



Confederation of British Metalforming

Support available

Report on the recent “Government Support and Short time working” event

Against a backdrop of commercial turmoil and severe weather disruption the CBM hosted an event aimed at helping members to access support and assistance during this difficult time. The event was timed to allow maximum visibility of the various initiatives being rolled out from central government.


John Houseman launched the event with a short summary of the overall UK economic situation and concerns specific to the metals manufacturing sectors. Recent reductions in demand and increased pressure on businesses to cut costs is taking many companies towards short time working or making redundancies. We estimate that amongst our membership there has been a 20-25% drop in schedules which is pushing through up to £50 million in redundancy and lay-off costs.

Any government announcement of support is widely reported and receives immediate media coverage. As the trade body we recognise the need for our members to be aware of what is available and how to access it.

We invited the various government bodies to present their current offerings, which allowed delegates to get some direct feedback and a clear understanding of what help is available. This is a fluid situation but the event provided a start point from which the CBM will continue to act for members to offer clear advice.



CONTINUED OVER ►



Three of the latest offerings from Department for Business Enterprise & Regulatory Reform (BERR) are listed below:

WORKING CAPITAL SCHEME

What is it?

Government will provide banks with guarantees covering 50 per cent of the risk on existing and new working capital portfolios worth up to £20bn.

Who will benefit from the scheme?

Business will benefit in two ways:

The guarantee will secure £20bn worth of working capital credit lines for companies - ensuring they are safe from reduction or withdrawal.

In addition, the guarantee will free up capital which the banks must use for new lending as a condition of this scheme. This is lending that would otherwise not have been provided.

What sorts of lending will this cover?

The guarantee is provided to a bank on a portfolio of loans to sound, creditworthy companies, which the bank has chosen to include in a portfolio which it has put forward to the Government and has been assessed by Government.

How much of the loan will Government guarantee?

Government is guaranteeing up to 50 per cent of loan portfolios.

How long will the scheme run for?

With the support of participating banks, the first £1bn tranche of the scheme should be operational by 1st March, supporting around £2bn of loans.

If the scheme results in the intended benefits to business and operates within its expected parameters, the Government will make available further tranches of guarantees provided that no claims against the guarantee can be made after 31 March 2011, up to a maximum total liability of £10bn.

Who are the participating lenders?

Banks are invited to submit their loans and projected new or renewals of those loans for approval. We have received declarations of intent to do so from Barclays, HSBC, Lloyds TSB and RBS.

CAPITAL FOR ENTERPRISE FUND

What is the fund?

The Capital for Enterprise Fund is a new £75m equity fund, bringing together £50m of government money with £25m from major banks. It provides longer term capital to companies who have exhausted their traditional borrowing capacity.

How will the fund be managed?

It will be run by professional fund managers. They will invest in the company and businesses will be able to use the capital injection to finance business development and take advantage of future opportunities.

Who will benefit from the fund?

The Capital for Enterprise Fund is open to UK SMEs who are economically viable in the long term. The fund will enable them to raise new long-term finance, using equity finance to restructure their balance sheets and continue their growth.

State aid rules currently prohibit agriculture and coal sectors.

When will the fund be available?

Due diligence is currently being carried out on a number of fund managers. We envisage they will be in place and ready to begin investing by the end of January.

From January 14, SMEs keen to attract investment from the fund can register their interest by ringing the Capital for Enterprise Fund Registration Helpline on 0845 459 9780.

ENTERPRISE FINANCE GUARANTEE

What is it?

The £1bn Enterprise Finance Guarantee (EFG) Scheme will support up to £1.3bn of new lending by banks to viable SMEs with working capital or investment needs.

Who will benefit from the scheme?

The EFG Scheme is open to businesses with an annual turnover of up to £25m, seeking loans of £1,000 to £1m, repayable over a period of 10 years.

Most businesses in most sectors will be eligible for the scheme. However, state aid rules exclude businesses in the agriculture, coal and steel sectors.

What sorts of lending will this cover?

The guarantee can be used to support new loans, refinance existing loans or to convert part or all of an existing overdraft into a loan to release capacity to meet working capital needs.

How much of the loan will Government guarantee?

Government will guarantee 75 per cent of the loan.

How long will the scheme run for?

EFG will be available from January 2009 and will operate until March 2010.

Who are the participating lenders?

Barclays
 Clydesdale / Yorkshire Bank
 HBOS
 HSBC
 Lloyds TSB
 RBS / Natwest
 Northern Bank

It will become available to other lenders as they apply.

As the governments declared 'portal' for assisting companies, Business link provide an engagement process which helps businesses. Companies wishing to access the Enterprise Finance Guarantee (EFG) Scheme can get help from Business Link or approach the banks independently. For more details on any of the new Government's Schemes go to www.businesslink.gov.co.uk

The conciliation service, ACAS, can offer companies a comprehensive service supporting companies and employees through difficult employment negotiations. There has been a 10% rise in industrial disputes in January 2009 against the same period in 2008. Tribunal claims in the Birmingham area for January 2009 number as many as the whole of 2008. Many issues can be dealt with through the ACAS 'Pre-Claim Conciliation' (PCC) service. As the average tribunal cost is £17,000 this PCC provides a cost effective solution. The key message from ACAS is "...consult and communicate with your workforce." ACAS explained how to avoid the most common mistakes .

Common mistakes:

The right to unilaterally vary contracts of employment.
 The right to lay workers off.
 The failure to consult, individuals and collectively.
 The failure to follow a fair procedure.
 TUPE - existing employees and future M&As.
 Direct or indirect discriminatory practice

One major point was to ensure management communicates extensively with those employees left after the redundancy program to ensure their commitment to the new structure accept the changes necessary to ensure future viability of the business.

In this climate of rising unemployment and reduced working arrangements many skills are going to be lost. This is further exacerbated by the indication that increased investment in training in the manufacturing sector is approaching zero percent. The Learning & Skills Council (LSC) in partnership with SEMTA (The sector Skills Council for Engineering) has £350 million available to fund training in SMEs through the 'Train to Gain' offer. An interesting question was raised by delegates regarding the funding of employees on short time working delivering training to their Colleagues. The LSC are keen to explore this possibility and will meet with the CBM on 5th February to discuss potential for CBM to act as a 'Cluster' under which Member companies could operate. The outcome will be reported back to our Members. Funding rules for the 'Apprenticeship Framework' have changed and this announcement from the LSC will be made shortly.

Job Centre Plus (JCP) can play a key role to help companies and individuals under threat of redundancies or shortened working hours. During October to December 2008 there was a 300% increase in redundancies of the same

period in 2007. In this economic climate early involvement of JCP can provide services to help individuals preparing to enter the job market. At this time there is no money available for wage subsidies. Where employees are working shortened hours, under certain circumstances they can access Jobseekers Allowance. Details can be obtained from JCP at john.davis3@jobcentreplus.gsi.gov.

Over the coming weeks and months we will update members on any further opportunities which become available and if necessary we will convene a follow-up workshop. If you would like us to investigate anything on your behalf we are here to offer that support - contact John Houseman at CBM: email: john.houseman@britishmetalfforming.com

As a direct consequence of our event held on 3rd February concerning available support member companies, it was suggested that potentially the CBM could host a day of confidential clinics with ACAS and Job Centre Plus (JCP) here at the National Metalforming Centre.

It would be possible for Members to book one hour slots in advance to discuss looming job losses or restructuring pitfalls in an offsite confidential environment.

We are proposing to offer this facility on 23rd February. If you would like to take advantage of this free confidential one to one service we should like some early indication of the level of interest to secure representatives of these two highly respected organisations.

Members should respond in the first instance to alan.arthur@britishmetalfforming.com.

HMRC Supporting Business Through Downturn

If you're worried about whether you will be able to pay your tax on time, then get in touch with HMRC's Business Payment Support Service (BPSS) as soon as possible. The telephone number is 0845 302 1435 and the lines are open from 8am to 8pm during the week and 8am to 4pm at weekends.

The Chancellor announced in his Pre-Budget Report that HMRC had launched the BPSS to help businesses, including self-employed individuals, who are facing temporary financial difficulties because of the current economic climate and are unable to pay their tax. The service covers most taxes and duties including Income Tax, National Insurance, Corporation Tax, VAT and PAYE. The service offers a fast and streamlined way of setting up a time to pay agreement based on an affordable timetable. In the majority of cases the caller will get a decision and have a payment arrangement set up within 10 minutes. Please make sure you have the following information to hand: your tax reference number, details of the taxes that you are worried about and when you expect to be able to pay the bill.

Payment terms are agreed on a case-by-case basis and HMRC is prepared to be as flexible as possible, with the aim of bringing the business' tax back up to date on a timetable that is both reasonable and appropriate to each individual situation. Some businesses will have larger or more complex affairs and it may not be possible to deal with the matter with one phone call. In these circumstances, HMRC undertake to get back with a decision within 4 working days

The service is intended for new enquiries only and supplements HMRC's existing time to pay arrangements. If you have already been contacted by HMRC about an overdue payment then please call the office that originally contacted you.

If you need more information, please visit the HMRC website at www.hmrc.gov.uk/pbr2008/business-payment.htm.

Since its launch at the end of November to the first week of January 2009 the service has received over 32,000 calls and made over 16000 time to pay agreements over the phone worth over £255m. Additionally over 5300 cases worth in excess of £367 m have been referred for further consideration.

The service is there so that we know in advance of any problems. If you think that you will need more time to pay your tax, please contact us as early as you can. Please do not wait until the payment is overdue.

Diary Dates

2009

February

26 CBM Workshop: SC21 - Ready to supply the aerospace and defence sector?

March

5 CBM/BSSA Workshop: Getting the best out of stainless steel
 10-13 BLECH Russia
 11 CBM/BSSA Workshop: Getting the best out of stainless steel - Sheffield
 18 10.30am Cold Rolled Sections Association [CRSA] Members' Meeting
 26 CBM Workshop: Heat treatment relating to metalforming & tool steels
 31 10.00am CBM Executive Board Meeting

April

6-8 The thirteenth SheMet - International Conference on Sheet Metal - Birmingham. For further information: www.shemet09.org.uk/
 22 CBM Workshop: Tooling design & emerging technology - University of Wolverhampton
 28 10.30am CBM H, S, & Environment Group Meeting
 28 CBM Workshop
 30 4.00pm CBM Annual General Meeting

May

13 CBM Workshop

June

8-10 'Fastener Tech' show - nr Chicago, USA
 9-11 Subcon Show 2009 - NEC, Birmingham
 25 CBM Workshop
 30 10.00am CBM Executive Board Meeting

September

17 CBM Workshop

October

8 CBM Workshop
 14 10.30am Cold Rolled Sections Association [CRSA] AGM & Members' Meeting
 15 10.00am CBM Executive Board Meeting
 27-29 BLECH Polska

November

4 CBM Workshop
 18-20 BLECH India
 25 CBM Workshop

December

10 CBM Workshop

2010

June

9-11 MACH Exhibition, NEC Birmingham

All events are held at the CBM Headquarters, National Metalforming Centre, West Bromwich, B70 6PY, unless otherwise stated.

If any member is particularly interested in attending any of the above events, and is not sure of registration details, please contact CBM for further details on 0121 601 6350.