

ORACLE

The Voice of the
Birmingham Branch

January 2012



Federation of Small Businesses

PUBLIC CONTRACTS & SMEs

The 'Contracts Finder' public procurement system developed to make public contracts more accessible to small and medium-sized businesses is now up and running – though it still has some refinements that need to be completed. Additionally, however, the Government is now in the process of creating a new system specifically for low-complexity procurements below the European Union threshold of £100,000. This is designated the 'Dynamic Marketplace', and is being developed to give Government Departments (plus their agencies and non-departmental public bodies) on-line access to a 'request-for-quote' tool enabling them to contact registered suppliers directly. They can then carry out what are described as 'spot procurements for those goods and services that do not fit well in a catalogue, but are not complex enough to warrant the use of a specialist e-sourcing tool'.

Suppliers interested in registering should be aware that this is still a work in progress, and you may prefer to wait until initial imperfections have been removed. (Watch this space.) In the meantime, if you wish to try registering now, you will first need to obtain a DUNS number (a free business classification number that can be obtained by using a request form available at www.dnb.co.uk/duns-number.asp). Once you have this, the next step is to visit the Dynamic Marketplace site at https://buyers.procserviceonline.com/otis/preregistration/splash_page.html

As the spur to these developments, the Government's stated target is to channel 25% of public contracts to SMEs, compared with the current 6.5%. (Sub-contracts may add to the latter percentage.) Suppliers encountering procurements that they regard as less than satisfactory are being invited to effectively blow the whistle on them.



At the end of the Birmingham branch AGM, the 2011 regional chairman Jenny Cartwright took advantage of the occasion to express her appreciation of the help extended to her (as regional vice chairman) over the year by Birmingham's Ponny Lo. The name on the chocolate box – Heroes – said it all.

OLYMPIC CONTRACTS

It appears that the Olympic Delivery Authority has so far placed some 1500 contracts directly with tier-one main suppliers, with London accounting for 54% of their value – £3.5 billion out of total of £6.4 billion. The South East had 15.86%, and the East of England, 13.24%. Their combined share was thus 83.1%. The West Midlands took fourth place, with 7.08%, and the East Midlands had 5.3%. All other regions had well under 2%, with Wales having just 0.01%.

In its own defence the Authority claims (though rather vaguely, since real figures are not available) that up to 50,000 indirect orders should follow from these tier-one contracts, and that these can be expected to be more widely distributed. Time will tell whether this proves to be the case. Meanwhile the final spending target is £7.25 billion, supplemented by a separate £2 billion contingency fund.

VISIBLE AND INVISIBLE

Speaking at the Birmingham branch AGM, chairman David Caro highlighted the fact that although this year's FSB budget constraints had confined the branch to just two newsletters (both put on-line) and two member evenings (with a third event postponed because of an unstable tower crane threatening the building), the committee members had been as active as ever in lobbying for small businesses at political and business meetings staged by other bodies. Most of this activity was invisible because it took place behind the scenes. Subjects covered by the external meetings had included the new Local Enterprise Partnership (LEP), business rates, public procurement, co-operation with regulators, and the proposed high-speed rail link. The branch committee had additionally contributed to the FSB's discussions about how the Federation should evolve over the years ahead. Within the region, it had been the primary branch to do so.

CHAIRMAN'S MESSAGE

In December, as part of an FSB campaign to champion the real-life entrepreneurs who live and work across our region, the serial entrepreneur, best-selling business author and Financial Times columnist Mike Southon gave a presentation at the Birmingham Hippodrome on the key elements of the FSB's 'Real-Life Entrepreneur' manifesto. His talk included how to increase the routes to finance, improve cash flow, adopt a new approach to regulation, reduce and simplify business tax, incentivise job creation, and open up export markets.

In a society dominated by celebrity culture, celebrity entrepreneurs have emerged as inspirational figures, but the FSB believes that anyone who has a good idea and takes a risk to put it into practice and grow a business is a 'Real-Life Entrepreneur'. The vast majority will never be celebrities, but they still enrich the lives of themselves and those around them.



NEWS BRIEFS



* Businesses in three more areas of the city voted in favour of setting up Business Improvement Districts. In independently scrutinised ballots for which 50% of the votes by rateable value were needed, the actual votes were: Sutton Coldfield 58%, Acocks Green 64%, and Northfield 85%. Where BIDs are established, they remain in effect for five years. The businesses agree to pay a small levy proportionate to their rateable value, so that collective funds can be used to promote and support all businesses within that area. Existing Birmingham BIDs include Broad Street, Retail Birmingham (city centre), Southside, Colmore Row, Kings Heath, and Erdington. For further information contact Simon Houlby on 0121 303 3503.

* Details of the planned relocation of the Birmingham Wholesale Markets (currently based in Pershore Street just off the city centre) following their scheduled closure in 2013 remain unclear following some contradictory public statements. Previously the city council has said that it could no longer subsidise the relocation of the markets – probably to Witton – yet in September council leader Mike Whitby commented that some money could be found to support the move. The facility is one of the largest integrated markets in Europe, and provides a base for up to 94 traders with a combined annual turnover of £275 million. In a separate statement, Mr. Whitby commented that the retail markets including the rag market and the indoor market would stay at their current sites, which are just down from the Bull Ring.

* Delivery of the Wolverhampton-based Manufacturing Advisory Service (MAS) is being transferred to a new national delivery partner and the Department for Business Innovation & Skills (BIS). A funding deal has now been agreed to continue the MAS work in the West Midlands via a new national body – the Manufacturing Advisory Consortium (MAC). The national service is to focus on 'driving business growth through strategic and technical support for SMEs developing advanced manufacturing capabilities and creating high value jobs'; also on 'enabling business improvement with manufacturers operating in global supply chains'; and on 'linking SMEs with the apprenticeship programme delivering a minimum of 1,250 engineering and manufacturing apprenticeships annually'. BIS describes the Consortium as creating an estimated £1.5 billion in economic growth plus 23,000 jobs, while also safeguarding 50,000 jobs.

SOCIAL MEDIA

This year's AGM was followed by a presentation on social media by Maureen Wright (pictured), a WSI Internet consultant and a member of the FSB's Burton-Lichfield-Tamworth branch.

During the presentation our speaker emphasised that social media are about relationships, two-way conversations, reputations, recommendations, and word-of-mouth influence. Young people use them extensively, but so do 93% of marketers. The main such media in addition to Blogging tools are Facebook, Twitter, YouTube and Linked In. The latter is not the largest, but it is the most business-orientated, being a professional networking social medium enabling its 100 million users (five million of them in the UK) to share information in both a reactive and a proactive way. Also important for businesses whose trade is conducted locally is a listing on Google Places.

Maureen's comments provided some outline portraits of the different types of media available. Blogs, she said, typically cover particular topics, and function effectively with the aid of consistently frequent postings. Facebook is the most widely used social medium, with 600 million users of whom 30 million are based in the UK, and most of them aged between 18 and 34. A user can claim his/her identity within the system by creating a profile page, while privacy controls allow personal and business material to be separated. Twitter is a social portal that provides continual up-dates of personal or business activity, and gives opportunities to become known as an expert or a resource. The video facility of the YouTube system provides a means of showing how something operates or how it is made, thus providing a means of tapping into people's curiosity. Finally, owner-managers moving into the use of social media will do best to do so incrementally, while to prevent abuse, they should decide which of their employees will be allowed access to the media while at work. Queries to Maureen@wsibestnetsites.com



Maureen Wright

Separately from the AGM, research carried out by YouGov plc found that 62% of polled Midlands businesses were not making any use of social media sites for marketing their goods and services, compared with just 39% in Eastern England, 51% in London, 63% in Wales, 64% in northern England, and 65% in Scotland.

* A body named as the City Finance Commission and formed by Birmingham, Manchester, Westminster and other London councils produced a report claiming that cities should be allowed to retain the additional business rates and council tax arising from new planning consents; also that they should be allowed to fund transport and infrastructure projects by borrowing against future local tax income. The FSB view on the retention of business rates is that while it is supportive of a system that incentivises local councils to prioritise business growth, it regards it as imperative that any incentive encourages small-business growth, not just large-scale developments – especially out-of-town developments. The FSB additionally argues that the reliefs available to small businesses should continue to be funded by the Government so that local authorities still have a reason to promote them.

* Birmingham City Council says that Birmingham is the most visited English city outside London for European visitors, last year attracting 740,000 overseas visitors who spent £249 million while they were here. Key 'draws' included the Liberal Democrat conference and the Frankfurt Christmas Market.

The picture shows all but one of the new branch committee elected at the AGM, with the longstanding members (up to sixteen years of involvement) joined by three new members. From left to right: Ken Bruce (Vice Chairman), Brett Sheldon, David Caro (Chairman), Paul Craddock, Michelle Wright, Pauline Taylor (Secretary), Geoff Davies, and Ponny Lo (Treasurer). Missing from the photo is William McCafferty (Vice Chairman).



NEWS BRIEFS

- * As part of a new planning policy, the city council is proposing to limit to 10% the share of fast-food take-away outlets in each of 73 different local shopping centres. This is being done because of concerns that many of the outlets tend to be closed and shuttered during the day, and open only during the evening. The council's aim is to achieve a balance between retail outlets, restaurants and bars, and professional, financial, social and community facilities.
- * November saw the final closure of Business Link West Midlands together with the other regional Business Link services. Telephone calls are now being diverted to the national helpline. Two web sites – www.businesslink.gov/bdotg/action/home and www.improve.businesslink.gov.uk/resources – provide more information.
- * An on-line Government consultation called 'Building a Mutual Post Office' and running until 12th December 2011 has been giving customers and communities as well as sub-postmasters a chance to have a say in determining how the Post Office should be run. The Government favours mutualisation by the end of this Parliament, with members of the mutual comprising an equal mix of 'producers' (such as employees and sub-postmasters) and 'consumers', and no one constituency having an overall majority. A possible structure for a proposed Post Office Mutual owned by a mutual body instead of the Government could be a three-tier structure comprising the membership, a representative body, and a board of directors. The Postal Services Act 2011 allows for (but does not require) mutualisation, but the main purpose for which the body exists is defined as acting for the public benefit. The consultation can be found at: <http://discuss.bis.gov.uk/pomutualisation/>
- * A Bank of England report stated that owner-managers of small businesses are reacting to the economic crisis by maintaining higher-than-usual cash balances and using personal loans to fund their business activities. A statement by the Bank's monetary policy committee added that its members felt that the cost of bank credit had remained elevated for small businesses especially.
- * The Experian credit rating agency said that during the third quarter of the year, payments to businesses were being made a day later than in the second quarter: 26.13 days late compared with the previous figure of 25.26 days late. Micro businesses fared a little better: 20.56 days late compared with 20.02 days late.
- * The Equifax credit rating agency said that business failures during the second quarter of 2011 were 3.4% higher than in the same quarter of 2010, and 2.2% higher than the preceding quarter.
- * Business Minister Ed Davey announced in Parliament that the Government would fast-track adoption of the European late payments directive to bring it into UK law in 2012. This requires no more than 30 days' delay as standard for public and private sector bodies, with 60 days acceptable where suppliers allow time to examine delivered goods; but more than 60 days will become illegal.

DOORSTEP SALES

Birmingham Trading Standards department is currently undertaking a project to review doorstep sales with reference to the 'Cancellation of Contracts made in a Consumer's Home or Place of Work etc. Regulations 2008'. Subject to some exceptions, these provide consumers (but not businesses) with a seven-day cooling off period, providing that the contract is over £35 in value, is signed at their home or away from the business premises of the supplier, and is a consumer contract.

Consumers must each be given a written notice of the right to cancel within seven days and recover any deposit paid. If the work is urgent they can also, by written agreement, waive this right and let the trader begin straight away. Additionally they can cancel the contract within seven days if the work is not progressing satisfactorily, or even if they decide not to continue – though in these circumstances they may be required to pay 'a reasonable sum' to cover work done or materials supplied up that point.

Crucially, if a consumer signs a contract at home and has not been given cancellation rights, the agreement may not be enforceable, and the supplier may have committed an offence. Numerous Birmingham businesses have now been selected, to which these regulations may apply, and a letter has been sent to them together with trader advice leaflets. Follow-up visits to business premises are on-going, and to date 28% have been found to be compliant, with advice given in other cases. Enforcement action may be taken against businesses failing to comply, following such advice. For further information: telephone 0121 303 6031, or email tradingstandards@birmingham.gov.uk, or visit the website at www.birmingham.gov.uk/tradingstandards

AGE-RESTRICTED SALES

A new publication of the Local Better Regulation Office sets out an agreed set of responsibilities for young people, parents, businesses, employees and regulators with regard to the supply of age-restricted products and services – including alcohol, tobacco, knives and fireworks, but also spray paints, solvents, lottery tickets and petrol.

Businesses are required to promote a culture where young people always expect to be challenged and to have to show valid proof of age whenever they attempt to access age-restricted products or services. They must be clear that as proof of age they will accept hologram-bearing PASS cards (issued by a card issuer accredited by the national Proof of Age Standards scheme); and must also be clear what other forms of proof of age they will accept. Appropriate controls must be put in place and kept under review, with effective staff training provided, and support given to staff implementing the controls. Businesses and regulators/enforcers are required to mutually share information on local problems.

These responsibilities are supplemented by an additional set of 'reasonable expectations'. Details of both sets can be found by visiting www.lbro.org.uk

TRANSPORT ROUNDABOUT

- * For the coming winter, Birmingham has acquired a fleet of new gritting vehicles and snow ploughs each equipped with a GPS global positioning system that records when, where and how much grit is being put down. The routes treated cover 1,200 kilometres and make up almost 50% of the city's roads. Pavements in the city centre are also gritted. It takes between three and four hours to grit the whole of the Birmingham priority network.
- * Out of 47 private hire and hackney carriage vehicles inspected by Birmingham Trading Standards officers during October, five (11%) failed the safety tests and had their licences revoked on the spot. Twenty one (45%) made temporary changes on-site and were issued with a legal notice requiring them to present their vehicles the next working day with fuller repairs made – for example, a spare tyre replaced. Seventeen (37%) were fully compliant with safety standards. The Council typically checks about 1650 vehicles each year.
- * A presentation by Birmingham City Council, Centro and four city centre business improvement districts claimed that the Metro extension, the upgrade of New Street Station, the expansion of the airport and the overhaul of bus services into the city centre were all on course. Next year will see the start of the £14 million project to create new bus hubs around the city centre at Snow Hill, Paradise Circus, the Bull Ring markets, Moor Street and New Street Station, with Moor Street once again carrying two-way traffic. The Metro extension project will get under way only once this work has been completed, and will begin with the difficult task of relocating gas, electricity and water mains in Corporation Street.
- * When he was still Transport Secretary (in mid September, before he became Defence Secretary), Philip Hammond conceded to the House of Commons Transport Committee that the assumptions underlying the pattern of use of the proposed HS2 rail link assumed similar pricing to the West Coast main line. He admitted that these prices ranged 'from the eye wateringly expensive to really quite reasonable if you dig around and use the advanced purchase options'. Meanwhile the House of Commons transport committee produced a report concluding that there was a good case for the high-speed rail line and rejecting alternative proposals from the HS2 opponents, but it also said that the full Y-shaped network was needed, connecting London with Leeds and Manchester as well as Birmingham.

NEWS BRIEFS

- * Figures from the Office for National Statistics show the proportion of bank loans to small and medium-sized businesses down from 88% in 2007 to 65% in 2010, while the figure for small and medium-sized businesses seeking bank loans rose by 42% over the same period. Bank of England figures show a 13% / £64 billion fall in lending to private sector businesses over the three years to 2011.
- * Following its decision (made in reaction to widespread public protests) to abandon plans to phase out cheques in favour of an alternative system, the Payments Council is instead turning its attention to finding ways of speeding up the cheque clearing system. Since the number of cheques being used continues to fall, however, the cost of using them may be expected to rise.

This newsletter is produced and published on behalf of the Committee of the Birmingham branch of the Federation of Small Businesses, and is intended for members of the Federation. Whilst every care is taken in its compilation, any errors or omissions are not the responsibility of the FSB, and any opinions expressed are those of the authors and are not necessarily the official policy of the Federation. Please note that any material sent in for inclusion in the newsletter and subsequently printed may be edited.

SPEAK UP, PLEASE!

Feedback from you, our members, is always appreciated. It helps us to provide the kind of information that you want and perhaps need.

Put your comments in an email to our branch chairman, David Caro david@qualplast.com, or write to him at the address shown below.

COMMITTEE MEMBERS



Branch Chairman David Caro (centre), with Treasurer Ponny Lo and Secretary Pauline Taylor.

- * Chairman: David Caro, Qualplast (1991) Ltd.
Tel: 0121 357 5858 Email: david@qualplast.com
 - * Secretary: Pauline Taylor, PT Secretarial Services.
Tel: 0121 605 2903 Email: paulinegtbarr@gmail.com
 - * Treasurer: Ponny Lo, Quintet International Ltd.
Tel: 0121 477 3020 Email: sales@quintetpewter.com
 - * Vice Chairman: Ken Bruce, KB Services.
Tel: 0121 608 4050 Email: kbservices@talktalk.net
 - * Vice Chairman: William McCafferty, Pure Hydro Cleaners.
Tel: 0121 458 1296 Email: williamx@talk21.com
 - * Paul Craddock, Viking Designs Ltd.
Tel: 0121 323 4309. Email: vikingswater@hotmail.com
 - * Geoff Davies, WWAM Writers Ltd.
Tel: 0121 476 1301 Email on request only.
 - * Brett Sheldon.
Tel: 07904 415068 Email: brettsheldon@blueyonder.co.uk
 - * Michelle Wright, Carving Careers.
Tel: 07984 229889 Email: michelle@carvingcareers.co.uk
 - * National Councillor: Helen Lillis.
Tel: 0121 351 6777. Email: helen.lillis@fsb.org.uk
 - * Development Manager: Karen Woolley.
Tel: 01322 517176 Email: Karen.woolley@fsb.org.uk
- * A group of MPs on the Treasury Select Committee is asking the financial regulator to examine the possibility of demanding the restoration of cheque guarantee cards – which give small businesses the confidence to accept cheques.

- * The Prime Minister has confirmed that a consultation is to be held on the idea of enabling employers to have what are termed frank 'protected conversations' with their employees on matters such as work performance and retirement plans, without fear of being referred to an employment tribunal. (Such conversations are apparently allowed in France.) Behind this move is the wish to give employers the confidence to create jobs.

CONTACT DETAILS

- * **Web Site** www.fsb.org.uk
- * **FSB enquiries** **08700 505 372**
- * **Legal Helpline** **08450 727 727**
- * **Birmingham Branch** **0121 605 2903**