European and External Relations Committee

The EU referendum and its implications for Scotland

Written submission from Craig Chambers, Group CEO of TBR Global Chauffeuring

Overview

Before I proceed to details of how this decision has already affected our business and will continue to do so in the future, allow me to give you a brief overview of the company.

TBR Global Chauffeuring (TBR) is headquartered in Glasgow and as the name would suggest, operates internationally in over 3000 cities. The company is one of the world’s leading providers of ground transportation for financial roadshows, corporate travel and large scale events with a client list including blue chip organisations and global investment banks. We have also recently branched into secure chauffeuring, with drivers trained in advanced and evasive motoring techniques.

In terms of our relationship with Europe, we operate and trade in all the major cities on a daily basis, spending £5m per year within the region with an ‘on the ground’ presence in both Paris and Brussels.

TBR has grown by 53% over the past three years and we have increased our headcount from 90 to 138 employees. A major part of this growth has come from employing non-UK EU nationals to help us deliver our services to our clients across Europe, ensuring we literally speak their language.

Our core business stream comes from financial roadshows, with investment banks travelling globally. However, a fast-growing part of our revenue stream is executing large scale events, many of which are based in Europe.

Short term impact

The effect of the decision for the UK to leave the EU was immediately felt at TBR and our June and July sales were hugely impacted due to uncertainty within the marketplace. Our primary business stream – ground transport for financial roadshows – bore the brunt of this. This is largely due to the short turnaround required in this market, with the majority of jobs being booked with a lead time of just 48 to 72 hours.

In the months of June and July, we were £325,000 off our target for financial roadshows, which is roughly 50% less than projected. To give this further context, in the first five months of 2016 we were achieving 10% more on the same period in 2015. For June and July, this dropped to +3.5%.
Financials for the month of August are not yet available at the time of submitting this paper. However, in terms of job count, we are down by 9% up to and including August 28 compared to the same period in 2015.

Long term impact

There are a variety of factors at play and a number of uncertainties which will no doubt have an effect on our business in the long term.

The first of which will be the implications around the Tour Operators Margin Scheme (TOMS), which enables VAT to be accounted for on our international services without TBR having to register and account for tax in every individual country. Following the decision for the UK to leave the EU, we are keen to ascertain what this means in terms of our tax responsibilities – chiefly, would the business need to be registered in every European country?

Given the financial roadmap market and global investment banks are a primary source of revenue at TBR, the anticipated impact on financial passporting also poses a grave concern, with the prospect of London based banks potentially moving their headquarters.

An area of unease that I have no doubt will be on the minds of many Scottish business owners is the impact of Brexit on free movement within the EU. As stated earlier, TBR employs many non-UK Europeans who play a vital role within our business and we are apprehensive about the impact on them going forward, as well as our ability to swiftly move staff into Europe when required.

Finally, from our point of view there are concerns about Scotland's future relationship with the rest of the UK while the possibility of second independence referendum remains. As a global company, headquartered in Glasgow with offices in London and Manchester, we operate seamlessly across the country as whole. Given there is now uncertainty around how Scotland will work with the EU, it would certainly be detrimental to our business to also have to reevaluate our working relationships within the UK.

While we welcome moves by the First Minister to protect Scotland's relationship with Europe, we would always seek solutions that also safeguarded our valuable connection to the rest of Great Britain.

Conclusion

This is a very top line document, highlighting the current and future concerns of TBR in relation to Brexit. If the opportunity arises, I would very much appreciate being allowed to speak in front of you all at a future EERC meeting to discuss these points in person and give you a greater understanding of our place within the EU marketplace.