

Leicester West Business Forum

Office of Liz Kendall MP
42 Narborough Road
Leicester
LE4 0BQ
liz.kendall.mp@parliament.uk
0116 2044980



Leicester West Business Forum

Summary of Forum's first meeting

Leicester Business Box

25th January 2013

1 Introduction

Supporting local jobs and businesses is an absolutely key priority for me as the local MP. The Leicester West Business Forum has been established to allow me to hear directly from local businesses and the organisations that represent them about the issues and challenges they face in these difficult economic times. I can then act on this vital source of information both at a local and national level.

Our first meeting took place on 25th January 2013. Despite the poor weather, 30 business people were able to make the meeting and a list of those delegates in attendance can be found at **Appendix A**. Many others expressed an interest in the forum but were unable to make the date and time of the first meeting.

The meeting began with a short introduction from each delegate, followed by an open discussion on the main challenges facing local businesses. Delegates then broke into smaller groups to note down the main challenges and priorities at a local and national level as they saw them. Notes from this exercise can be found at **Appendix B**. The meeting ended with a discussion on what the Forum should focus on going forward.

2 Key issues

Three key themes came out of the discussion:

(i) **Public sector procurement**

- Serious concerns were raised over the Eastern Shires Purchasing Organisation (ESPO), which was largely seen to exclude local SMEs from its supplier base.
- Pre-qualification questionnaire (PQQ) requirements –including on finance - were said to severely disadvantage SMEs.
- Contracts were too often put out to tender at such a large scale that only large corporations had the capacity to compete to deliver them.
- ESPOs aim of achieving efficiency savings through economies of scale was questioned, with delegates suggesting that local businesses could offer services at a similar price.
- It was predicted that up to 50% of ESPO's goods and services could be supplied by local businesses, which would have a hugely positive impact on the local economy.
- Delegates felt that a wider view needs to be taken in local and national procurement, beyond simply looking at cost factor considerations, looking instead at the wider economic impact of a local supply chain.
- Progress was noted in Leicester City Council's procurement process, although this was not felt to have been the case for the County Council.

- There was the perception that other parts of the Country, including Scotland and Wales, were much better at procuring local goods and services

Actions:

- Liz Kendall to request an update from the Federation of Small Businesses, the Chamber of Commerce and Leicester City Council on the work that's already taken place on ESPO and local public sector procurement
- Liz Kendall to write to the main local public sector purchasing departments, including in local government, the police, education and the NHS to share the findings of this work and will press them on their own procurement processes.
- Liz Kendall to write to the Business Secretary, Vince Cable, and to the Shadow Business Secretary, Chuka Umunna MP, pressing for action in this area.
- A follow up meeting of the business forum will be organised to focus on public sector procurement. Key buyers will be invited and feedback will be given on the actions taken by Liz Kendall.

(ii) Access to a skilled, employment ready workforce

- Large parts of the local workforce continue to lack basic employability skills such as literacy, numeracy, communication and a reasonable work ethic.
- There's not enough assistance to enable employers to repair these skills deficits. It was noted that the Future Jobs Fund was a great way of bridging this gap and a number of delegates felt that it was a big mistake to scrap the scheme.
- There are gaps in local training provision, particularly in terms of support for the knowledge economy –e.g. one business could not find a local college with an e-commerce course.
- Often SMEs lack the capacity to support apprenticeships and training programmes. Delegates felt that these needed to be more flexible, driven by business and supported by innovative partnerships.
- SME's should engage with local schools, colleges and young people to give them career advice about working for SME's.

Actions:

- Liz Kendall to organise a follow up meeting bringing together key education providers, including head teachers of local schools and colleges as well as the Assistant Mayor for Children and Young People. This will focus on the practical steps that can be taken locally to ensure the skills offer better meets the needs of local businesses.
- Liz Kendall to write to the Business Secretary, Vince Cable, and to the Shadow Business Secretary, Chuka Umunna MP, pressing for action in this area.

(iii) Access to finance

- Strict lending criteria make it very difficult for SMEs to access the finance they need from their banks.
- Large contractors have been known to withhold payments or take a long time to settle invoices.
- One delegate had £1 million in cash yet no overdraft was allowed.
- NatWest's local Chief Executive Officer said that the bank had lent 40% of its loans to SMEs. He stressed that the bank was not responsible for the strict lending criteria as they have to follow rules imposed by the national government

- He said that he was grateful to the previous Labour government for bailing out the bank, as this averted an outright depression.
- Delegates highlighted how the use of an electronic database to determine giving a loan to an SME, has predominately replaced the traditional personal relationship between banks and SMEs. They believe that this has contributed to viable SMEs not receiving finance to maintain and grow their businesses due to the lack of discretion exercised by decision makers.
- Delegates noted a decline of branches, which used to employ 150 people but now just 15.
- The Enterprise Guarantee Scheme is not widely known about. Many delegates also felt that the criteria is too exclusive.
- Delegates said that banks often fail to look at requests for finance on a case by case basis, instead, dismissing some applications on the general basis of their business sector. For example, one delegate said that he had seen a shift away from banks providing loans to SME's in the automotive sector over the last few years regardless of the strength of the individual company.

Actions:

- Liz Kendall to organise a follow up meeting with the banks to explore the issues around small business lending.
- Liz Kendall to write to the Business Secretary, Vince Cable, and to the Shadow Business Secretary, Chuka Umunna MP, pressing for action in this area.

(iv) **Miscellaneous:**

In addition to the key themes above, the following points were also made:

- Infrastructure investment is needed to support universal access to superfast broadband.
- There was a suggestion that local authorities in Leicestershire should reduce business rents on their own commercial properties and encourage private landlords to do the same.
- Efforts should be made to reduce travel fares, which could include bringing bus travel back into the control of the local authority.
- Business Link should reintroduced.
- Low levels of consumer confidence and demand in many parts of the economy remain one of the biggest challenges and more should be done by national government to tackle this.

3 Conclusion

The first meeting of the business forum was very successful, demonstrating a clear appetite amongst local businesses to have their voice heard in the policy making process.

The main issues raised - public sector procurement, skills and finance – will each form the topic for the next three meetings of the forum.