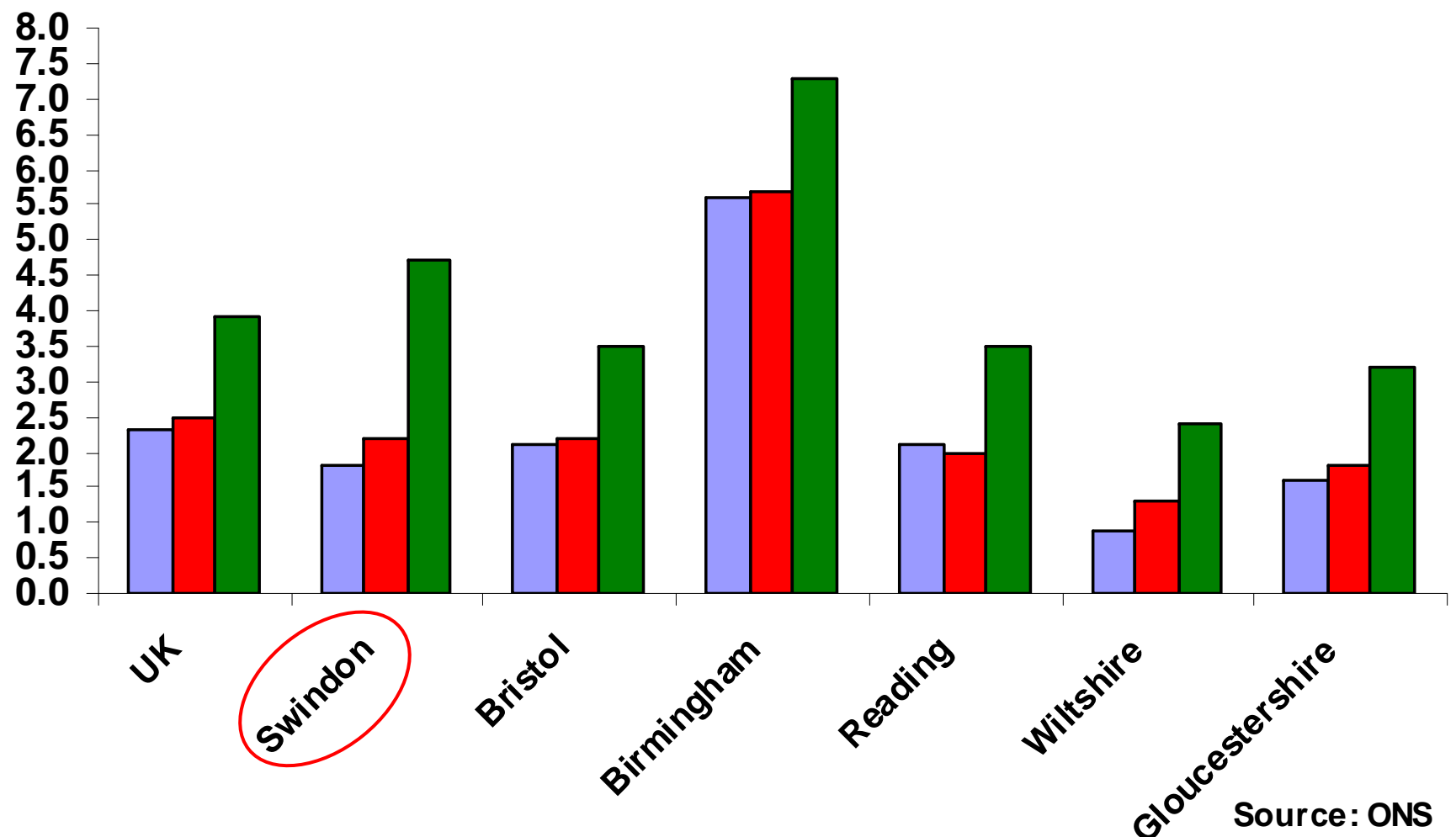


Source: ONS



Claimant Count Unemployment as a proportion of the resident working age population

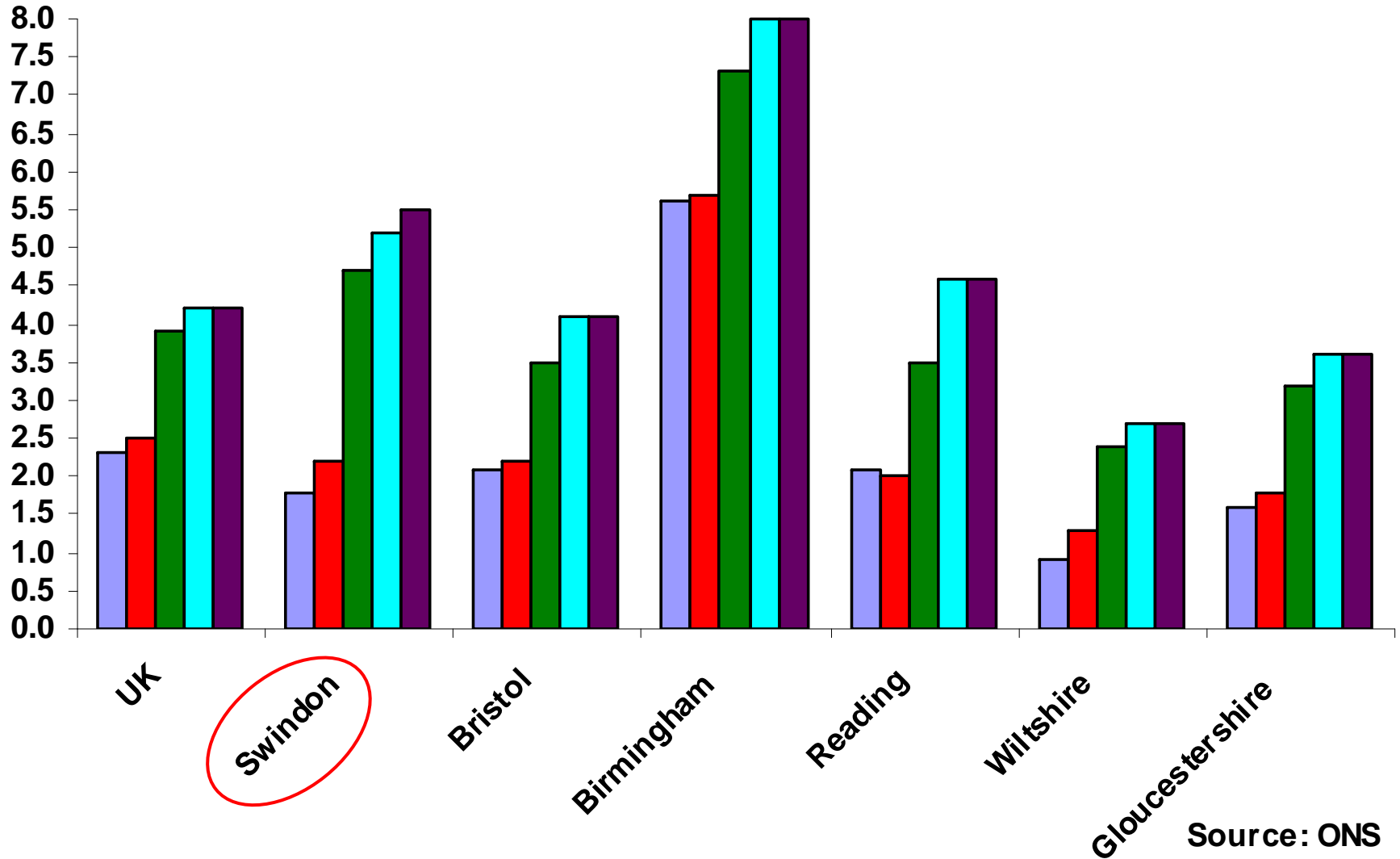
Aug '07 Aug '08 Feb '09



Source: ONS

Claimant Count Unemployment as a proportion of the resident working age population

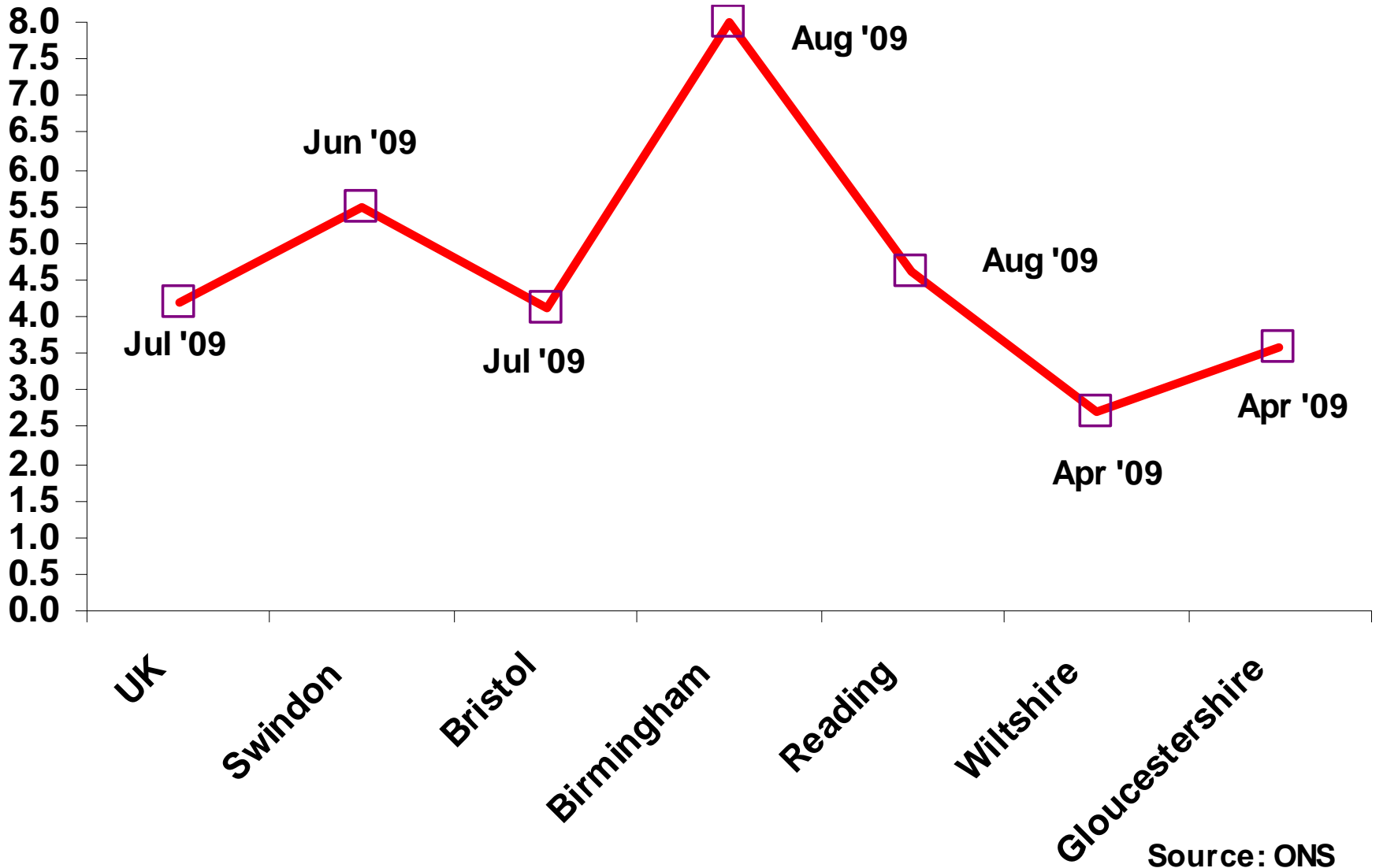
Aug '07 Aug '08 Feb '09 Aug '09 Highest Unemployment Rate



Source: ONS



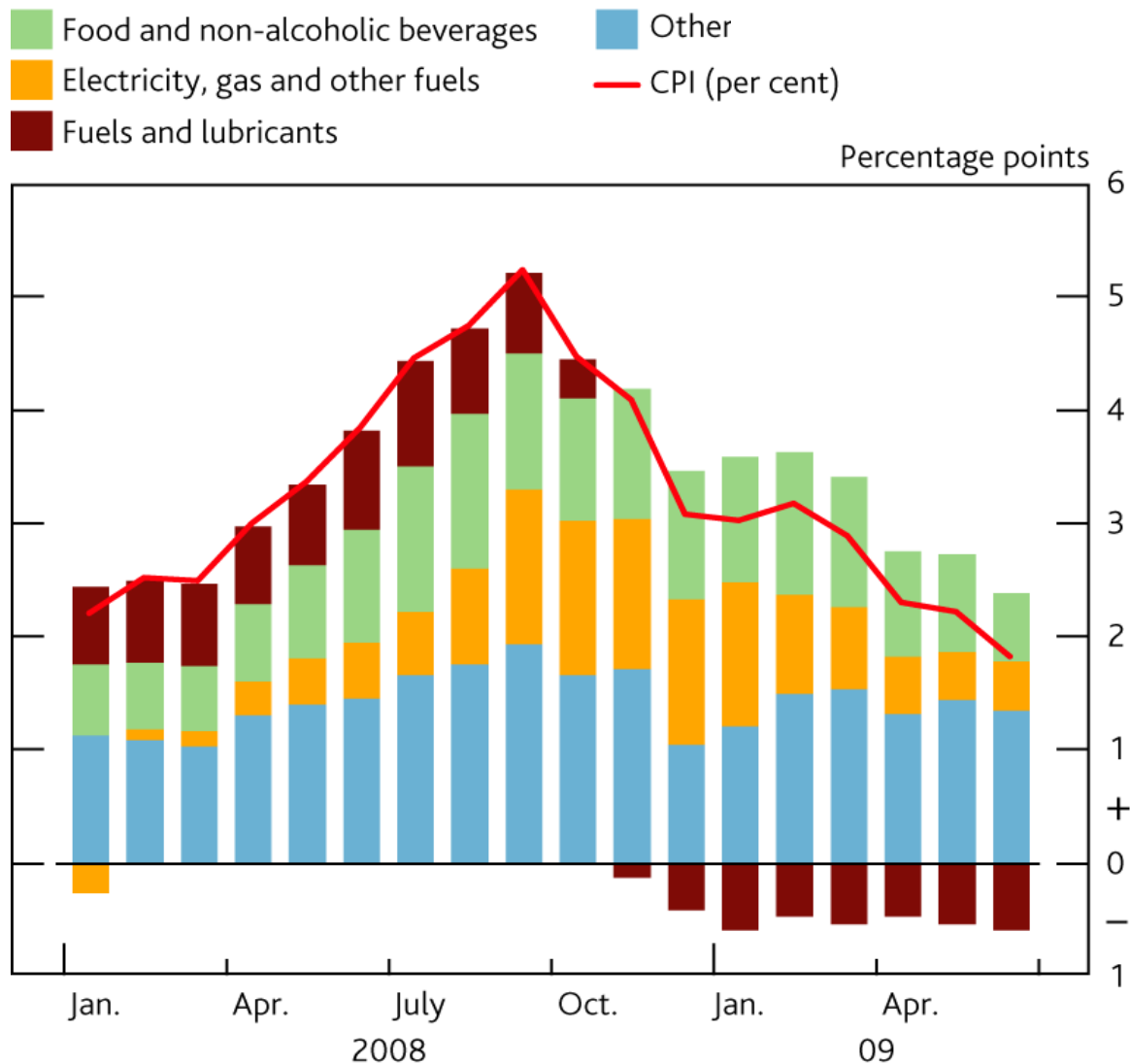
Claimant Count Unemployment - highest rate since August 2007



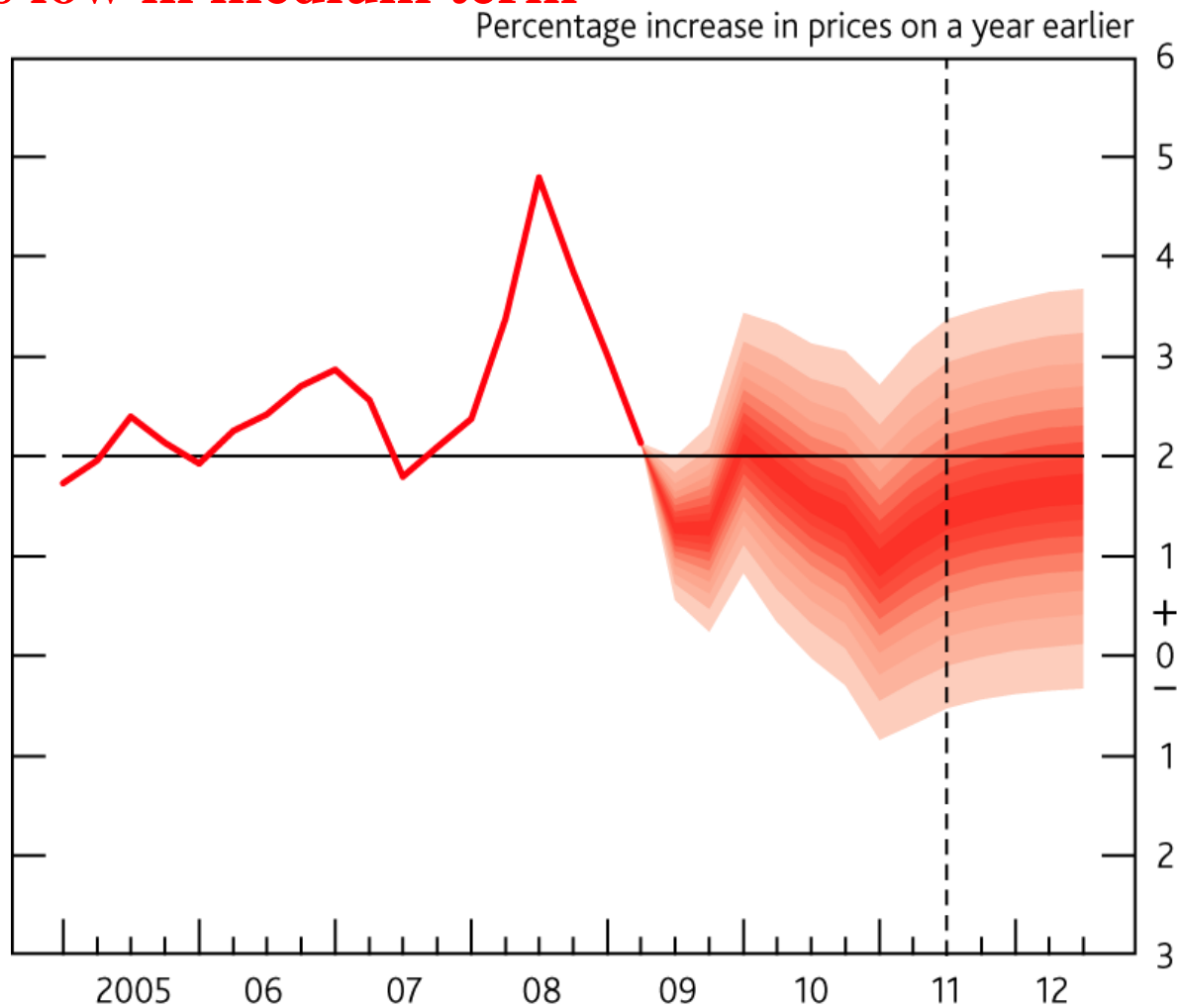
Source: ONS

CPI inflation...

now below the 2% target (1.6% in August)



CPI inflation projection (August) - volatile in short term but remains low in medium term



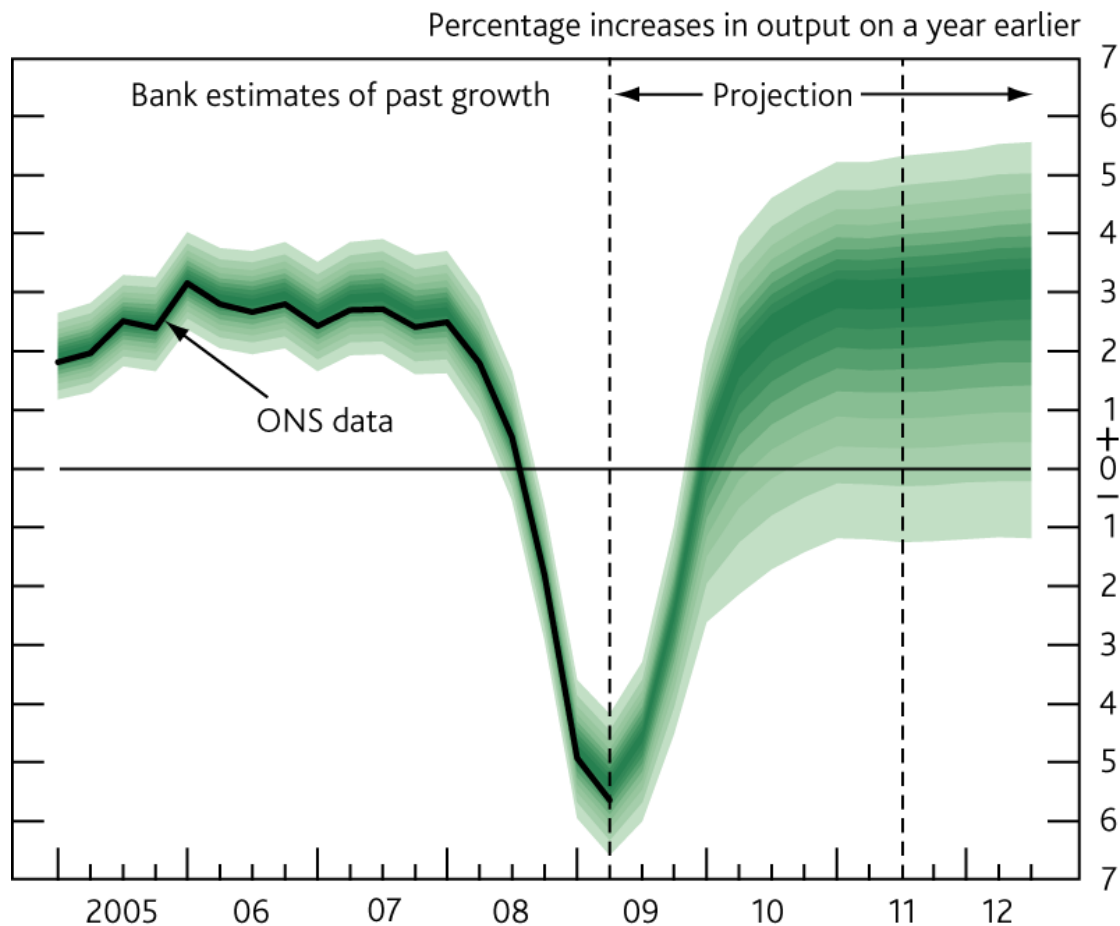
based on market interest rate expectations and £175

billion asset purchases

Agency for South West



GDP projection (August) – signs of recovery but a ‘long haul’



based on market interest rate expectations and £175

billion asset purchases



SUMMARY

- **After a deep recession, UK output is likely to have stabilised around the middle of 2009; and growth has resumed in some parts of the world.**
- **Risks are weighted towards a slow recovery, reflecting balance sheet restructuring by both private and public sectors.**
- **Inflation will be volatile in the short term but, in the medium term, is likely to remain low as spare capacity in the economy outweighs other factors.**



Swindon Business Leaders' Forum

Kerrie Hunt

Partner – Head of Employment Team

Tring Townsend Lee & Pembertons

A POLITICAL
RESPONSE TO THE
CREDIT CRUNCH AND
SWINDON'S FUTURE

Anne Snelgrove MP
South Swindon

SUMMARY

- What was the credit crunch?
- Stepping-up to the challenges
- Delivering Real Help Now
- Building Britain's Future
- How was Swindon affected and what does the future hold?

What was the credit crunch?

- Global imbalances...
- ...leading to a savings glut...
- ...where low interest rates... (especially in the USA)
- ...encouraged reckless lending (sub-prime mortgages)...
- ...and the “securitisation” of these debts (collateralised debt obligations etc)...
- ...created a pyramid of worthless promises...
- ...with bonuses encouraging bankers to build the pyramid even higher...
- ...and the regulatory authorities looking the wrong way and failing to intervene...
- ...so that banks were left with worthless debts (toxic assets) on their balance sheets when the pyramid collapsed...
- ...leading to a collapse in inter-bank lending...
- ...and global recession...

STEPPING-UP TO THE CHALLENGES

- The role of Governments
 - when the market fails

From Mississippi to 10 Downing Street

- The credit crunch swept across the world and it was Gordon Brown who led the world's response.
- Ordinary people were now at risk of losing their savings.
- The Government bought controlling shares in two of the biggest banks in the world.
- Inaction would have led to the crisis turning into a Depression.
- International action would be vital to any recovery.

What did the G20 agree?

- “We commit to taking whatever action is necessary to secure that outcome [the restoration of growth], and we call on the IMF to assess regularly the actions taken and the global actions required”
- Positive words on fiscal policy
- Common approach to financial regulation
- More resources for the IMF (\$1trillion) to help countries in difficulty
- Reform of global financial institutions (IMF and World Bank)
- Resist protectionism
- More help for the developing world.
- Sharp contrast with 1930s

Real Help Now

Action has also been taken to boost our economy by putting money in people's pockets and bringing investment plans forward. This includes:

- income tax cuts of £145 for every basic rate tax payer;
- £60 extra for pensioners this winter;
- a VAT cut worth on average over £200 to every family this year;
- an extra £3 billion investment in projects that will protect and create jobs; and
- a £75 above inflation increase in the child element of the Child Tax Credit from April 2009, worth up to £2,235 a year for families.

Action in the Budget

- Labour market measures - £1.7 billion for DWP to cope with rise in unemployment and £1.2 billion to deliver job guarantee for long term unemployed under 25.
- Business support – £750 million over 2 years for “Strategic Investment Fund” to support “advanced industrial projects of strategic importance”.
- Low carbon economy - £400m to support low carbon industries; access to EIB credits; extra support for offshore wind power; and Combined Heat and Power.
- 50p top tax rate for those earning over £100,000.

Building Britain's Future

- JOBS AND SKILLS
- We will not lose another generation to worklessness. We will guarantee a sixth form, college or apprenticeship place to all school leavers. From next year, every person under 25 who has been out of work for a year will have to take a job, training, or work experience place. Adults who have been out of work for six months will get help with setting up a business, skills training, or volunteering opportunities.
- The £1 billion Future Jobs Fund will provide 100,000 jobs for young people and a further 50,000 new jobs in areas of high unemployment.
- An additional £1.5 billion will be invested over the next 2 years to deliver 20,000 new affordable homes, creating 45,000 jobs in the construction and related sectors.

The Effects of Taking Action

- 22 million people benefited from a tax cut and lower mortgage rates.
- 500,000 jobs have been saved.
- 300,000 additional jobs, training, college and school places.
- 25,000 more apprenticeships.
- 300,000 people helped to stay in their homes.
- 200,000 businesses saved by being able to defer tax payments.
- 205,000 new cars sold thanks to the scrappage scheme which saved the car industry in Britain.

SWINDON'S EXPERIENCE

- THE CRISIS HIT SWINDON HARD
- Youth unemployment in Swindon was 7.6% in May 2009, an increase from 2.4% in February 2008; the biggest increase in the country.
- In July overall unemployment in Swindon is up 147% against a national increase of 81%
- Number of 18-24 claimants on JSA for longer than 6 months has increased from 80 in April 2008 to 245 in April 2009, a 300% increase, in Swindon.
- BUT THE RECOVERY HAS BEGUN
- August and September saw more people leaving JSA than going on to it for the first time in 14 months
- The extension of the Car Scrappage Scheme to include 100,000 more cars has kick-started Honda and BMW.
- New companies such as Cleeve Technology have moved to Swindon.

BUILDING SWINDON'S FUTURE

- Diversifying our economy
- Being at the forefront of the new green economy – using current employers and attracting new ones
- Investing in the 'Knowledge Economy' by working to attract a higher education facility
- Kick-starting housing developments
- Tackling the stalled regeneration of the town centre

Tackling the Deficit

- The Government is committed to managing public debt.
- From 2011-2014 the debt will be cut by half to ensure the deficit as a percentage remains below the G20 and G7 average.
- Measures to reduce the deficit:
 - New 50p top rate of tax on £100,00+ earners
 - A 0.5% increase in National Insurance from April 2011
 - Remove unfair tax relief for the very wealthy
 - Use the proceeds of the returns on our loans to the banks
 - Take tough decisions on unnecessary spending programmes
 - Seeking out efficiency savings and cutting costs across the public sector and Government.