

Political Notebook 2009

A review of the British Furniture Confederation's political activity in 2009

The British Furniture Confederation, (BFC) have been publishing a monthly Political Notebook for trade journalists from early in 2009. Now that we are in to 2010 I thought that we would write to all members with a summary of the political activity we have undertaken in the past year. Before doing so can I remind you that the principal objective of the BFC is to improve the competitiveness of the UK manufacturing industry and to prevent legislation that is damaging to the employment of those working in it.

I am pleased to say that, despite the poor economic conditions in 2009, the BFC has achieved considerable success in its attempt to champion the industry. Our lobbying activities have ensured that the industry is highly regarded by all political parties, and that the Government continues to make the efforts necessary to support both the sector as a whole and the highly-skilled employees who are the key component of our labour-intensive manufacturing industry.

Background to the industry

Based on 2008 VAT and PAYE returns, UK furniture manufacturing is worth £8.3 billion at ex factory prices, down 17% from pre recession levels. The industry directly employs around 96,000 people within 6395 companies; 82% have a turnover of less than £500,000; 67% employ less than 9 people and the largest 300 companies account for 45% of total employment. In addition the industry supports, and is supported by, a large supply chain of materials suppliers, component manufacturers, designers, distributors, contractors and retailers bringing the total employed indirectly by the industry to around 125,000. The industry exports around £1b but imports around £4.5b giving a trade imbalance of £3.5; 58% of UK output is for the domestic market; 13% for the office market and 29% for the contract market which includes government.

All Party Parliamentary Furniture Industry Group

The key area of political activity for the BFC is its work with the All Party Parliamentary Furniture Industry Group (APPPFG), chaired by Madeleine Moon MP. The BFC liaises closely with the APPFG, advising them on a wide range of industry issues and also providing the group's administration and secretarial support. Throughout the year, the APPFG held four meetings, at which a number of concerns and issues which affect the sector were discussed with members of the group. These issues included: credit insurance, bank lending, economic conditions, training and skills, export markets, small business support, pre-pack administration, Scambusters, best value calculations, disabled workers, regional development agencies, European structural funds, and illegal imports. In addition, a number of external speakers were invited by the BFC to the APPFG, and these included Sarah Lambert, Acting Head of the European Commission Representation in the EU and John Cridland, Deputy Director General of the CBI. These speakers enabled both the BFC and members of the APPFG to delve into issues which affect the industry and gain expert information and advice on those issues. I am pleased to state that the speakers for the APPFG's next two meetings in 2010 have already been announced. We have confirmed the attendance of Steve Roberts-Mee, Director of Communications at ECGD (the UK

export credit agency) on the 8th February, and Kevin Brennan MP (the Minister with responsibility for fire regulations) on the 23rd March.

As a result of the BFC's activity with the APPFG, and as part of their continuing campaign work in Westminster, a number of Parliamentary Questions and EDMs were tabled throughout the year. During the year three EDMs were tabled by Madeleine Moon MP, written in collaboration with the BFC. These were:

FURNITURE AND FIRE SAFETY GUIDE - EDM 1530

That this House welcomes the launch of the British Furniture Confederation's Guide to the Fire Safety of Furniture and Furnishings in the Home; recognises that the UK flammability regulations have been in existence for over 20 years and in 2000 it was estimated that they had saved up to 1,860 lives since their introduction; notes the importance of the new guide in clarifying and explaining the existing regulations to account for recent precedents and changes; and further notes the high quality and standard of British furniture.

(This EDM gathered 47 signatures.)

ASK IF IT IS GREAT BRITISH FURNITURE CAMPAIGN - EDM 952

That this House acknowledges the importance of the furniture manufacturing industry to the UK economy, with an annual output of almost £10 billion and direct employment of around 124,000 people within 7,500 enterprises; notes the 'Ask If It Is Great British Furniture' campaign, as featured on the BBC 2 programme, Working Lunch and in the national press; emphasises the qualities of British furniture which comes from craft skills which have been conceived, developed and perfected over many years, decades and centuries of tradition, producing inspirational designs, from the most traditional manufacturing methods, with the most stringent environmental and health and safety standards, the shortest delivery times and the best after-sales service; and further notes that the campaign is an important initiative that should be supported and applauded.

(This EDM gathered 45 signatures.)

CREDIT INSURANCE AND THE FURNITURE MANUFACTURING INDUSTRY - EDM 500

That this House acknowledges the importance of the furniture manufacturing industry to the UK economy, with an annual output of almost £10 billion and direct employment of around 124,000 people within 7,500 enterprises; further notes the problem of obtaining credit insurance in light of the economic downturn particularly in the furniture manufacturing industry; and recognises that credit insurance

companies are promoting panic by removing insurance cover from furniture manufacturers and their suppliers, often without basing such action upon the risk involved or the financial viability of the individuals or firms involved.

(This EDM gathered 47 signatures.)

These three EDMs were crucial to the success of the industry and covered key policy areas. First, EDM 1530 drew attention to the publication of the BFC's Guide to the Fire Safety Regulations; the need to retain these regulations and also the requirement to clarify some technical details. After the publication of the BFC's own Guide and the tabling of the EDM, the Department for Business Innovation and Skills (BIS) began their own consultation into the fire safety regulations. The BFC welcomed this development and participated in this consultative exercise. BIS's initial consultation and research has now been published, and this reiterates the view of the BFC: that the fire safety regulations are a vital part of the British furniture sector and must be retained to protect UK consumers. BIS have now announced that they intend to move ahead with clarification of the existing regulations. The BFC welcome this announcement and intend to continue participating in this process.

The second EDM enabled the BFC to highlight the value of British furniture, and promote the 'Ask If It Is Great British Furniture' campaign. The BFC regards British furniture as adhering to the highest safety standards, providing award winning designs, and offering the best value for money over the lifetime of the product. This campaign provided a much needed publicity boost to British manufacturers, particularly given the difficult conditions of both the UK and export markets, and was featured in the national press.

Finally, the third EDM played a part in the BFC's campaign to improve the availability of trade credit insurance to UK manufacturers. As the economic conditions started to deteriorate, many insurance providers reduced or withdrew entirely their provision of trade credit insurance. Successful and productive businesses were being forced to take unnecessary risks. This had potentially disastrous implications not only for the order books of UK manufacturers, but also for the staff employed by those companies.

In addition to the above EDM on trade credit insurance, the BFC held a number of meetings with officials at BIS and entered into detailed correspondence with Lord Mandelson on this issue. The BFC called for the creation of a government assistance scheme similar to French efforts to secure the provision of trade credit insurance. This campaign was ultimately successful, and the government stepped in to ensure that it supported the provision of trade credit insurance. The BFC were however disappointed that the scheme which was implemented only supported those who had found their trade credit insurance cover reduced, and not those who had their cover removed entirely. However, we accepted that the Government was not in the position to accurately assess the risk factors involved in the provision of this type of insurance and had to rely on the judgement of the insurance providers. Despite this unsatisfactory situation, the BFC remain pleased with the Government's action on this issue and are proud to have played a significant role in the scheme's introduction.

Pre-Budget Report

In order to raise awareness of the industry, and also to ensure continued efforts to protect those employed in the furniture sector, the BFC took the decision to submit a letter to HM Treasury ahead of the Pre-Budget Report. This letter outlined the issues affecting the industry and possible solutions to these problems. As a result of this submission the BFC met with officials from the Business Tax Coordination and Simplification Team, and the Growth Competition and Markets Team in HM Treasury. In addition, the BFC also held meetings regarding this submission with Geoffrey Norris, Special Advisor to Lord Mandelson; and with Nick Butler, Senior Policy Advisor to the Prime Minister. In the Pre-Budget Report submission, the BFC requested three key policy developments which would support the sector: the extension of trade credit insurance; the implementation of a consumption tax; and the improvement of export tax credits to support and sustain growth. Copies of this Pre-Budget Report submission were also sent to George Osborne MP, Shadow Chancellor of the Exchequer, and Vince Cable MP, Lib Dem Shadow Chancellor and Deputy Leader. After the Pre-Budget Report was published, HM Treasury contacted the BFC to discuss the industry's reaction and a telephone interview was held between myself, as Chairman of the BFC, and with officials at the Treasury. Although the specific policies requested were not implemented in the Pre-Budget Report, I am positive about our involvement.

The BFC intend to continue to use budgetary submissions to express the industry's concerns to the Government, and look forward to continued contact with the Treasury, BIS and the No.10 Policy Unit. Through you the BFC will also be writing to the candidates of the three main political parties in the forthcoming election, briefing them on the importance of the industry and the issues facing the sector and asking the candidates to be sure to join the APPFG if they are elected. This briefing document will be sent to you electronically with a draft covering letter so that, if you wish you can tailor the letter to your own business and send to the candidates.

Additional Meetings

In addition to the work of the APPFG and the Pre-Budget Report submission, the BFC has held a number of meetings with Members of Parliament and key stakeholders over the past year. These meetings included:

Hazel Blears MP, then Secretary of State for Communities and Local Government
Sadiq Kahn MP, then Parliamentary Under-Secretary of State at the Department for Communities and Local Government

Ian McCartney MP, responsible for the introduction of the current fire regulations

Mark Prisk MP, Shadow Minister for Business and Enterprise

Paul Goodman MP, Shadow Minister for Communities and Local Government

Jeremy Browne MP, Liberal Democrat Shadow Chief Secretary to the Treasury

Sarah Lambert, Acting Head of the European Commission Representation in the EU

Conclusion

I am pleased by the progress that we have made in raising the profile of our industry and I believe that it is vital that the BFC continues its lobbying activity in the UK Parliament and Whitehall. We have faced a very tough year. Although there is some

optimism in the market, the current conditions by no means indicate an upturn in the near future. What is concerning is that we have yet to see the measures that are required to bring the budget deficit under control. I am determined to ensure that the Government take the steps which give employers the best chance of riding out the recession and retaining their skilled employees.

Very best wishes to you all; 2010 will be a challenging and fascinating year. We will have a least one general election and a budget the like of which we have never seen. A skilled workforce and well trained management will be the key, coupled with a willingness to embrace change, and all driven by the same enthusiasm and fortitude which has been, for many years a characteristic of our industry.

Yours sincerely,

Martin Jourdan

Chairman of the British Furniture Confederation

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