

Smith Institute report into supply chain financing published

The Smith Institute has published a report, commissioned by SMMT, into access to finance for companies within the automotive supply chain entitled, "Give them some credit! A survey of the barriers to funding the UK's automotive supply chain". The report examined over 80 automotive firms operating at every level of the supply chain, as well as a range of financial and lending institutions, to unveil the financing predicament of UK supply chain firms. The report found that despite potential and ambitions for rapid growth, many supply chain firms are constrained by restricted access to finance and funding. This funding gap can largely be attributed to the lack of expertise and appreciation within the finance sector, as banks do not respond quickly enough to serve the need of local suppliers. "With over £5.6 billion pledged to the UK during the last 18 months, there is a 'window of opportunity' to strengthen the UK supply chain, creating jobs and prosperity for the long-term," stated Paul Everitt, SMMT Chief Executive. Yet business growth is hampered by a rigid financial framework, which, wary of the industry as a lending opportunity, frequently exacts personal guarantees and employs unfavourable asset evaluations that result in suppliers missing out on the full amount of funding applied for. The report highlights that this is a specific concern for financing tooling and capital equipment. In light of these issues, the report recommends a cross-industry "Tooling for Growth Taskforce", consisting of banks and supplier companies representing all tiers of the supply chain. The taskforce would provide a platform to explore more innovative solutions to funding growth that would facilitate access to financing options for SMEs. The report also called upon government to create a more enduring framework of support that fosters greater investment and finance availability for business seeking to expand. (Source: SMMT) <http://www.smmt.co.uk/2012/06/%e2%80%98automotive-supply-chain-growth-constrained-by-lack-of-finance%e2%80%99-says-smmt/>

Business Secretary launches scheme to boost UK engineering skills

Vince Cable MP, Secretary of State for Business, Innovation and Skills, has formally launched the Advanced Skills Accreditation Scheme (ASAS) at Jaguar Land Rover's (JLR) product development centre in Gaydon. The sector wide skills programme, led by Semta – the sector skills council for Science, Engineering and Manufacturing Technologies – is based on a concept developed by JLR in conjunction with leading English universities. Set to involve engineers from more than 2,000 companies and offer approximately 5,000 new Master's Degree module places over the next two years, the programme grants UK engineers the chance to develop the skills they need to create future world-leading new products and technologies. Supported through government's Growth and Innovation fund, the UK's Commission for Employment and Skills has allocated £1m to expand upon JLR's new education programme. Commenting on the launch, JLR Executive Director, Mike Wright, stated: "If UK companies are going to be able to compete successfully in the future, we need to raise the skill levels throughout the supply chain and UK manufacturing as a whole". (Source: Semta) <http://semta.org.uk/media/press-releases/new-scheme-to-boost-skills-of-uk-engineers/>

See Inside Manufacturing momentum builds

Automotive companies across the UK have been participating in the See Inside Manufacturing initiative, a collaborative project between government and industry to showcase the breadth of careers available in manufacturing. Business Minister Mark Prisk MP officially launched the scheme on Monday 18 June, stating: "This year See Inside Manufacturing is bigger and better following the success of its pilot last year in the automotive sector. We have our biggest ever opportunity to help change perceptions of manufacturing and give people a taste of what the industry is like today. I encourage as many people as

possible to get involved and come along to one of the many events taking place throughout June". Organisations across the automotive sector including Lotus Cars, Vauxhall, MINI, Allied Vehicles, McLaren, Jaguar Land Rover, Caterpillar, Toyota, Schaeffler and Calsonic Kansei have held events welcoming young people into their factories, with many more organisations set to be involved throughout the month. (Source: BIS)

<http://www.bis.gov.uk/news/topstories/2012/Jun/seein-sidemanufacturing>

Labour launch review into the impact of 'Short-Termism' on British Business

Sir George Cox has been commissioned by Ed Miliband MP, Leader of the Labour Party, to carry out a Review of 'short-termism' in British business. The Review, which will be independent from the Labour Party, will look at market and governance pressures to focus on short-term results, to the possible detriment of the longer-term health of the organisation and the wider economy, and will put forward recommendations to address this. Specifically the Review will examine issues including: corporate governance and the functioning of equity markets; tax, including the treatment of debt, equity and the extent to which the tax system can and should encourage long-termism; corporate management, including issues of culture and quality. The Review is currently in its initial phase of investigation, and a call for evidence has been issued. (Source: Labour Party)

<http://www.labour.org.uk/impact-of-short-termism-on-british-business,2012-06-16>

UK output prospects improve slightly as order books firm

The CBI's monthly Industrial Trends Survey for June has shown that UK manufacturers' expectations for output growth have improved, while firms' order books showed signs of recovery. Of the 459 manufacturers responding to the latest survey, 27% expect to increase their volume of output over the course of the next three months, while 19% expect it to fall. The resulting rounded balance of +7% marks an improvement on the negative figure recorded in May (-3%), though still below those seen in the early months of the year. The flow of orders saw an improvement in June, with 17% reporting that order books were above normal. With 28% stating that order levels were below normal, the balance of -11% represents an upturn

from last month (-17%) and is above the long-run average (-17%). Likewise, export orders also strengthened with a balance of -4%, well above the long-run average of -21%. Expectations for output price inflation have weakened. A balance of only +2% of firms expect to increase output prices over the next quarter, the lowest balance since November 2011 (+2%). Stock levels remain under control, with a balance of +16% saying stocks are at least adequate to meet demand, and in line with their long-run average (+14%).

(Source: CBI)

<http://www.cbi.org.uk/media-centre/press-releases/2012/06/output-prospects-improve-slightly-as-order-books-firm-cbi/>



Week ahead

Commons Chamber

Thursday 28 June - Transport questions (10:30am)

Commons Committees

Tuesday 26 June

Treasury Committee (10:00am, Wilson room)

Subject: Bank of England May 2012 quarterly inflation report

Energy & Climate Change Committee (10:15am & 2:05pm, Grimond room)

Subject: Pre-legislative scrutiny of the draft Energy bill

Wednesday 27 June

Environment, Food & Rural Affairs Committee (2:30pm, room 16)

Subject: Air quality

Work & Pensions Committee (9:30am, Grimond room)

Subject: Youth unemployment and the Government's Youth Contract

House of Lords

No relevant activity