



MPs NEWSLETTER

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A MESSAGE FROM CHAMBER CHIEF EXECUTIVE - PAUL GRIFFITHS






Welcome and overview

Firstly welcome to this summer edition of the MPs Newsletter published by Milton Keynes Chamber of Commerce acting as the voice for business across Milton Keynes. Milton Keynes Chamber of Commerce currently represents approximately 400 businesses employing around 20% of the borough's workforce. Milton Keynes Chamber of Commerce in conjunction with Northamptonshire Chamber of Commerce was awarded the prestigious 'Chamber of the Year' for 2015 at the British Chambers of Commerce annual awards ceremony in London in November.

Introduction

This newsletter reports primarily on the key concerns of members of Milton Keynes Chamber. Published to provide elected representatives with the necessary information and insight to make informed decision locally; regionally; and nationally – that then enable businesses to grow, generate jobs and boost economic output. The views put forward in this newsletter have been garnered through frequent engagement with the local business community and represent the views of business leaders across the borough of Milton Keynes. Additionally, this newsletter will provide an overview of the current economic climate and will assist key decision-makers in formulating their policy priorities.

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-  Chambers of Commerce can provide the conduit to bridge the skills gap – press release
-  Latest Blog, Business Council Launch
-  Milton Keynes Chamber of Commerce's asks of Government (Autumn Statement).

As the British Chambers of Commerce's (BCC) only accredited chamber in the borough of Milton Keynes, Milton Keynes Chamber is keen to work with all elected representatives to influence policy formation and implementation to the benefit of the local economy and area. We can provide local evidence and, occasionally, case studies to enable elected members to put forward informed interventions in committees, debates in the House of Commons and other elected assemblies.

The Chamber is pleased to assist all elected members, therefore, should you require clarification or any further information, please contact myself on **01908 547 820** or at policy@chambermk.co.uk.



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ECONOMIC INTELLIGENCE

Milton Keynes Chamber of Commerce's Quarterly Economic Survey (QES) is a regular independent business survey and forms part of the biggest and most representative survey of its kind in the UK.

It is widely recognised as a key economic indicator by Government, The Bank of England and independent economists alike. It also provides both central and local policymakers with an important source of feedback of the performance, concerns and views of businesses across Milton Keynes.

The fieldwork for Milton Keynes Chamber Commerce's latest QES was conducted via electronic, smartphone app and hard copy questionnaire during the period 22nd August to 12th September. This report therefore sets out analysis and interpretation of the findings for the third quarter of 2016. A total of 35 businesses, employing 2,538 people from across the borough responded.

Headline: Business confidence remained healthy across Milton Keynes during the third quarter of 2016, according to the latest Quarterly Economic Survey from Milton Keynes Chamber of Commerce.

All the manufacturing firms surveyed said their turnover had increased during the period in question – from July to September 2016 - and 90% of the service sector companies who responded stated that their turnover had either increased or remained the same during the same timeframe.

The findings from the report, released today, contains responses from 35 businesses, employing 2,538 people from across Milton Keynes. It covers the period from July to September and gives companies a chance to have their say on their performance, concerns and experiences of trading in Q3 of 2016.

All of the manufacturing firms and 92% of the service sector firms reported that their investment plans for plant and machinery had increased or remained consistent with the previous quarter for Q3.

Training investment plans also remained in robust health with all manufacturing companies and 93% of the service sector citing investment in training went up or stayed the same in the same period.

There was a stark turnaround in cashflow for the manufacturing firms, showing a net balance figure improvement from -11% in Q2 to 20% in Q3.

But the service sector experienced the opposite – with the net balance figure dropping from 27% in Q2 to 11% for Q3.



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And price pressures increased over the three month span, with rises in energy costs and other overheads forcing companies to increase their prices. Exchange rates were also an area of concern this quarter, following the EU Referendum vote in June.

Milton Keynes Chamber of Commerce chief executive Paul Griffiths said: "It is fantastic to see the borough's continued optimism in the face of current economic uncertainty in the UK following the Brexit result at the end of the last quarter.

"It is positive to see that so many businesses are investing in machinery and in training their staff at this time to give their companies and their employees that edge for greater opportunities in future.

"We will continue to monitor both sectors through our QES and we encourage as many businesses as possible to take part in the next survey for Q4."

**Paul Griffiths, Chief Executive
Milton Keynes Chamber of Commerce**



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BRITISH CHAMBERS OF COMMERCE (BCC) UK ECONOMIC GROWTH OUTLOOK

In its first economic forecast since the EU referendum, the British Chambers of Commerce (BCC) has today (Monday) downgraded its UK GDP growth forecast, from 2.2% to 1.8% in 2016, from 2.3% to 1.0% in 2017, and from 2.4% to 1.8% in 2018.

Weaker consumer spending and a large fall in investment were the main reasons for the leading business group's downgrading of its growth forecasts. The uncertainty surrounding the UK's long-term political arrangements with the EU, as well as the timeline over which any actions will take place, are expected to dampen growth prospects towards the end of 2016 and over 2017. Despite these issues, the UK is expected to skirt with, but avoid, recession. The post-referendum slide in sterling is expected to help improve the UK's net trade position.



The downgrades to the BCC's forecast for UK GDP growth imply that the UK economy will be £43.8 billion smaller at the end of the forecast period than previously predicted.

Key points in the forecast:

- UK GDP growth forecasts downgraded: to 1.8% for 2016, to 1.0% for 2017, and to 1.8% 2018.
- GDP growth is expected to slow sharply in the short-term - **quarter-on-quarter growth in Q3 and Q4 2016** is forecast to slow down to 0.1%.
- If the GDP growth forecast for 2017 is realised it would be the weakest rate of growth since 2009.
- Weaker consumer spending and a large fall in investment is expected to be only partly offset by a stronger contribution from net trade.
- Business investment is expected to fall by 2.2% in 2016 and by 3.4% in 2017. The slight pick-up in business investment in 2018 (+2.0%) reflects a 'levelling-off' from the declines recorded in 2016 and 2017. This compares to our previous forecast of a 4.5% increase in 2016 and rises of 7.4% in 2017 and 2018.
- Export growth is expected to drop to 2.3% in 2016, from 4.8% in 2015, but grow slowly to 3% in 2017 and 4% in 2018.



- Services and consumer spending will remain the key growth drivers of the UK economy through the forecast period.
- Employment growth is expected to slow in 2017, as uncertainty weighs on recruitment intentions.
- A further cut in interest rates is expected by the end of the year.



CHAMBERS OF COMMERCE CAN PROVIDE THE CONDUIT TO HELP BRIDGE THE SKILLS GAP

MPs and other key decision makers taking a break from the Conservative Party Conference yesterday were told that Chambers of Commerce can provide a conduit to link businesses with education providers in order to address local skills shortages.

Francis Martin, President of the British Chambers of Commerce, told a fringe event at the Conference that business needed a more locally-focused education system to meet the challenges of future growth.



He was speaking during the same week that the Prime Minister Theresa May and Chancellor of the Exchequer Phillip Hammond, speaking at the Conference, had confirmed the Government's commitment to the Midlands Engine for Growth and Transport Secretary Chris Grayling had committed £12m to Midlands Connect, which is driving better connectivity between towns and cities in the Midlands.

Mr Martin, speaking at the event which was jointly hosted by seven regional Chambers of Commerce* – including Milton Keynes Chamber of Commerce together represent over 14,000 members, said that links between education and business needed to be stronger and education had to be more responsive to changes in industry.

He also called for reassurances from Government for EU-based employees of UK companies and for those wanting to come to work in the UK and how Britain will need to "continue to attract people on a pragmatic basis" post-Brexit.

Mr Martin added that "all Chambers are different" and have to "respond to local needs and local business community priorities" but that one of the strengths of the Chamber movement was its ability to work together to enhance business.



Conservative MPs from across the region were invited to join the Chambers and representatives of local businesses at the 'fringe' event, intended to show how business could work together to continue to drive growth despite current market uncertainties.

Any other MPs attending the Conference had an open invitation to take part, the aim being to informally provide Ministers with a closer insight into regional business priorities at a time of uncertainty as far as growth and investment are concerned.

Exporters, each with their own concerns about Britain post-Brexit, make up about a third of the membership of the Chambers taking part in the event at the Studio at the Birmingham Repertory Theatre, close to the main entrance of the International Conference Centre, Centenary Square, the main venue for the Conference.

Between them, the Chambers represent members across 25 business sectors and handle over 100,000 export documents a year.

Simon Dishman, Policy Executive at Milton Keynes Chamber of Commerce said: "With great uncertainty facing the UK economy, especially surrounding the UK's exit from the European Union, it was encouraging to see so many businesses from across the region come together to address issues – such as skills – that impact on their ability to grow and generate jobs. The shape of negotiations surrounding fundamental areas of policy such as, freedom of movement and access to the single market will be front and centre of business owner's minds in the short term. Assurance from Government on these two areas is critical to helping enable firms to make long term investment decisions.

"Businesses, of which Milton Keynes Chamber currently represents approximately 400 are the main drivers of growth and job creation. Milton Keynes Chamber will continue to liaise with the businesses community to help ensure the conditions across the region are right for growth.

Collaboratively, Chambers of Commerce across the Midlands will continue to lobby key decision makers across the region to ensure that the views of our members are represented. Finally by participating in





yesterday's event, Midlands' Chambers can help shape the debate by establishing a dialogue between MPs and businesses throughout the region in order."

*The seven Chambers involved were Northants, Milton Keynes, Coventry and Warwickshire, Birmingham, Black Country, Staffordshire, Hereford and Worcestershire and East Midlands Chamber (Derbyshire, Leicestershire and Nottinghamshire).

Above picture: Francis Martin, President British Chambers of Commerce (front right) with representatives from Chambers across the Midlands.



LATEST BLOG – MILTON KEYNES CHAMBER OF COMMERCE TO LAUNCH BUSINESS COUNCIL

Now more than ever, it's critical that Chambers of Commerce act as the linchpin for the business community at a local level to ensure their views, specifically our members, are heard and represented throughout the corridors of power in Westminster and Whitehall.

Consequently, Northamptonshire Chamber of Commerce in conjunction with its sister Chamber, Milton Keynes Chamber of Commerce are establishing a Business Council which will act as the sounding board for members to voice concerns and air their opinions on a wide range of issues, from skills and infrastructure to business taxation and international trade.

This will then culminate with a launch of a Business Manifesto which will act as your Chambers flagship policy and lobbying document when engaging with Local Authorities and MPs, not to mention assisting our colleagues at the [British Chambers of Commerce](#) who tirelessly lobby central Government on behalf of local Chambers' from across the UK.

We strongly urge members to engage with us through this Business Council. The first Business Council will take place on Monday, 14th November. Representing the British Chambers of Commerce at our inaugural Business Council will be [Dr Adam Marshall](#), acting Director General.

As a result of the UK's decision to leave the European Union (EU) on the 23rd June there have been a host of political ramifications including; the Labour Party's Leadership election, and most notably David Cameron's decision to stand down. The latter of which resulted in a leadership bid – albeit a truncated one – that brought about the appointment of the Rt Hon. Theresa May as the new Prime Minister on Wednesday, 13th July.

The screenshot shows the website for Milton Keynes Chamber of Commerce. At the top, there is a navigation bar with links for 'HOW TO JOIN', 'MEMBERS LOGIN', a search bar, and 'CONTACT US'. A 'CHAMBER AWARDS 2015 National Winner' badge is also visible. Below the navigation bar, there is a 'Home' button and a 'WANT CREATIVITY THAT DELIVERS RESULTS?' section. The main content area features a 'Latest Blog' section with a table of recent posts.

DATE	TITLE	AUTHOR
5th Sep 2016	Milton Keynes Chamber of Commerce & Northamptonshire Chamber of Commerce Business Council	Milton Keynes Chamber of Commerce Limited
1st Aug 2016	Political, social and economic repercussions of the EU Referendum	Milton Keynes Chamber of Commerce Limited
20th Jul 2016	A monumental period of change now lies ahead for Britain	Milton Keynes Chamber of Commerce Limited
7th Jun 2016	The EU Referendum... the story so far (A Chamber's Perspective)	Milton Keynes Chamber of Commerce Limited
25th May 2016	Enter an award today!	Milton Keynes Chamber of Commerce Limited



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The Prime Minister then set about one of the swiftest re-organisations of Government, leading to a dramatic overall of the machinery of Government across Whitehall, the likes of which had not been seen in recent times.

It was clearly evident in the Prime Minister's first speech outside Number 10 Downing Street that a new era of Government, and a new way of doing things was about to take hold. Further evidence was provided when Mrs May abandoned the then Chancellor George Osborne's goal of returning to a budget surplus by the end of the 2020 – the current Parliamentary session.

Nothing demonstrates the intentions and likely direction of Government more than who is appointed to each of the 25 ministerial positions.

The most high profile appointments were Philip Hammond as the new Chancellor of the Exchequer, who is now looking to capitalise on the record low borrowing costs to invest in the Britain's ailing infrastructure. Secondly, was the appointment of Liam Fox to the newly established Department for International Trade, given the mammoth task of getting Britain to build independent trading relations unconstrained by the EU.

Thirdly, and perhaps most significant was the appointment of Greg Clarke to the role of Secretary of State for Business, Energy and Industrial Strategy – merging the Department for Energy with Business, Innovation and Skills. Given the phrase 'industrial strategy' was banish from the Whitehall lexicon, its noteworthy to see its reintroduction into the realm of political discourse once again.

In the first full Parliamentary session of the new Government under the leadership of Theresa May, and with great uncertainty hanging over the business community as a result of Brexit, operating in a near zero interest rate environment, delayed decisions on major infrastructure projects, and ultimately what direction the new Government takes.

Regionally, the Midlands Engine continues to gather momentum, and in concert with Midlands Connect will help ensure the region is suitably connected, helping businesses as they continue to develop, expand into new markets and generate jobs. However, important challenges remain, for example skills shortages, connectivity – be it broadband and digital, rail and road, as well as housing supply and access to growth markets both domestically and internationally.

This is why we are calling on businesses to engage with the Chamber through this newly established Business Council.



MILTON KEYNES CHAMBER OF COMMERCE'S ASKS OF GOVERNMENT (AUTUMN STATEMENT)

- A pledge to introduce no new input taxes or other significant costs on businesses for the remainder of this Parliament** – matching the pledge made to voters on income tax, NICs and VAT during the 2015 General Election campaign
- Further fundamental reform of business rates** – exclusion of plant and machinery from valuations; and bringing forward the switch of the annual uprating from RPI to CPI to 2017, from 2020
- Temporary widening of the Annual Investment Allowance** – to include business premises improvements for a period of five years, alongside investments in plant and machinery
- Improving the implementation of the Apprenticeship Levy** – levy-paying businesses should be able to support high-quality workplace and vocational training, in addition to apprenticeships
- Direct investment in 'quick-start' infrastructure projects such as housing and broadband** – to 'crowd-in' private sector investment in infrastructure, regeneration and growth. The Chancellor has already responded in part to this with a new housebuilding programme
- Increased resources to directly support SME export plans** – direct monetary support for firms to explore new markets or deepen sales abroad
- Creation of an indirect tax road map** – to give businesses much needed clarity to invest with confidence

