

Have your say on enterprise

News from EAMA



The Department of Business, Enterprise and Regulatory Reform (BERR) hosted eight meetings during November to seek SME owners' views on how best to build a new enterprise framework. The Department has also set up a website for those unable to attend the meetings to record their views (www.buildinganewenterprise.co.uk).

Topics covered at the meetings and on the website include:

- Achieving growth
- International and EU challenges and opportunities
- Role of enterprise to close gaps between regions, ethnic groups, etc.
- Growth related to management and leadership
- Encouraging, supporting and creating the right environment for entrepreneurship and business growth.

There are 4.5 million small to medium enterprises in the UK, employing 13 million people and collectively they contribute as much to the UK in turnover as large businesses. BERR will publish the findings of this consultation in Spring 2008.

“You're a drag” EAMA tells Chancellor

EAMA has written to the Chancellor, following his Pre-Budget statement in late October, telling him the changes in CGT, combined with the withdrawal of Industrial Buildings Allowance and increases in Corporation Tax, will create a drag on investment in manufacturing. This at a time when it should and could be picking up pace.

After two profitable years SMEs are ready to invest in new technologies to remain competitive according to the recent EAMA Investment Survey (see *PPMA News* issue 5). As it stands companies investing over £200,000/year will be worse off even allowing for the

Annual Investment Allowance (AIA). When this is combined with the new CGT regulations it will have the perverse effect of making it more attractive for investors to put their money into homes or property.

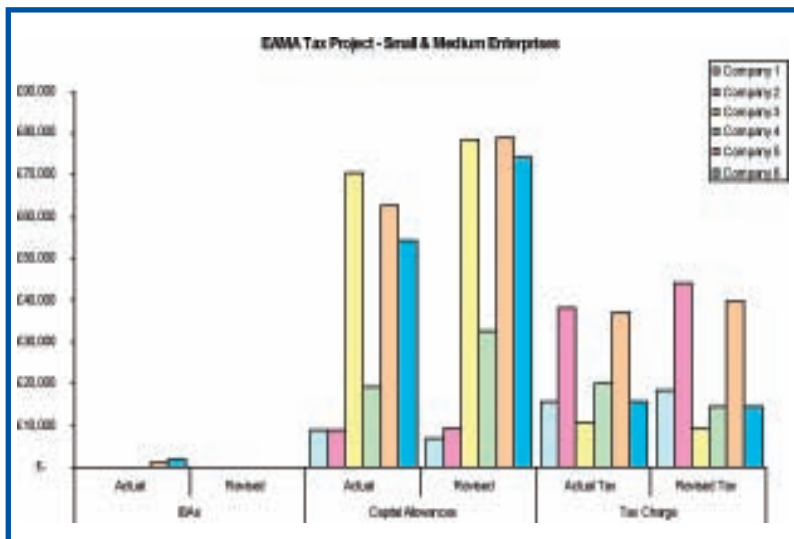
UK manufacturing's investment record already lags behind its competitors in Europe and the USA by some margin. So EAMA has suggested a number of measures to help mitigate the tax increases. These include 'automation incentives' to encourage investment in energy saving or water conserving machines. This would have the benefit of helping the Government to meet its environmental targets while also kick starting serious investment in longer term competitive technologies.

The Alliance also highlighted that current Corporation Tax (CT) rules discourage companies from setting up subsidiary or associate companies overseas, thus limiting the capability to service after-sales in these markets. The impact on export performance is potentially very serious and EAMA suggests transitional arrangements on CT payments would encourage companies to grow abroad.

EAMA commissioned an impact study on the effects on the tax charges of the 2007 budget for its members. The study, undertaken by PriceWaterhouseCoopers (PWC), revealed no overall trend for SMEs in relation to their tax liability. But larger companies could see an increase in their tax charges.

The withdrawal of IBAs (Industrial Building Allowance) increases in small companies' tax rate and the decrease in the capital allowance pool from 25% to 20% are offset to some extent by the Annual Investment Allowance (AIA), which tends to benefit SMEs with smaller capital expenditure, says PWC.

The study noted that both IBAs and the changes in tax rates are permanent losses while the changes in capital allowances are only timing differences and will ultimately result in the same position.



Current and estimated tax positions for SMEs post implementation of the 2007 Budget

Tories test associations' views on Economic Policy

EAMA was invited to two round table discussions held by the Conservative Party during October to test industry views on developing economic policy for industrial success. The discussions will feed in to the Party's policy review process. Alliance representatives made a strong case for the UK Government to encourage a longer term view on investment in new technologies based on the German model.

Currently too many UK manufacturers take a short



term approach by cost cutting, rather than investing in automation for long term competitiveness. As a result Germany is four times more automated per employee in manufacturing.

Creating sustainable jobs at all levels of competence is also a key element of any coherent industrial policy, so EAMA urged a commitment to developing skills and training at vocational as well as university level.

Baby Breather

Her Majesty's Revenue and Customs (HMRC) has announced new regulations extending parental leave periods. These will not now be implemented in April 2009 as originally planned.

While a window still exists for implementation in October 2009 it is expected the earliest they will come into effect is April 2010. This is good news for small businesses which are increasingly burdened by new employment regulations, according to a recent survey by the Federation of Small Businesses (FSB).

It reveals 70% of small companies say they are adversely affected by the loss of a skilled worker during maternity or paternity leave. A significant number (36%) are also concerned over the uncertainty about if and when the employee will return to work.

New parental leave entitlements extend maternity leave from 39 to 52 weeks as well as allowing additional paid leave to fathers.

The FSB survey also reveals that SMEs are increasingly left on their own to cope with new employment regulations, in fact 78% said they deal with the paperwork as no HR specialist is available. This has led FSB members to express concerns over increased costs and time associated with compliance and fears of the increased risk of legal action.

More details of the survey can be found on the FSB website: www.fsb.org.uk

Innovation Award winner

The PPMA Show 2008 sponsored the Innovation Award at the recent UK Packaging Awards dinner organised by Packaging News.

Winner of the award was Hereford-based Dyecor Ltd for its Thermacor thermoformable absorbent film. The product is aimed specifically at the airfreight market where IATA has laid down stringent rules regarding the transport of medicines and liquid medical products. Packages must also be slim enough to meet new Royal Mail post regulations.

IATA expect packs to meet their drop test requirements as well as absorbing the entire liquid content and conform to their layer rating. Thermacor, which comprises two heat bonded polypropylene layers and a rigid film encapsulating Dyecor's absorbent powder, meets all the association's specifications. The thermoplastic qualities of the absorbent material adheres to the rigid plastic as it passes through a thermoformer to create a shape around the custom mould of the product, says Dyecor. The PPMA congratulates the company for a truly innovative package utilising both plastics and thermoforming technologies.



Starpack Awards 2008

The PPMA Show 2008 is also supporting Starpack 2008 where machinery companies will have a chance of winning Gold, Silver or Bronze Stars in the Technical Innovation categories.

Have any of your machines or systems demonstrated significant improvements in technical performance? If so you should be entering one of the following categories:

- Environmental
- Consumer Products
- Technical Development
- Component Development

The closing date for entries is February 15 2008.

Starpack 2008 has also introduced the Starpack Summit, a strategic business conference - The Packaging Dilemma – The Consumer Challenge - that will provide real insights into consumer-led packaging dilemmas and possible solutions through the eyes of major retailers, brand owners, environmental organisations, government and consumer groups.

Speakers already lined up for the event include: Marks & Spencer, Friends of the Earth, WRAP, Dragon Brands, PI3 Design, corporate responsibility specialists Radley Yeldar and the British Brands Group.

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Intellectual Property

Look out, there's a thief about!

Paul Jackson, of Sutton Winson, takes a look at how to counteract the threats posed by theft of intellectual property

We all depend upon the "USPs" of our products for success. If these are copied and re-packaged at a considerably lower cost what impact could this have upon your business?

One of the fastest growing areas of crime is the theft of intellectual property (IP), the term used to encapsulate copyright, trademarks, patents and even trade secrets. Now recognised as a global issue, calls for consistent worldwide legal regimes with tougher enforcement and sanctions are increasingly strident but currently remain an ambition rather than a reality.

A recent analysis by Gieschen Consultancy, a specialist in this field, estimated the cost of IP theft to the US economy alone at US\$300bn a year. The UK attracted an estimate of £11bn/year.



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Leading brand names in the fashion and software businesses, as well as film and music generally, are chiefly targeted but as businesses increasingly move to outsource their manufacturing and production operations the risk of counterfeiting and piracy grows.

The estimates all point to a higher incidence in those countries with a more relaxed approach to the rule of law – Russia, China, India and Pakistan in particular. For smaller businesses this could be a very damaging development.



So what can you do about this?

As with all things insurance-related, risk management is key. Careful selection and vetting of your business partners (and customers!) is vital as is the construction (and review) of contracts. Do you understand the laws and enforcement regimes in the countries with which you are involved? Have you reviewed your patent, copyright and trademark registrations or undertaken IP searches?

If litigation is needed to pursue, or defend, an action it is often expensive. The IP insurance market is rapidly developing to meet this need and policies are now available to provide for:

- Legal expenses to defend or enforce your rights
- Damages awarded if your defence is unsuccessful
- Expert witness, enquiry and attendance expenses

Premiums vary according to the individual facts and merits of each case but are not prohibitive. Most businesses do not think twice about insuring their buildings, machinery and other assets – we recommend that the same consideration is given to your less tangible, but no less important, intellectual property.

Sutton Winson in association with the PPMA are currently offering a free insurance and risk analysis health check of PPMA members

PPMA member Supplier of the Year!

PPMA member ABB Drives & Motors has won the Supplier of the Year Award from the British Pump Manufacturers Association. The citation recognised the company's high levels of technical innovation and development, environmental awareness, customer service and growth in the pumps market.

ABB developed Intelligent Pump Control software to control all pump automation inside the drive. This covers six pump control functions: multipump control, level control, anti-jam, flow calculation, pump priority control and sleep boost. The software eliminates the need for an external PLC and reduces downtime and saves energy, claims the company.

ISPE CONFERENCE 2007

The International Society of Pharmaceutical Engineers (ISPE) annual conference held last November attracted a 'sell out' audience of 124 delegates. The theme of the conference, Operational Excellence - Leveraging the Value Experience, was split into project management and engineering technology streams. Topics covered included 'sharing design best practice' and 'how energy management and sustainability can be compatible'. The conference also incorporated a tabletop exhibition area where 46 companies and organisations, including the PPMA, were able to meet delegates during the breaks. In the evening ISPE hosted 500 guests at its traditional gala dinner where guest of honour, Edwina Currie, gave the after dinner speech. Visit: www.ispe.org/uk