



Federation of Small Businesses

The UK's Leading Business Organisation

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FSB Snap Poll – West Midlands Results – January 2009¹

IN THE PAST 2 MONTHS:

Trade Levels:

57% of WM respondents said their trade had decreased compared with 54% of respondents across the UK. Only respondents from Northern Ireland had experienced a greater level of downturn (65%). However the picture is slightly less gloomy than in November 08, when 64% of WM respondents saw trade decrease.

13.8% of WM respondents said their trade had increased compared with 17% across the UK. Again NI reported the worst experience with only 10% seeing an increase. Although the picture has improved slightly, it is not improving in the West Midlands as well as the rest of the UK. In November WM = 11.2%/UK = 11%.

Payment Times:

37% of WM respondents saw an increase in payment times, **10% saw a decrease** and **53% saw no change**.

This compares to 36% seeing an increase, 10% a decrease and 54% no change across the UK, showing that payment times in the WM are broadly in line with the UK average.

With **public sector payments the West Midlands does better** than other regions. Only **16% of WM respondents had to wait longer than 10 days** for full payment from invoicing, compared with 20% across the UK or even 22% in the North East. **8.45% of WM respondents were paid within 10 days compared** with 6.02% in the UK. Only Scotland recorded better levels of prompt public sector payment (8.54%).

BANKS, FINANCE AND INSURANCE:

Credit Insurance:

The WM respondents' experience of using Credit Insurance was broadly in line with the rest of the UK. **81.9% do not use it, 0.3% had paid less for it, 7.8% had found it more expensive and 9.9% found that costs stayed the same.** Across the UK, 83.2% do not use it, 0.4% are paying less for it, 8.4% are paying more and 7.9% are paying the same.

Existing Finance Costs:

Slightly less WM respondents are reporting increasing costs than in Nov 08. 26.5% in Jan 09 compared with 29.8% in Nov 08. This is a slightly better experience than the UK average (28% Jan – 30% Nov).

¹ Over 4,000 small businesses were surveyed between Friday 30 January and Monday 2 February 2009 on the effect of the economic climate. Over 300 respondents were from the West Midlands region.

New Finance Costs:

Again, fewer WM respondents are reporting increased costs with new credit. Only 25% reported higher costs in January 09 compared with 29.8% in November. This compares slightly better with the rest of the UK = 27% Jan – 30% Nov.

Credit Requests:

WM respondents are the least likely to be turned down for credit compared with the rest of the UK. Only 14.7% were turned down for credit, compared with the UK average of 17.6%. The region where the most respondents were turned down was Northern Ireland = 25.4% followed by the North West = 21.3%.

Bank of England Focus:

Compared with the UK (23.7%), **29.7% of WM respondents were the third highest region** behind Northern Ireland (38.4%) and Wales (29.8%) **asking for further decreases in interest rates.** Only 10.4% of WM respondents were looking for an increase in rates, compared with 12.9% across the UK. NI was the only region less likely to look for an increase in rates (5.9%).

GOVERNMENT POLICY:

Government guaranteed finance schemes:

55% of WM respondents said the schemes would not encourage increased bank lending, 28.8% said it would and 16.3% were not aware of them. This is **broadly in line with the average UK response;** 53% across the UK said they would not encourage increased bank lending, 28% said they would and 19% were not aware of them.

£1.3bn Enterprise Finance Guarantee scheme:

10.4% of WM respondents said that the EFG scheme was available from their bank, 25% said it was not available and 63.7% were not aware of it. This is again **broadly in line with the UK response;** 8% said it was available from their bank, 26% said it was not and 66% were not aware of it.

Responsibility for getting the UK economy back on track:

WM respondents held similar views to the UK average for who is mainly responsible for getting things back on track. **32% felt it was the responsibility of the Banks, 21% the Government, but 46% felt that business should be the ones to do it.** The figures for the UK were Banks – 36%; Government – 21% and Business – 43%. Interestingly in the East Midlands, 42.9% of respondents felt the main responsibility rested with Government and only 19.7% with Business.