

PRESS RELEASE



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Grants increase engineering investment activity

Grants affect the way companies invest. As much as 50% of mechanical engineering SME investment in areas such as R&D, training, IT and machinery would not take place without grants according to the Engineering and Machinery Alliance (EAMA) in a report on the industry's views and use of grants.

Some of the companies' biggest criticisms of the grants' regime are targeted at the complexity of the system and the consultancy business that has grown up because it is seen as so complicated.

In its May Budget report Government expressed concern "at all levels that the proliferation of business support schemes has created a complex picture making it difficult and time consuming for businesses to access relevant support."

EAMA's findings indicate where some of these problems may lie. While most firms think that applying for grants is too complex, six in ten companies say that they aren't well informed about grants and only just over a third see themselves as successful in making applications.

However, firms in the West Midlands are of a different view. Nearly two-thirds of companies there say that they are well informed, seven in ten that they are successful.

"This is well above the average scores amongst all firms applying," says EAMA chairman Graham Hayes, "and seems to indicate that the agencies in the West Midlands are more successful in their communications with SMEs on these issues."

Accounting for four in ten contacts across the country, Business Link is the agency most commonly contacted for grants, rising in the regions to eight in ten of all contacts in the East of England RDA and by company size to over seven in ten amongst micro firms (i.e. those employing ten or less).

Just over two-fifths of companies applying for grants use a consultant. However, only 13% thought the money well spent. A third of all applicants and half of all well informed firms disagree.

This may be because while over a third of consultants take four per cent or less, approaching another third charge 20-29% of the grant for their services (typically £5k on a £25k grant).

Business Link and Manufacturing Advisory Service both enjoy a positive reputation, well ahead of
(more)

other agencies including UKTI, RDAs and the EU. However, even in their case a fifth of respondents rate them negatively, indicating as with the other agencies that delivery across the country is erratic.

Six in ten firms had applied for a grant in the last ten years, with a third applying on average every two or three years. A majority of firms (53%) had applied in 2005. However, four in ten firms in the East of England had last tried for a grant five or more years ago, and half the firms in the South East hadn't made an application for three or more.

The report has some good news for the government and its attempts to promote innovation. Overall, R&D attracts the largest number of applications, followed by training, exporting and investment in machinery, with some variation in preferences according to the size of the company involved.

Micro firms sought marketing support including exporting first (50%), followed by R&D (25%). Nearly four in ten small firms focused R&D and training followed by investment in machinery, while the top choice for medium sized companies (employing 50-249) was training (24%), with close to a fifth applying under each of the R&D, exporting and IT investment categories.

Few firms think that they are in a good region for grants (17%). Many think they are not (38%) and 45% don't know. There were sufficient replies to compare the standing of six of England's nine regions on this measure. None were rated positively overall. Even companies that are successful in applying tend to think that their region isn't good for grants or don't know.

Opinion generally is equally divided (27% agree/disagree) about whether grants offered in other regions threaten 'my' competitiveness, with micro and medium sized companies generally less concerned about it than small firms. However, firms actually applying for grants think that they do (36% vs. 27%).

The full report "Grants – Perception and Use of the UK Regime" can be downloaded from the EAMA website under publications at www.eama.info

The survey fieldwork took place in November/December 2005. Over 90% of the replies came from SME firms. A quarter of the firms were based in London and the South East.

Note to editors

1. Companies in seven of EAMA's now eight member associations took part : British Automation and Robot Association (BARA), British Paper Machinery Suppliers Association (BPMSA), British Turned Part Manufacturers Association (BTMA), Gauge and Toolmakers Association (GTMA), Manufacturing Technologies Association (MTA), Printing, Papermaking and Converting Suppliers Association (PICON), Processing and Packaging Machinery Association (PPMA). British Plastics Federation (BPF) were not members at the time.
2. Graham Hayes (photo available on request) was elected EAMA chairman in 2004. He is chairman of Bradman Lake the British packaging machinery manufacturers.