

Surrey Business Leadership Forum – Meeting Note (Partner copy)

(Wednesday 16 March, 11.15 - 12.45)

This note summarises individual SBLF member contributions against the following themes:

Business performance:

- BLF members were generally optimistic about business performance albeit with some on-going concerns. A number of businesses stated that growth returning to pre-pandemic levels.
- Both airports cited slow but steady recovery and optimism for summer passenger numbers. Heathrow still feeling the impact of COVID and Brexit with passenger numbers down 50% (2.8m). Gatwick reopened South Terminal this month due to increased usage and airlines schedules improving. However, Gatwick not anticipating being back to 2019 levels until 2024.

War in Ukraine:

- Limited direct impact, however, some businesses reported undertaking due diligence to check for Russian investment.
- One member stated that their clients with investments in affected geographies had sought to dissociate themselves whilst at the same time wanting to support their former employees.
- A couple of businesses highlighted the impact on increased utilities costs. In particular, Heathrow mentioned the fuel price increase and longer flight times due to airspace closures.

Hybrid working / office return:

- All businesses reported a mixed picture in terms of employees returning to the office. Most reported c50% occupancy (during peak times) with Fridays still 'very quiet'
- Demographics key to office patterns; for example, staff familiar with office environment or in their late 20s generally keen to return to work, new graduates more reluctant.
- One member reported that their Surrey office is a better proposition than their London office due its flexible offer (childcare, working hours, access to nature) – particularly for those in late 20s/30s.
- A number of businesses highlighted the increased disaggregation of their workforce.
- Whilst recognising the importance of flexible working policies a number of BLF members questioned the long-term impact on productivity and culture: "being close to our clients is an important USP for us" and "Our workforce needs in person collaboration to be really efficient".

Recruitment:

- All businesses reported significant recruitment issues with large numbers of unfilled vacancies, for example one member require 1,000 graduates in August and have recruited 450. Another business reported churn at all grades and difficulty in retaining people for specialist roles.
- All businesses confirmed that recruitment situation is resulting in wage inflation across sectors.
- Disconnect between the 'great resignation' phenomenon and the current recruitment challenge was highlighted. COVID has made individuals reassess their lives. One member reported a significant loss of people over 55 who are retiring early and living on whatever income is available.
- Brexit and the reduced talent coming from Europe was also cited as a factor
- Heathrow highlighted a lack of semi-skilled workers to replace those lost during the pandemic. Their campus requires 10,000 people to be recruited, trained and security cleared before the summer. Roles include: security staff, baggage handlers, border force staff. Gatwick reported 400 similar vacancies and c5,000 for the whole airport campus. They have run joint DWP events locally and a targeted social media campaign.

- Businesses reported having to recruit skilled specialist individuals from other parts of the UK and the need to offer remote working; for example, typically people ask for at least 2 days working from home.
- Recruiting ethnic minorities and female staff is particularly difficult due to a relatively small pool available and lots of competition.

Skills

- One business raised the issue of a lack of work experience for 16-17 year olds and asked where the equivalent of UCAS is for non-academic learners. Another suggested that schools' focus on 100% of pupils going to university stopped them from engaging with school age students about alternative careers. General recognition that university is not for everyone.
- Another business reported wanting to offer high calibre young people an alternative to university but struggling to get FE/HE providers to engage with appropriate p/t degree routes.
- Another member highlighted the lack of day release training which was felt to be a key weakness of apprenticeship schemes. This business felt that FE colleges should train for capability (and attitude) and businesses should train for skills and application: "it is very hard for a FE college to design a course to meet our specific business need, we can do that much better".
- Another member suggested that where businesses have common skills needs – training could be shared with other companies.
- BLF generally supportive of SCC taking responsibility for the regional skills agenda and aligning it to business requirements. Businesses could then support by providing work experience and apprentice levy to create the right sort of jobs.
- SCC suggested a half-day workshop to bring the Business Skills Leadership Forum and the BLF members together to help reconcile this structural challenge with the current skills system.

Cost of living / inflation increase:

- All businesses identified cost inflation as a huge issue covering all costs (not just utilities). The impact on customer pricing was mentioned, however, one member pointed out the mismatch between consumers coming out of COVID with money in their pocket and others with very little.
- A number of businesses stated that rising inflation could result in cancelled projects (due to affordability issues) in the infrastructure sector. It was also suggested that some Government Depts might be considering pausing projects because of increased cost pressure.
- One member commented that cost pressures are threatening the viability of some schemes – this is resulting in re appraisals being required with design and product mix being reviewed.

Supply chain disruption:

- All businesses recognised COVID-related global supply chain issues as affecting their commercial performance.
- One member reported their recent survey which showed the requirement to hold stock was effectively doubling. Another business highlighted the impact on firm's working capital (due to stockpiling) and associated reductions in efficiency related business investment.

Planning, infrastructure & housing:

- Surrey's planning system identified as key block to addressing the region's affordable housing shortage. One business highlighted the lack of leadership from the government in this area.
- General request to resolve this issue at a local level to increase volume of house building which inevitably will increase the stock of affordable supply.
- Proposed solutions included enhanced lobbying for more housing in Surrey and increased communications to shift public attitude (and politicians eventually) around housing.

- One business highlighted the lack of low-cost sustainable public transport as a barrier to their expansion in the region. They suggested the north of Surrey feels like south London with strong diversity and good access to skills and graduates, but the lack of localised transport solutions prevents young people being recruited in other places across the County.
- Another member emphasised the importance of interconnectivity between Surrey's proposed growth areas and the need for a spatial plan to address this. Not a physical plan but a systemic approach to a spatial solution which could bring together issues like health, wellbeing, jobs, and sustainable economic growth as a proposition for the next generation of Surrey residents.
- Prioritisation between growth areas was also highlighted as important.
- BLF members agreed on the importance of avoiding localised silos at a local level and that the county needed to be more porous, inclusive, and better connected to really support growth.

Inward investment offer:

- One business highlighted the challenge he had faced moving from Buckinghamshire to Surrey (i.e. knowing where best to live and why) and how a targeted support programme to assist with this could be a real differentiator for Invest in Surrey: "...it was easier to move to China than move to Surrey!"
- Another member suggested that Invest in Surrey should proactively promote the County's digital connectivity to encourage more people to live and work in the region as part of a wider strategy to provide an alternative to London and other cities etc.

Ends