



Thames Valley Business Barometer

Doing Business in the Thames Valley

The Thames Valley Business Barometer is a collaboration between BDO LLP and C8 Consulting, providing a regular snapshot of business and economic confidence in the Thames Valley. The results offer a compelling street level view of business sentiment, helping to inform decisions on growth, investment and employment in the region.

December 2014



EXECUTIVE SUMMARY

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“Our vision is to be renowned in our markets for engineering solutions. We are getting back to what we are competent at and do well.”

JULIETTE STACEY
Chief Executive Officer
Mabey Holdings

Economic confidence in the Thames Valley sees a cooling of momentum

As the Thames Valley Business Barometer enters its fourth year the UK recovery appears to be established and less fragile. The UK economy has continued to grow above its historical average, expanding by a robust 0.7% in Q3 2014 in line with the average quarterly pace since the start of 2013. GDP now stands just over 3% above its pre-downturn peak in 2008. In fact, the UK has seen the fastest average quarterly growth rates in the G7 since the beginning of 2013, and saw the fastest growth in 2014. Prior to this the UK had only led annual G7 growth three times since 1982.

This time last year we witnessed a surge in optimism across the region as confidence amongst the region’s business leaders leapt from 31% in the spring of 2013 to 79% by the autumn and then continued rising to 90% by the spring 2014 survey. The latest results indicate that this momentum is cooling with business optimism dropping from 90% to 70%. While this figure in itself is still quite high, at a recent roundtable discussion with business leaders from across the region it became apparent that a number of external factors may be influencing the general mood including: uncertainty in the global economy with Europe stagnating, Russia struggling and China’s growth slowing down; the situation in the Ukraine; oil prices falling; the rise of global terrorism; the Ebola epidemic and next year’s general election in the UK.

This drop in optimism is also mirrored in BDO’s latest national Business Trends report which showed a fall in the BDO Optimism Index and Manufacturing sub-index between September and October 2014. Businesses were primarily concerned with the global economy, the near term future of which currently remains very uncertain. Manufacturing companies were more prone to these concerns than those in the service industry due to their greater dependency on exports and therefore their greater exposure to global economic conditions.

Overall however, despite a drop in most indicators, the Barometer results for the Thames Valley remain robust. In particular, profits are positive and expectations for profit over the next six months are extremely good. The results later in this report indicate that pipeline and turnover have increased for the majority of businesses with 70% of respondents telling us that their business pipeline or order book had increased and the same percentage saying that their turnover was up. 80% of respondents expected turnover to increase between the autumn survey and spring 2015.

Is recruitment an inhibitor to growth?

Since the Barometer began we have witnessed a gradual increase in the headcount and hiring intentions of Thames Valley businesses as the economic outlook and business confidence have improved. In our previous survey, carried out

last spring, 61% of those surveyed had increased their headcount during the previous six months while 71% were intending to do so within the next six months. Results from the current survey however, show a marked change to this pattern. Only 50% of those surveyed had actually increased their headcount and 59% intend to do so in the next six months.

The challenge of recruitment and retention is a major issue for UK businesses. In the Hays UK Salary and Recruiting Trends Survey for 2015, 61% of employees said that they plan to move jobs in the next 12 months, while 33% of employers admitted that they don't have the talent to meet business objectives. The top three recruitment challenges cited in the Hays survey were a shortage of suitable applicants, competition from other employers and applicants with unrealistic salary expectations.

For a while now we have been hearing that there is a skills gap in the market, particularly amongst businesses in the technology and manufacturing sectors. Are we starting to see this becoming a major inhibitor to growth? It will be interesting to see how this pans out in 2015. In our spring survey we will be taking a closer look at the workforce to try and build a clearer picture of this vital ingredient of all businesses.

Doing business in the Thames Valley

The second half of the survey looked at local issues and what it means to be based in the Thames Valley. We asked respondents how long their businesses had been based in the area, what had attracted them here in the first place, what were the least attractive features of the region and, if anything, what would make them consider moving away? Almost seven out of ten businesses surveyed had been based in the region for more than 10 years and it was good to see that almost 90% saw themselves still being based in the Thames Valley in five years' time.

When we asked why businesses were staying in the Thames Valley, respondents stated the proximity to London and proximity to their homes as the two most popular reasons. Those who were expecting to move their businesses out of the Thames Valley told us that this was mainly due to their clients being based in London and the labour force being more attracted to London. We found that the three most attractive features of being located in the Thames Valley were transport infrastructure followed by proximity to London and quality of life in the Thames Valley. However, the three least attractive features of being located in the region were all based around cost - the cost of living, the cost of premises and the cost of labour.

The London effect would appear to be a polarising feature of business life in the Thames Valley with local businesses benefitting from their proximity to the capital and its transport and communications infrastructure on the one hand but struggling with the cost of living and premises and with competition from London businesses for the local workforce.

We hope you find the Barometer interesting and informative reading and we welcome your feedback. We also encourage you to share these results with your own networks - with your customers and your suppliers to encourage increased participation in future Business Barometers. The more organisations that get involved, the more we are able to gauge what is really happening across the region.

About the Survey

The Thames Valley Business Barometer - a collaboration between BDO LLP and PR and marketing firm, C8 Consulting - provides a twice yearly snapshot of business and economic confidence in the Thames Valley. This latest survey opened on 7th October and ran until 18th November 2014. Nearly 150 businesses took part and we would like to thank all of our panel members for helping to encourage responses through their own networks.

The Barometer also includes in-depth profiles of Thames Valley based businesses SIRE Technology, Oxford Products, Mabey, Ancoris and Softcat, who shared their perspectives on their own performance in 2014 and the key challenges they face for the remainder of the year. We would like to thank them for giving their time to be interviewed for this report.

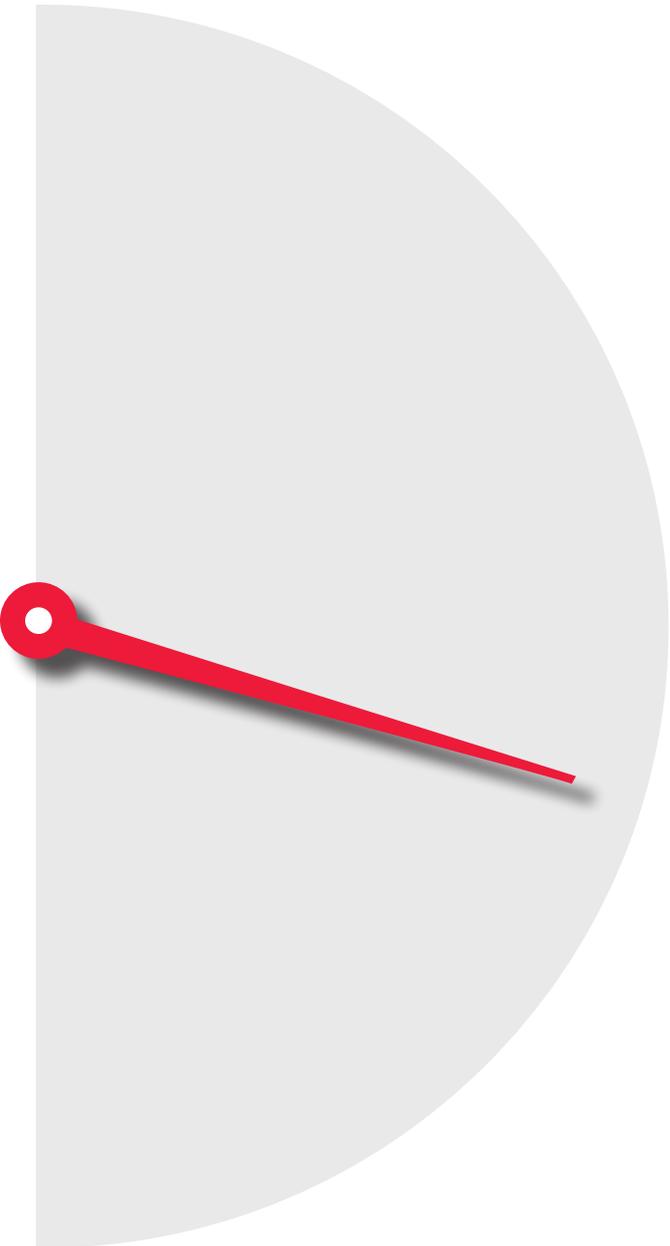


SIMON BROOKER
Partner and Head of BDO
Thames Valley

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Survey Results



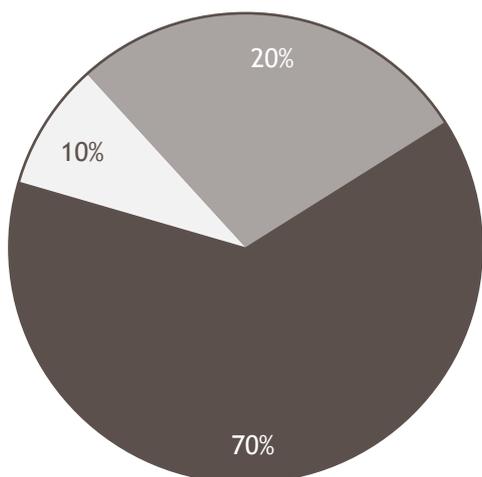
TURNOVER

Robust growth

- When asked whether turnover had increased, decreased or remained the same, 70% said their turnover had increased in the past six months (versus 82% in spring 2014 and 79% in autumn 2013).

In the previous six months turnover...

- 70% Increased
- 10% Decreased
- 20% Remained the same



“We’re known for outstanding customer service and we’re passionate about employee satisfaction - both of which inspire our flexible, friendly approach to business and have led to our success and breaking the £500 million revenue target this year.”

MARTIN HELLAWELL
Chief Executive Officer
Softcat

“The last 12 months have been great. We’ve grown our revenue by just under 50% year-on-year and that’s on top of 30% growth in the previous year.”

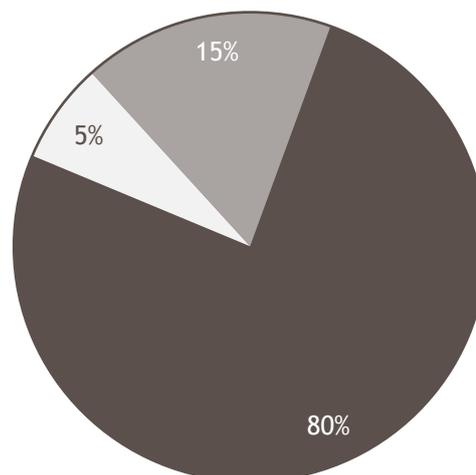
DAVID MCLEMAN
Founder and Managing Director
Ancoris

Continued increases

- Looking forward to the next six months, 80% expect turnover to increase and 15% expect it to stay the same. This compares to 86% in spring 2014 and 76% in autumn 2013 who expected their turnover to increase. Just 6% expect turnover to decline in the next six months (this figure was the same in both of the previous two surveys).

In the next six months turnover is expected to...

- 80% Increase
- 5% Decrease
- 15% Remain the same





SOFTCAT - A PEOPLE-ORIENTED BUSINESS

The feeling the moment you walk into Softcat's head office located in Marlow is that it's a very people-focused business. CEO, Martin Hellawell, who has been at the helm for the past 10 years, emphatically agrees: "We're known for outstanding customer service and we're passionate about employee satisfaction - both of which inspire our flexible, friendly approach to business and have led to our success and breaking the £500 million revenue target this year."

Softcat is one of the UK's leading IT infrastructure providers with over 800 staff. Through a comprehensive portfolio of IT services, Softcat helps its customers address IT sourcing challenges, software licensing needs, innovate with new IT solutions and embrace the cloud through managed services. But most importantly, Softcat boasts a team brimming with enthusiasm and a desire to do a great job. Feedback from its recent annual survey suggests Softcat's customers agree. The company has also been recognised as the Sunday Times No.1 Best Company to Work For. To add to this accolade Softcat recently came 2nd in the 'Great Place to Work' UK Best Workplaces 2014 ranking, and 6th in the European Best Workplaces 2014 ranking.

Interestingly Softcat's strong progress, 36 consecutive quarters of year on year growth, has been achieved entirely organically. The firm experienced a 28% increase in turnover (£504.8 million) from 2013 and an increase in profit of 30% (£35.5 million). Wind back 10 years and the company had a turnover of £50 million. So how has it achieved this growth? Martin comments: "We had a choice to either stay as a specialist Microsoft software house or to become an all-round IT infrastructure provider and we chose to diversify. Having said that our Microsoft licensing business has continued to grow spectacularly."

Martin continues: "At the start of the recession many of our competitors held back, stopped recruiting and became very inward focused. We invested big and developed our offering, and this has catapulted our business forward."

Softcat, well known in the SMB market, set out to target bigger enterprises and government. In fact, today Softcat earns more than £100 million from government business which is a real sea change. The key to its growth is its continued investment in people, particularly graduates. Martin continues: "We are very picky about who we recruit and we've put a lot of time and investment into our graduate programme."

Softcat moved to a new building in Marlow two years ago. The company also has offices in London, Manchester and Bristol. In terms of challenges, Martin advises that there are two things that will threaten the company's

ability to grow - recruiting the right people and ensuring the company remains a special place to work as it gets bigger: "One of the reasons that we are not just in the Thames Valley, but also in Manchester, Bristol and London is to increase the catchment area for recruitment." Softcat is located in Marlow as this was the area where the founder lives. Martin has considered a move to Maidenhead or Reading but has decided to stay put for now: "Marlow is a great place to be but has poor road and public transport infrastructure and it's not as easy as Reading for example to get in and out of London, so we may eventually consider a second office in the Thames Valley area."

Martin concludes: "We are the fourth largest business in this sector in the UK, but we still only have 5% market share, so we still have 95% of the market to play for."

"Softcat has been recognised as the Sunday Times No.1 Best Company to Work For and recently came 2nd in the 'Great Place to Work' UK Best Workplaces 2014 ranking, and 6th in the European Best Workplaces 2014 ranking."

MARTIN HELLAWELL
Chief Executive Officer
Softcat

HEADCOUNT

Headcount falls back

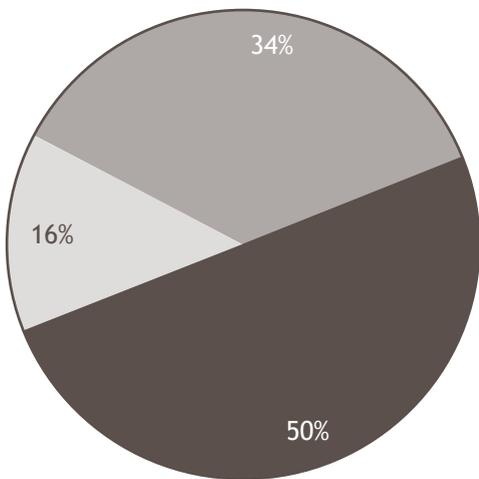
- Half of all respondents indicated that their headcount had increased in the past six months (versus 61% in spring 2014), with 59% stating that they expect their headcount to increase in the next six months (versus 71% in spring 2014). These figures are on a par with the autumn 2013 survey twelve months earlier when 49% of respondents stated that headcount had increased.

“If we can’t find them we will train them. We have a spread of depots from North to South and run academies internally and various accredited training schemes.”

JULIETTE STACEY
Chief Executive Officer
Mabey Holdings

In the previous six months headcount...

- 50% ■ Increased
- 16% ■ Decreased
- 34% ■ Remained the same

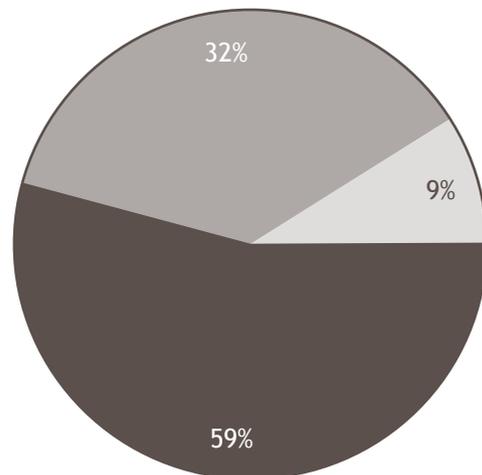


Headcount expected to increase

- 59% of respondents said that headcount is expected to increase in early 2015
- Only 9% expect to reduce headcount in the next six months

The next six months headcount is expected to...

- 59% ■ Increase
- 9% ■ Decrease
- 32% ■ Remain the same



“In the past 12 months the team has doubled in size and is looking for raw talent rather than lots of experience.”

DAVID MCLEMAN
Founder and Managing Director
Ancoris



ANCORIS - TRANSFORM THE WAY YOU WORK

For a company that has only been going for just over a decade, Ancoris has already helped hundreds of organisations deliver game changing transformations to the way they work. A top Google Premier Partner, Ancoris works with many of its customers to help them move away from expensive, slow, legacy systems and leap forward into the Cloud by migrating to Google for Work services. Many customers are engaging with Ancoris for their development capability to customise Google for Work solutions so that they work in a way that best suits them. This is enabling organisations to collaborate across world territories, to co-create together from multiple locations and to communicate and share intelligence in a highly visual way.

This ability to enable the 'art of the possible' is certainly coming through in the figures. David McLeman, Founder and Managing Director for the company comments: "The last 12 months have been great. We've grown our revenue by just under 50% year-on-year and that's on top of 30% growth in the previous year. This growth has been driven by customers' continued adoption of cloud services, which is now becoming mainstream with sales cycles shortening as cloud becomes not only a proven route, but a highly progressive way for companies to transform themselves."

Ancoris has found that some sectors are opening up faster than others, such as retail. David continues: "Retailers want to encourage more collaboration between employees and stores and more are adopting collaborative technologies like Google for Work. The public sector is another fast growth industry for us. We work with a lot of local councils and we have just won our first central government deal."

In terms of challenges in the year ahead, David believes that, as the adoption of cloud services magnifies, more companies will enter the market and competition will become fierce: "Our partnership with Google continues to improve. We are one of a handful of companies in its global top tier partner programme and this helps to strengthen our position." Another key challenge is Ancoris' ability to hire good talent. David advises that in the past 12 months the team has doubled in size and is looking for raw talent rather than lots of experience. In the last 18 months Ancoris hired six graduates across a variety of functions and support services: "Finding people who have the same core values, culture and fit is always a challenge. Of course we look for strong IT skills, but we also look for folks who are likeable, professional, straightforward, reliable and good listeners. However at the same time we are also looking for candidates who are bold and innovative and this isn't always easy to find."

As a Thames Valley based business there are some advantages. In particular, David believes there is a good skills base in the region. However, London is picking up in terms of development with Tech City and moving forward Ancoris may consider expanding its footprint with a second office in the City. David comments: "I would say that 70% of the available UK marketplace is within one hundred miles from where we are located in Bracknell. That said, a lot of young talent does gravitate toward London. This is a draw that is hard for us to compete with."

In conclusion, David believes that while economic confidence is definitely better than it was, it is still patchy: "We work with a lot of retailers and public sector organisations and both industries have had it tough. This has meant that they have had to change the way they operate. For retail the driver is more about working collaboratively, whereas the public sector is still focused on driving out costs. Many enlightened organisations from both sectors have found that Google for Work has given them what they need."

"Finding people who have the same core values, culture and fit is always a challenge. Of course we look for strong IT skills, but we also look for folks who are likeable, professional, straightforward, reliable and good listeners."

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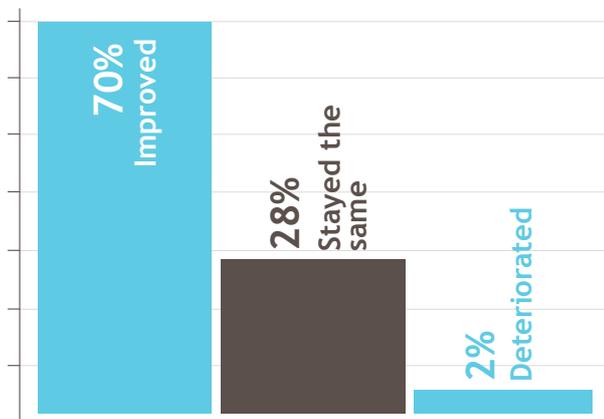
ECONOMIC CONFIDENCE

Momentum is cooling

The latest Barometer results show a slight flattening off in the levels of confidence businesses had in the economy in the second half of 2014.

- 70% of those surveyed stated that confidence had improved (versus 90% in spring 2014 and 79% in autumn 2013)
- 28% felt that it had remained the same (versus 8% in spring 2014 and 14% in autumn 2013)
- Only 2% of respondents felt that economic confidence had deteriorated. The same figure as in the spring 2014 survey)

In terms of the general level of economic confidence in the Thames Valley in the last six months, respondents believe this has...



“I believe that the environment is much better and confidence is strong.”

RUSSELL COOK
 Managing Director
 SIRE Technology

PROFITABILITY

Profitability is robust

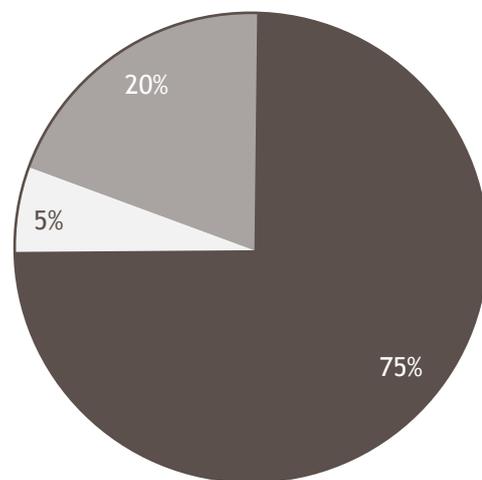
- Profitability had increased for 66% of respondents in the last six months (versus 65% in spring 2014 and 58% in autumn 2013). This is consistent with expectations since 68% of those surveyed in the spring expected their profitability to increase in the next six months. For 21% of respondents profitability had remained the same while 13% had seen a decline.

Businesses are optimistic in their outlook for 2015

Expectations for the first half of 2015 are positive. 75% of respondents expect their profitability to increase (versus 68% in spring 2014) while 20% expect profitability to remain the same. Just 5% expect to see a decrease.

In the next six months profitability is expected to...

- 75% Increase
- 5% Decrease
- 20% Remain the same





SIRE TECHNOLOGY - DELIVERING RELIABILITY AND SCALABILITY

Founded in 1993 and based in Crowthorne, SIRE Technology supplies both complex and simple tailored cloud solutions, helping organisations develop and grow with innovative IT systems. Russell Cook is the Managing Director, promoted to this role in 2012 from Technical Director, having worked in the business since 1995. Under Russell's leadership, the SIRE team is focused on developing systems, business workflows and solutions for clients to minimise failures and maximise end user productivity, both inside and outside of the cloud environment.

SIRE helps its customers move their data from a physical platform to a secure private cloud server delivering the flexibility for growth to match any organisation's goal. SIRE solutions are based on VMware and IBM hardware and software, and encompass protection against physical failures by providing daily back-ups, disaster recovery, business continuity and data protection utilising SIRE's anti-virus program. With a flexible, scalable, pay-as-you-go solution in place, SIRE's customers are never concerned about running out of space or resource, leaving them free to run their business knowing that their data is being looked after. The company adheres to the highest quality and professional standards and has achieved ISO9001:2008 accreditation.

The business has always been based in the region, first in Slough, then moving to Ascot and then 12 years ago the company relocated to Crowthorne. With 13 employees, it is still a relatively small business but SIRE is particularly keen to train and develop young people. Three years ago the company took on its first apprentice. Russell comments: "What is great about having an apprentice is that you see a young person progress from not really knowing much, to being someone who starts to become molded into a particular role. As a business we are definitely keen to take on more apprentices as we grow."

SIRE buys equipment and then rents space. Its servers are housed in data centres in Berkshire and London. Russell continues: "We do all the provisioning of the equipment but we are not in the game of provisioning data centres, we just look after all the services. Our customers sign up to monthly contracts. There are no long term commitments but what we find is that they stay with us once they see the difference that we make to their business."

SIRE works with a lot of software companies who design their own software applications, such as software-as-

a-service, and many of its other clients tend to be in the travel or retail industry. Russell continues: "These companies don't want to make a large investment in their own data centre and often they have spikes in their business, so utilising our cloud services enables them to cater for these peaks very cost effectively."

Business is good for SIRE Technology and it has grown steadily over the years. In terms of reasons for being in the region, Russell sees the location as a real positive but says that businesses in Crowthorne could do with better connectivity to the Internet. Russell comments: "BT Broadband simply can't guarantee a reliable service and that's because broadband connection is designed for home users not businesses." In terms of the positive attributes about the area, Russell believes that there is a good pool of candidates and that the area offers good infrastructure with an easy route into London.

With most client's based in the UK, key challenges in the year ahead include hiring personnel and space in its current building and whether the business should continue to stay where it is or move to another location within Berkshire. Russell also believes that regulation will get tougher in 2015 which could have an impact on the business. As far as economic confidence is concerned, Russell firmly believes that the environment is much better and confidence is strong. He concludes however by saying that there are still concerns around the Euro.

"What is great about having an apprentice is that you see a young person progress from not really knowing much, to being someone who starts to become molded into a particular role. As a business we are definitely keen to take on more apprentices as we grow."

RUSSELL COOK
Managing Director
SIRE Technology

AVAILABILITY OF FINANCE

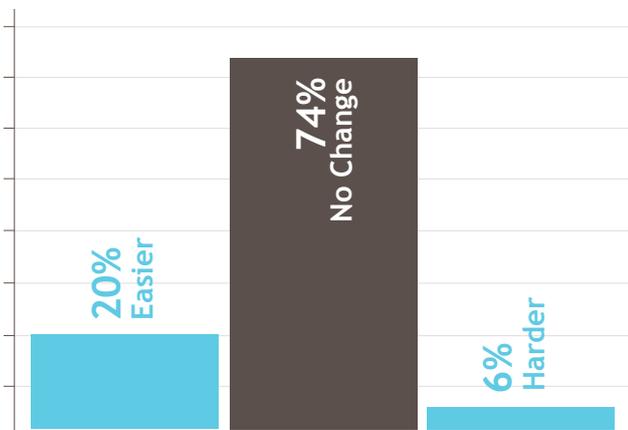
No change

- One fifth of those surveyed believe that it is now easier to access finance. This is slightly lower than in the spring 2014 and autumn 2013 surveys when 37% and 33% respectively felt that availability of finance was easier. Almost three quarters of the total respondents (74%) believe that the availability of finance has remained the same (versus 57% in both of the last two surveys). Only 6% felt that access to finance had become harder.

“We plan for growth every single year and have achieved this. Back in 2007 we were flying but then the recession hit and while we have had some highs and lows, we have always grown.”

ANDREW HAMMOND
Managing Director
Oxford Products

Change reported on the availability of finance...



“Today Softcat earns more than £100 million from government business which is a real sea change. The key to its growth is its continued investment in people, particularly graduates.”

MARTIN HELLAWELL
Chief Executive Officer
Softcat



OXFORD PRODUCTS LTD - A FAMILY CONCERN

One of the biggest employers in the region, Oxford Products Ltd's most recent claim to fame is that David Cameron opened its new head office and distribution centre at its 6-acre Witney site in September. And as if that wasn't enough of an accolade, awards have been coming in thick and fast for Oxford Products all year. Not only did it win Outstanding Contribution to the Economy in Cotswold Life's Family Business Awards, it also won 2014 Business of the Year in the Oxfordshire Business Awards and CEO Andrew Hammond won 2014 Business Person of the Year at the same ceremony.

Oxford Products was founded in 1973 by Andrew's father, Alec Hammond, who is still Chairman and majority owner. Back in the seventies, Alec sourced and sold a fibre-glass top box for motorcycles and as a result Oxford Fairings was born. Fast forward 40 years and today Oxford Products is one of the UK's leading suppliers of motorcycle and bicycle accessories. The company sells exclusively to trade customers (retailers and wholesalers) in the UK and successfully exports to over 60 distribution partners worldwide. It boasts turnover in excess of £20 million and nearly 100 staff. 25% of its total sales come from exports with the biggest markets for its products in Australia, Germany, Benelux, Poland and Canada. Europe is also a growth market for the business; though many of its economies are still struggling, sales in France, Italy, Spain and other countries are starting to rise again.

Andrew Hammond, who has been the Managing Director since 2001, comments: "We plan for growth every single year and have achieved this. Back in 2007 we were flying but then the recession hit and while we have had some highs and lows, we have always grown. Importantly we've also grown our profit. As you get bigger this does become tougher to achieve."

Andrew has great plans for the business and has recently invested in a new £350,000 IT system. This will help to speed processes, enabling the organisation to be more productive because now everything from producing an invoice, right the way through to delivery and warehouse systems is completely automated. Andrew explains that the business has also invested in its own graphic and CAD Designers, as well as a 3D printing suite: "We expect to get a minimum of £1.2 million growth next year just from our clothing line. The IP and knowledge that resides in our product design is considerable."

This Oxford company by title was born and bred in the region. Whilst there has been plenty of opportunity to move out of the area, this has never been on the agenda. However Andrew comments: "West Oxford does have some limiting factors. The road networks in and

out of Witney are a disaster."

Andrew goes on to say that the area however is particularly good for recruitment and the business has enjoyed high staff retention. In terms of challenges for the organisation, protecting its brand is key. Andrew continues: "We need to have a level of control over our products, therefore making sure we know who we are dealing with is an absolute priority. This has become harder as our sales are now more fragmented because our products are sold globally."

So what's the secret of success? Andrew firmly believes that you have to be passionate about the business: "We've had a great year. Motorcycle sales are up, bicycle sales are up, our clothing range is really taking off and these are parts of the business that we intend to grow."

"We have great plans for the business and have recently invested in a new £350,000 IT system. This will help to speed processes, enabling the organisation to be more productive."

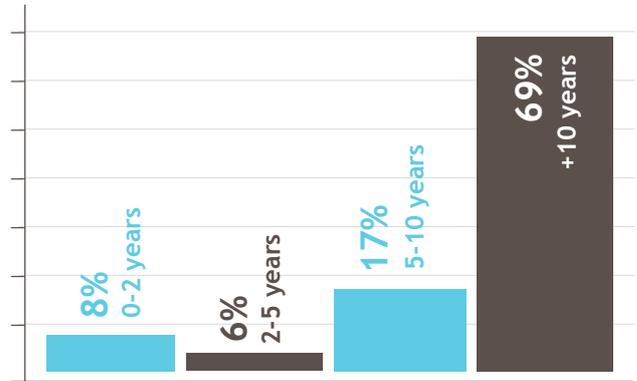
ANDREW HAMMOND
Managing Director
Oxford Products

DOING BUSINESS IN THE THAMES VALLEY

How long have businesses been based in the Thames Valley?

When asked how long their business had been based in the Thames Valley?

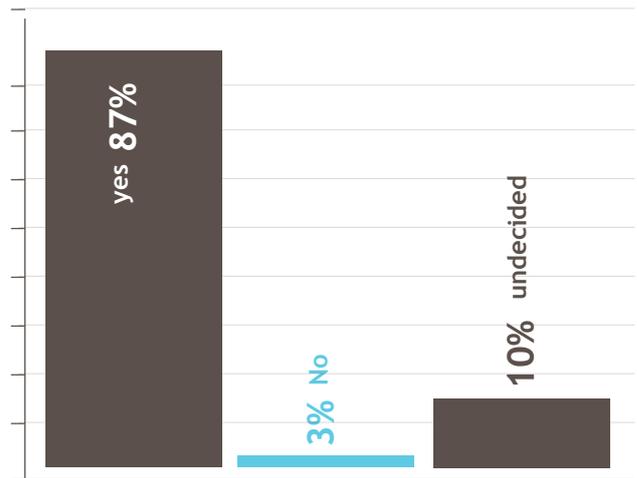
- +10 years - 69%
- 5-10 years - 17%
- 2-5 years - 6%
- 0-2 years - 8%



How likely are businesses to stay in the Thames Valley?

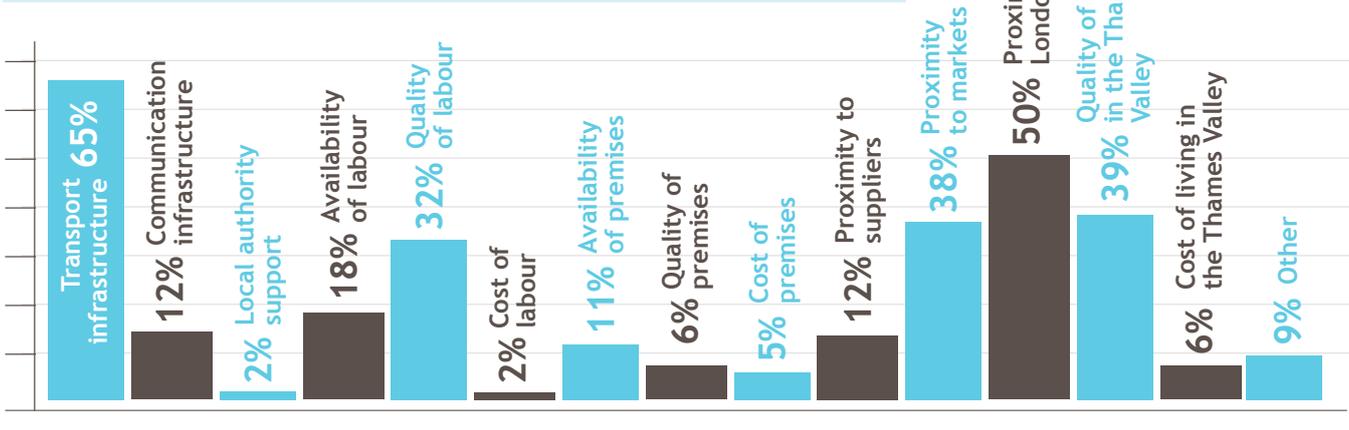
When respondents were asked whether they see themselves being based in the Thames Valley in five years' time...

- 87% said yes
- 3% said no
- 10% were undecided



What are the most attractive features of the region?

When respondents were asked to name the three most attractive features of being located in the Thames Valley, the most popular responses were transport infrastructure (65%) followed by proximity to London (50%) and quality of life in the Thames Valley (39%).



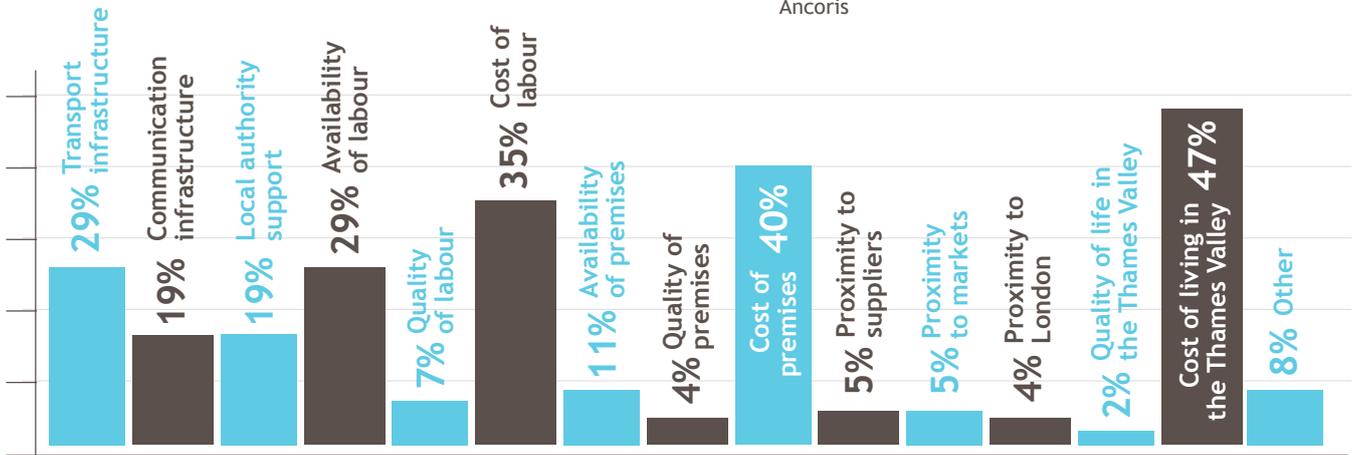
DOING BUSINESS IN THE THAMES VALLEY

What are the least attractive features of the region?

- When asked to name the three least attractive features of being located in the Thames Valley the most popular responses were the cost of living (46%), the cost of premises (39%) and finally the cost of labour (35%).

“I believe that there is a good pool of candidates in the Thames Valley area and the area offers good infrastructure with an easy route into London.”

DAVID MCLEMAN
 Founder and Managing Director
 Ancoris

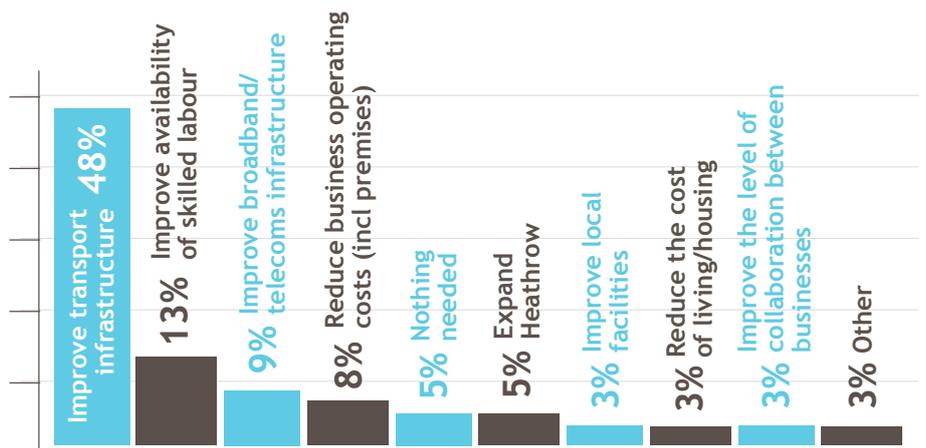


If you could change one thing about the Thames Valley that would improve conditions for your business what would it be?

- When asked what one change they would make to improve conditions for their business, almost half of the respondents said they would improve aspects of the local transport infrastructure. Specifics included building a high speed rail connection with Heathrow; improving the flow of traffic along the A34 around Oxford and building a new bridge over the River Thames in Reading. Just over one in ten would look to improve the availability of skilled labour, with competition for those living in the region from businesses in London highlighted as a particular issue.

“We sell exclusively to trade customers (retailers and wholesalers) in the UK and successfully export to over 60 distribution partners worldwide.”

ANDREW HAMMOND
 Managing Director
 Oxford Products





MABEY HOLDINGS - GREAT BRITISH ENGINEERING

Bevil Mabey was the driving force behind the development of the Mabey group of companies founded in 1923. He created a family of companies that operates across the global construction industry. Today the business is still owned by the Mabey family, but the day-to-day operations are run by a relatively new executive team led by Juliette Stacey, CEO and comprising Mark Carey, CFO and Kate Beauchamp, CLO.

Mabey is a major engineering organisation, both as a bridging specialist and for providing temporary works solutions with associated non-mechanical plant rental. Juliette Stacey comments: "Mabey has a strong tradition of innovative engineering in its market place; this will continue to shape our vision for the future. We aim to rebuild our reputation for providing innovative products into the worldwide construction industry."

The Group of companies comprises Mabey Bridge, Mabey Hire, Mabey Inc. and Mabey Hire PTY, employing c.1,000 people around the world. Juliette continues: "We have improved the built infrastructure across the UK and around the world, from bespoke designs to emergency humanitarian solutions that help populations in disaster-hit areas, through to many innovative temporary works solutions that make construction safe."

In the UK Mabey has two key operating companies - its manufacturing and bridge building business on the Gloucestershire / South Wales border and its hire services, site and installation solutions business comprising a network of depots around the country. It also has similar hire businesses overseas in the US and Australia. Additionally, the group has a reasonably sized commercial property portfolio.

The head office has been located in the Thames Valley region for over 40 years and in 2014 the company moved to new offices in Reading from Twyford. Juliette comments: "We decided to relocate from Twyford to Reading because the bulk of our staff had moved west to our factory sites so our space requirement was lower. We looked at Slough, Didcot, Newbury and came back to Reading every time because of the rail link to London, easy access to the M4/M25 and proximity to Heathrow."

Juliette continues: "Over the last few years we have seen development in our bridge business and we have seen some strong results in our hire business. In the UK the hire business has grown in both revenue and profit, but we would like to see this develop further. We have extensively reviewed the markets that we currently service and considered very carefully what we could do to take these capabilities into other addressable markets. We looked closely at how we can deliver a more

focused, highly efficient and smart operation. It is also about getting back to what we are really good at, i.e. engineering."

The Mabey brand has been very helpful in attracting young people into the business. Mabey runs well known apprenticeship and graduate schemes. Juliette does say that as a business finding skilled workers can be a constraining factor.

Juliette says: "If we can't find them we will train them. We have a spread of depots from North to South and run academies internally and various accredited training schemes. What we look for is the right approach, attitude and a good cultural fit."

Moving forward Juliette says that the board will take a longer term view to build a sustainable and profitable business: "Our vision is to be renowned in our markets for engineering solutions. We are getting back to what we are competent at and do well. This doesn't preclude us from considering new avenues but we need to focus on delivering great British engineering."

"We have improved the built infrastructure across the UK and around the world, from bespoke designs to emergency humanitarian solutions that help populations in disaster-hit areas, through to many innovative temporary works solutions that make construction safe."

JULIETTE STACEY
Chief Executive Officer
Mabey Holdings

THAMES VALLEY BUSINESS BAROMETER ROUNDTABLE

Thames Valley Business Barometer Breakfast Debate

This senior-level roundtable discussion was designed as a forum to unveil top level findings from the most recent Barometer, allowing Barometer panel members to discuss the results as well as the challenges and opportunities that they face. The event was held at BDO's Thames Valley office in Reading on 3rd December 2014 and was attended by panel members from BDO, C8 Consulting, Hicks Baker, RBS, DAV Management, Ridgeway Group, Hewland Engineering, Shoosmiths, Pitmans, Natwest, UTC Reading, Hays Recruitment, Mabey Holdings, HSBC, Boyes Turner, Peter Brett Associates, Parkside Recruitment and CH&Co.

Leading the discussion was **Simon Brooker from BDO** and **Paula Elliott from C8 Consulting** who together summarised the high level findings from the survey, providing the group with context ahead of the general discussion. Simon spoke about the cooling levels of confidence and a recent visit to one of the companies profiled in the Barometer. Their view was that confidence had peaked earlier in the year but had fallen in the Autumn due to world affairs including the Scottish Referendum, the Ukraine, falling oil prices, uncertainty in Europe and Ebola. He opened this up to the forum to see if they agreed.

Tim Jones from CH&Co responded by saying he thought the change in confidence was all about timing. He pointed out that at the time of the survey Ebola had just hit the headlines and there seemed to be a barrage of bad news. He thought that if he was completing the survey now it would be very different, stating that "confidence moves very quickly - one day it's great and very reflective of a good Barometer, another not so good. You do get influenced by short term views and I personally feel a bit more comfortable about the environment now."

Brian Poxon from Parkside Recruitment added: "From a recruitment perspective, we've had a very good year. We achieved our budget before the end of December. We've had some record breaking performances and I guess that's a reflection of confidence. More people are feeling confident about changing jobs and we've seen that slowly develop through the year. We're also having a very strong finish to the year when December is usually a quiet month."

John O'Hanlon from Ridgeway Group agreed that October was a key month: "Our business has been going like a train since the beginning of the year and our enquiry levels have remained strong across all our revenue streams. October is the only month where we saw a slight dip in enquires. The good news is we're back up to our normal rates now and we're certainly not feeling any less confident than we were over the summer. In other words, it was a bad month rather than a downward trend in my opinion."

The conversation moved on to the impact of London on the Thames Valley. Results from the survey showed conflicting sentiment with the region's proximity to London being generally positive for business yet adding pressure in terms of the cost of living in the region and from competition for skilled labour from companies in the capital. **Brian Poxon from Parkside Recruitment** commented: "From our perspective when we recruit people in the Staines office we sometimes find it difficult because if you're based in Staines you can get to Waterloo in 30 minutes. We normally find that it's a lifestyle choice. People who work part time, or parents like me who prefer not to spend an hour and a half each day commuting to London, don't want the London life."

Sarah Stevenson from Hays Recruitment responded: "The topic of flexibility is really interesting. When I came into the business 20 years ago you worked yourself into the ground. I think this generation wants more flexibility. Even though they may not be parents they want to balance outside interests with work. I think we could tap into the London market more. I see so many people at the station leaving Reading every day for London and I think it's our job as local recruiters to actually get out to these people and show them that many of the firms here can offer them great opportunities and a great career."

The group talked about the impact of the railway and the effect Crossrail will have when it is completed. **Donald MacDonald from RBS** commented: "If you look at the recent rail stats you've got as many people arriving at Reading station each day as leaving. With all the development happening here I think we should be confident about the area. I'm based in Reading but I also have a desk in London. I'm probably in London two days a week and I choose the quieter times to travel. I've got the flexibility to do that but not everyone does."

Simon Brooker from BDO agreed that the picture does look good for the region but expressed concern that the changes coming from the general election could have a big impact. He opened that opinion to the panel for discussion.

"70% of the available UK marketplace is within one hundred miles from where we are located in Bracknell. That said, a lot of young talent does gravitate toward London. This is a draw that is hard for us to compete with."

DAVID MCLEMAN

Founder and Managing Director
Ancoris

THAMES VALLEY BUSINESS BAROMETER ROUND TABLE

Bill Gornall-King from Boyes Turner responded: “The problem isn’t going to be whether there is a change in government, the problem will be a hung parliament with no coalition possible. We could go back to the dark days of the 70s with a minority government and a second election within months of the first. I worry about that because I can’t see anybody being strong enough to even come close to getting a majority.”

John O’Hanlon from Ridgeway Group pointed out that the UK cannot grow in a bubble, it is inherently tied to the global markets. This prompted a question to Mabey Holdings, who work internationally on global infrastructure and construction projects with long lead times, on whether they had a longer term view on economic confidence. **Mark Carey from Mabey Holdings** said they have offices in the UK, the US, and Australia and because of this they are not immune to the whims of the global economy. However, they remain positive partly because their assets are spread across a worldwide portfolio, but also because of the stage of development of some of their businesses. **Juliet Stacey from Mabey Holdings** expanded on Mark’s points commenting: “We remain incredibly positive both in the UK and overseas in our main business. However, with regard to our bridging business which is an exporter, it’s quite a different story. Internationally, looking at some of the countries we export to, the uncertainty is very much centred on local politics and you just can’t call what will happen. In the UK there’s huge positivity but the General Election does concern us.”

The group moved on to discuss finance and the fact that over the last three years the finance question in the survey has been an enormous one. Questions were raised as to whether finance has now reached a new norm and is becoming far less of an issue for businesses. Most agreed finance is not currently a concern for their business but for many of their clients it is still difficult and not getting any easier. Nicolas Hicks from HSBC commented on the difficulty for young people obtaining mortgage finance and rising house prices.

“We looked at Slough, Didcot, Newbury and came back to Reading every time because of the rail link to London, easy access to the M4/M25 and proximity to Heathrow.”

JULIETTE STACEY
Chief Executive Officer
Mabey Holdings

Sarah Stevenson from Hays agreed: “It’s very expensive in the Thames Valley. My staff pay an enormous amount of their salary out each month on rent. Things are really hard in Reading itself and surrounding areas where it’s quite expensive compared to going west or south toward Southampton.” **Nicolas Hicks from HSBC** questioned: “Isn’t it about the ease of travelling back and forth from London? The differential in cost between living in London and commuting from outside defines the cost. Reading is 25 minutes from London, which is a third of the time most Londoners themselves spend commuting. So in that sense we will always have that challenge. Crossrail will allow people to travel all around to the City and beyond. It’s an extension of the London zone. London is a global city and it’s not driven by UK economics. London house prices are more to do with a stable political landscape in the UK and the globally rich are keen to invest in the UK given this fact. It will regulate itself though because the planners and agents won’t allow development of executive homes; developers will be required to build social housing and smaller homes more affordable homes which will inevitably contribute to house prices settling down.”

Bill Gornall-King from Boyes Turner added: “We just aren’t going to see house prices come down. That’s the problem. We’re way behind on the supply and demand curve so house prices are going to remain too high. What we all fear is if house prices come down but either that’s got to happen or salaries are going to go up. So we can’t get away from it.”

The panel looked at the question of the Thames Valley as a great place to live and work. Joanne Harper from UTC Reading opened the discussion by saying that while there are some very good schools, there are also areas for improvement **Paula Elliott, Managing Director of C8 Consulting**, agreed: “There are challenges certainly. There’s a lot of bulge situations in schools at the moment where they can’t cope with the number of pupils, particularly in the state secondary and state primary schools.”

Brian Poxon from Parkside agreed: “I’m a parent governor at my son’s school and we took a bulge class. We’ve got almost 700 pupils at the junior school. There’s a real shortage in the Bracknell Forest Council for primary and secondary schools which is why they’re building one on the Blue Mountain site.” **Sarah Stevenson from Hays** added: “It’s an issue because parents and professional people want a good education for their children. It’s high on people’s agenda when they decide where they want to work.”

The discussion continued looking at views around transport, infrastructure and general traffic congestion. **Emma Gibson from Shoosmiths** commented: “Frankly, I think road travel is going to be horrendous for the next decade. It will be particularly bad in the next two years while urgent work is being undertaken. As a consequence people will get stuck in traffic jams because the work has to be done.”

THAMES VALLEY BUSINESS BAROMETER ROUND TABLE

Steve Capel Davis from Peter Brett Associates commented: “The managed motorway has been approved which will go from Junction 12 down the M4 towards Heathrow. That’s about £800 million worth and due to be completed about 2018/19. There’s public consultation going on at the moment explaining what’s going to happen. I think we’re pretty lucky with the electrification of the railways and with access to Heathrow and think we will see some really significant changes in transport infrastructure in the region over the next couple of years. However, I think we need to keep up the pressure to ensure the Western Rail link to Heathrow happens.”

The roundtable concluded with the general consensus that Heathrow and Heathrow expansion was very important to the Thames Valley and businesses in the region in general.

Barometer Panel

Thank you to the following organisations for their help and support with the Thames Valley Business Barometer:

- Boyes Turner LLP
- CH & Co
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- DAV Management Ltd
- Grundon Waste
- Hays Plc
- Hewland Engineering Ltd
- Hicks Baker Ltd
- HSBC Bank Plc
- Imago Group Plc
- London Irish Ltd
- Lorica Insurance
- Ocean Consulting
- Natwest
- Neil Birkbeck
- Parkside Recruitment
- Peter Brett Associates
- Pitmans LLP
- Ridgeway Group
- Royal Bank of Scotland
- Shoosmiths LLP
- Stoke Park
- Thames Valley Berkshire LEP
- Thames Valley Property Forum
- The Romans Group (UK) Ltd
- Thames Valley Business Magazine
- Thames Valley Chamber of Commerce
- University Technical College Reading

“Oxford Products was born and bred in the region and whilst there has been plenty of opportunity to move out of the area, this has never been on the agenda.”

ANDREW HAMMOND

Managing Director
Oxford Products

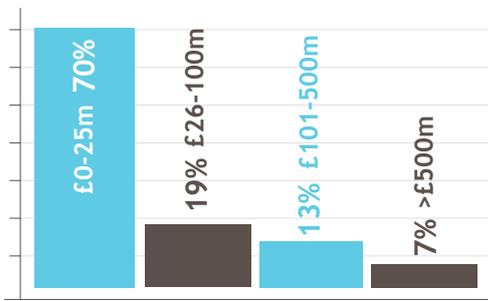
SURVEY METHODOLOGY

The survey was conducted from 1st October to 18th November 2014. A total of 147 respondents took part in the survey.

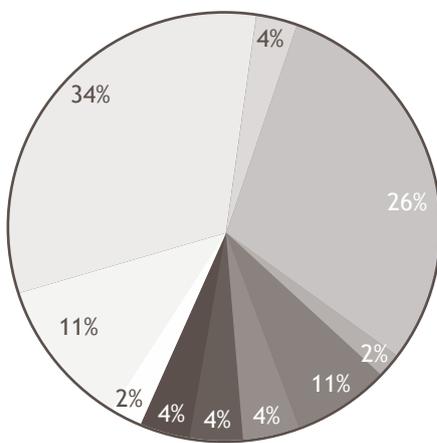
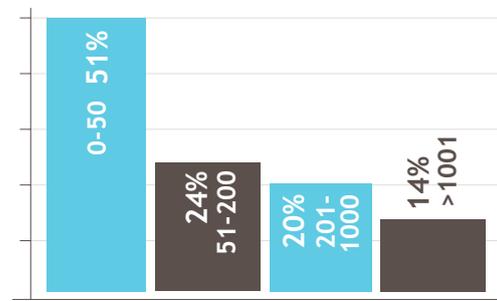
Respondent company make up

- The majority of companies that responded are UK Parented Private Limited companies (57%). 14% are overseas parented
- Over half (64%) have a turnover between £0-25 million
- 17% have a turnover of £25-100 million
- 12% have a turnover of £100-500 million
- 6% have a turnover of £500 million

Turnover band (£)

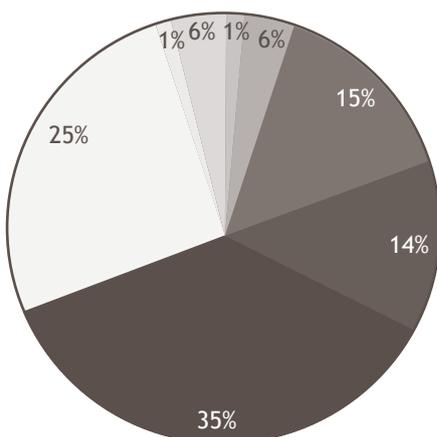


Approximate headcount:



Sector they operate in:

- 4% Primary activity, energy, utilities
- 4% Retail and wholesale
- 4% Leisure & hospitality
- 2% Real estate & construction
- 11% Manufacturing
- 34% Technology, media, telecoms
- 4% Financial service
- 26% Professional services
- 2% Not for profit or public sector
- 11% Other



Business location within the Thames Valley:

- 15% East Berkshire
- 14% West Berkshire
- 35% Central Berkshire
- 25% Oxfordshire
- 1% Buckinghamshire
- 6% Hampshire
- 1% Middlesex
- 6% Other

For more information please

CONTACT:

SIMON BROOKER

t: +44 (0)118 925 4488

m: +44 (0)7785 277674

e: simon.brooker@bdo.co.uk

PAULA ELLIOTT

t: +44 (0)118 900 1132

m: +44 (0)7894 339645

e: paula@c8consulting.co.uk

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