

Department for Business Innovation & Skills

Automotive Assistance Programme – Open for Business Programme Delivery Update

AAP the Outline

- Automotive Sector Companies only
- C. £25m sales & £5m+ projects
- Viable businesses
- Additionality, VfM to Tax Payer, Green aspects, developing technology
- Ensuring business progress in the down turn
- Support business for the upturn

Reality - Banks

- Banks more selective about lending
- Banks appear more risk averse re auto sector
- Understandable difficulty for banks in assessing companies' future business plans/ sales capability...given global economy turbulence
- Concerns that approaching a bank could lead to reduction of credit arrangements Some lack of AAP understanding locally

Reality – Supply Chain

- Where's the help?
- No HMG intervention please ... less competitors is better
- Businesses Restructured - just coping; Don't want to tackle anything new!
- **Working capital needed / 'fast money'**...not what AAP was designed for.

However;

- ***Exam Questions***
 - ***Are you presenting your business in the best light to lenders?***
 - ***Have you talked to us yet? - Could you potentially fit within AAP?***

The Auto Value Chain

- Side effects from VMs' approach to funding tooling investment for new models
- VMs need the supply chain to build their cars
- How can/should VMs help the supply chain?
- AAP want to reach out to the supply chain through VMs
 - *Grateful for your thoughts (now/later)*

AAP Working / Open for Business

- AAP – One of a number of Government support measures
- AAP – We are *FLEXIBLE* - if you talk with us, we can work with you to perhaps help you fit
- We will talk to potential lenders if helpful
- Brigade projects if too small / join forces with other COs
- Remember, Direct loans require tougher Due Diligence : HMG as bank

Last Thoughts

- If VMs can't give money /credit; is there flexibility in contracts to make them bankable?? If not, could SMMT help you
- SMMT want specific feedback on a bank's lack of support (that looks unfair)... and to us.
- A more joined up approach between Auto sector, banks (working with HMG) so that support becomes greater than the sum of parts
- We're all in this together.