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**MEETING NOTE**

**All-Party Parliamentary Food and Drink Manufacturing Group dinner  
SMEs – an engine for growth  
Dining Room B, House of Commons  
7 November 2011, From 19.00**

**Attendees:**

1. Gordon Birtwistle MP
2. Andrew Bridgen MP
3. Russell Brown MP
4. Lorely Burt MP
5. Mary Creagh MP
6. Lord Dykes
7. Lord Haskins
8. Nigel Mills MP
9. Dan Rogerson MP
10. Mark Spencer MP
11. John Stevenson MP – Chair
12. Heather Wheeler MP

**FDF members**

13. James Arnold, Managing Director, Sleaford Quality Foods
14. David Arrow, CEO, MCM Select Foods Ltd
15. Andy Brown, Managing Director, Taylors of Harrogate
16. Jonathan Bye, Managing Director, Vimto
17. Peter Farquhar, Chairman, Dorset Cereals
18. Sylvia Halkerston, HR Director, Macphie of Glenbervie
19. James Lea, Director, Morning Foods Ltd
20. Malachy McReynolds, Managing Director, Elizabeth Shaw
21. Philip Opie, Chairman/Technical Director, Bennett Opie

**FDF**

22. Angela Coleshill, Director of Competitiveness and Human Resources
23. Charlotte Lawson, Director of Member Services

***Mission Statement:***

*To consider the issues of concern to the food and drink manufacturing industry and to raise awareness of these matters in Parliament.*

## **Discussion points**

Here are the main discussion points from the lively debate that took place:

SMEs can be more agile and fleet of foot but need the freedom to operate without Government intervention and red tape. They are able to focus on making things happen, taking risks and being more prepared to fail than larger corporates.

### **Skills**

SMEs rely on access to a skilled workforce and need flexibility in the market place, including access to migrant labour. Employment law needs to be simplified and concerns over growth of the litigious society – welcome changes to employment tribunal process but the raft of new employment legislation largely derived from EU directives has placed an excessive burden on SME's with numerous legislative requirements resulting in excessive administration. Although there is acceptance that recent changes have been in the pipeline for some time there is a call for more time to implement particularly with changes to the Agency Workers Regulations.

### **Exports**

- Exports are a key area for growth but some markets are more accessible than others.
- For example nearer markets can be more attractive culturally and geographically whilst larger markets such as China have high tariff barriers.
- SMEs need more help from Government agencies to target export opportunities – a one stop shop.

### **Costs/finance/tax**

- High price inflation is likely to stay and be made worse by global commodities traders – leading to inability to control costs.
- Access to finance was not seen as an issue for most around the table but can have negative effect on building capacity as provision of lending is determined by a bank's return on investment.
- In terms of R&D tax credits, there were calls to make it easier for SMEs to successfully meet the criteria and to simplify the application process.
- Time-consuming audits by HMRC can be an issue.

### **Retailers and Groceries Code Adjudicator (GCA)**

- The proposed GCA was seen by SMEs attending as largely irrelevant as companies will not commit business suicide if there is any chance of being exposed.
- There was support for trade association involvement to front up key issues that fall out with GSCOP.

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- Attendees accepted that we have some of the best retailers in the world and businesses can't grow without them. However, margins are under real pressure. There is a need for SMEs to have tight control on their own supply chains but it was noted that they have less scale to negotiate on price.

### **Capacity**

- The biggest barrier to building capacity is planning laws and the attitude of local authorities to development – this is very different to other EU member states so makes UK un-competitive.
- There needs to be better co-ordination of transport and communications infrastructure to ensure efficient logistics and IT support, including access to the internet. There was a suggestion that SMEs could benefit from help in joining up local supply chains.
- Optimisation of manufacturing processes and energy consumption – it is often difficult to get access to the right research and support including how automation and robotics can aid efficiency.
- The likely increase in consolidation in the sector in the next few years was likely to result in big businesses taking capacity away from the smaller companies.

### **Communication**

- More Government cohesion is needed around messages to the consumer about food and how this plays out in relation to labelling and product claims.

Following the success of this event, the APPG plans to hold another event following up on these issue in 2012.

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