



FSB Snap Poll – August 2009¹ - West Midlands Results:

Banks and Finance (in the past two months):

	<i>Nov 08</i>	<i>Jan 09</i>	<i>Apr 09</i>	<i>Jun 09</i>	<i>Aug 09</i>
Cost of existing finance (such as loans & overdrafts)					
Increased	28.5%	26.3%	24.4%	25.7%	35.5%
Not increased	31.1%	30.5%	29.3%	27.5%	21.4%
N/A	40.3%	43.2%	46.3%	46.9%	43.1%
	<i>Nov 08</i>	<i>Jan 09</i>	<i>Apr 09</i>	<i>Jun 09</i>	<i>Aug 09</i>
Overall cost of new credit					
Increased	29.8%	25.0%	26.4%	19.4%	28.2%
Not increased	16.0%	15.5%	11.6%	16.7%	11.7%
N/A	54.2%	59.5%	62.1%	63.9%	60.1%
	<i>Nov 08</i>	<i>Jan 09</i>	<i>Apr 09</i>	<i>Jun 09</i>	<i>Aug 09</i>
Requests for new credit (loan or overdraft)					
Refused	15.6%	14.7%	14.9%	13.9%	21.9%
Accepted	28.9%	28.8%	24.0%	28.0%	28.8%
Not applied for	55.5%	56.5%	61.1%	58.5%	49.3%

- The West Midlands results shows a sudden increase in the costs of existing finance and at 35.5 per cent has the highest level of increased costs for existing finance across England. The North East also reported that 35.5 per cent of respondents were seeing increased costs. The England average is 28.2 per cent. The region reporting the lowest proportion of respondents seeing increased costs was the South-west at 24 per cent.
- 51 per cent reported increased costs of existing credit up to 3 per cent higher interest rates and 32.7 per cent saw increased interest rates between 4 and 7 per cent. A significant 8.2 per cent reported increases in excess of 15 per cent.
- With new credit, 48.1% saw higher interest rate costs of between 0 and 3 per cent, with 32.5% reporting between 4 and 7 per cent higher rates and 15.6% for the 8 to 14 per cent band and 3.9% over 15 per cent
- 50.7 per cent of West Midlands respondents applied for new credit, which was the highest figures across England (England average = 43.9 per cent)
- However, they were also the most likely to be refused at 21.9 per cent (England average = 15.6 per cent)

Trade Levels (in the past two months):

W Mids Trade levels	<i>Nov 08</i>	<i>Jan 09</i>	<i>Apr 09</i>	<i>Jun 09</i>	<i>Aug 09</i>
Decreased	64.6%	57.2%	48.3%	48.5%	42.2%
Increased	11.2%	13.8%	23.3%	20.9%	19.9%
Remained steady	24.3%	29.0%	28.3%	30.6%	38.0%

- 42.2 per cent of businesses in the West Midlands are still experiencing a decrease in trade in the previous two months (England average = 47.8 per cent).

¹ Over 4,200 small businesses were surveyed on 25th August 2009 on the effect of the economic climate on their businesses. Almost 300 respondents were from the West Midlands region

- The proportion of W Mids businesses reporting an increase in trade has dropped slightly since June to 19.9 per cent, however it is still an improved picture when compared with figures from November 2008, when there were only 11.2 per cent doing so.
- The number of businesses in W Mids reporting business holding steady continues to increase – the proportion is now at 38.0 per cent and is in line with the rest of England (England average = 38.5 per cent)
- These figures demonstrate just how tough the trading environment has been for FSB members in the last few months as trade level continue to fall. It is of concern in the West Midlands, although our figures are not the worst in England; this honour goes to the East Midlands where on 11.5 per cent of respondents had seen an increase in trade and over three quarters were still reporting a decrease. They also reported on 13.3 per cent of businesses were seeing trade levels holding steady.

Payment times (in the past two months):

W Mids Payment Times	<i>Nov 08</i>	<i>Jan 09</i>	<i>Jun 09</i>	<i>Aug 09</i>
Increased	36.3%	37.0%	38.1%	31.7%
Decreased	13.7%	10.0%	11.0%	9.5%
Not changed	50.0%	53.0%	50.9%	58.8%
W Mids Public Sector Payment Times:				
Over 10 days	<i>No results</i>	15.9%	10.8%	13.3%
Within 10 days	<i>No results</i>	8.5%	10.5%	8.9%
Not applicable	<i>No results</i>	75.7%	78.8%	77.9%

- The trend for longer payment times may have been reversed, with a significant drop of WM respondents reporting an increase (31.7 per cent) but 42 per cent are still reporting payments times in excess of 30 days, up from 40 per cent in the last survey
- In the public sector however the number of businesses being paid within 10 days has fallen since June to less than 9 per cent. It should be noted that over three quarters of respondents do not trade with the public sector.

Confidence levels:

	<i>June 09</i>	<i>Aug 09</i>
General future confidence:		
Not confident	30.4%	69.8%
Confident	57.3%	28.4%
Very confident	12.3%	1.8%
Starting a business compared to 12 months ago:		
Not confident	73.8%	27.3%
Confident	22.1%	58.2%
Very confident	4.2%	14.5%
Expansion Plans:		
Yes	63.6%	47.1%
No	36.4%	52.9%

- In the previous survey in June, the West Midlands' respondents were the least confident across the country about starting a business or expanding their existing business. This position has now improved with over 70 per cent confident or very confident about starting a business.
- However, with general future prospects of their existing business, the position has shifted significantly with less a third saying there were confident or very confident about their future business prospects compared with over two thirds in the previous poll.
- West Midlands' respondents were also showing more caution regarding future expansion plans with only 47.1 per cent considering this option in August compared with 63.6 per cent in June.
- Compared to the rest of the country London was the most confident (40.5 per cent confident or very confident), with Yorkshire and Humber displaying even more caution (73.5 per cent not confident about the future) than their West Midlands' counterparts.