



THE VOICE FOR BUSINESS DEBATE

COUNT US IN

More than 70 people representing many sectors of the North East economy took part in a BQ Live debate to get the views of business onto our region's economic agenda via One North East, the Minister for the North East and Westminster.

Rapporteur Caroline Theobald of The Bridge Club said the parties to whom findings were being addressed had indicated they would welcome seeing suggestions from the event held at Ramside Hall Hotel, Durham.

Previously, BQ had a focus group of 14 business leaders from the region consider the key question: **"What are the big priorities for the North East business community, to ensure we sustain the momentum generated over the last decade?"**

They made five points:

- Businesses must be in the driving seat of the regional agenda.
- The region needs focused and uncomplicated strategies delivered by clear leadership.
- We have to look at collective ways of working; there has to be a new paradigm.
- When the public sector is cut, where will the new working partnerships be?
- And how do we guarantee young people a future and instil in them a work ethic?

The 14 then nominated David Bowles and Brian Manning from within the group to take their views on. Bowles and Manning led the subsequent BQ Live debate, with Theobald chairing. The lively and stimulating discussion summarised below has led to the recommendations listed on page 44.

Our place in strategy

David Bowles (Northern Defence Industries and Entrust): "There's going to be an election next year. Hopefully, regulation on business will be freer, whoever's returned to power - that's critical. The business community, the wealth creators, must also be at the heart of change.

"They invest in businesses and ideas, provide capital and equipment and create jobs for people who, like the wealth creators, also pay taxes funding public programmes and the

public bodies that run these programmes. "It seems to me that gives us a right to be at the table and part of the debate going forward - discussing with the public sector in early stages of deliberations on what strategy should be, how plans should be defined and implemented and what they will mean. "We have the highest level of public sector employment in the UK. That's going to influence our future enormously. Our wealth creators will create and invest more money if they're confident they're working in an

environment of genuine partnership and collaboration."

Andy Hatton (Global Anodes): "Where does the Government get money to finance local government? From taxes. The public sector once a year finds money magically on its doorstep. They go out and spend it; isn't it fantastic? On the other side, you have many businesses desperately struggling to fill that bucket."

Bowles: "Our region's a compact economic entity. The way forward is to find ways of building a strategy enabling us all to sit at the same table with an equal vote.

"Often the wider community, including the business sector, gets invited to participate only late on - it might be argued once the tick is in the box. That validates the policy. I think those days have gone, regardless of ideology. We all have the same interests at heart for the North East.

Stewart Watkins (managing director, County Durham Development Company):

"CDDC can match the speed of business when necessary and provide a service we believe business deserves. I agree there's a divide between the public and private sectors. The new unitary authority in County Durham is about to launch a new economic strategy. "New unitary authorities are being pushed, by the Audit Commission particularly, to engage with the private sector. We don't get profits like business. We get rated.

"With four stars we're the best thing since sliced bread. Once stars slip you find your spending freedoms become very restricted. So staying onside with the Audit Commission is important, and therefore staying onside with the private sector is important.

"So look out for opportunities to engage with us. The new Durham County Council is very concerned that business gets the right kind of service from the public sector. Next year's budgets will be slashed. We're not talking about 2% here and 2% there. We're talking about 10% coming out in lumps.

"So we're concerned about how we're going to focus our resources to ensure we maintain our services."

He went on to describe events currently being held to encourage business.

Bowles: "It would seem sensible to engage

with business when an authority's policies are being formulated, rather than inviting discussion afterwards. Ultimately, business is going to help in the delivery. If budgets are going to be cut by 10% councils might find businesses, companies, organisations and individuals who could help ameliorate the worst effects."

Ross Smith (head of policy, North East Chamber of Commerce): "We've never had a door as open as now for talking to local authorities. We're making progress. It needs to happen quicker."

Reforming procurement

Brian Manning (Esh Group): "Construction's having a dire time. Smaller firms in the region have to compete with national firms in procurement, which often becomes a beauty competition - with national firms thought the more beautiful. Yet a Durham University study shows our company alone contributes more than £400m to the wealth of the region.

"The North East campaign to buy local is good. Though we don't advocate protectionism, we want to see local companies given a chance alongside national businesses."

Watkins: "A strong wind of change is blowing through corporate procurement at the county council. The view now is that we should look for it at every opportunity. There are EU and other rules and regulations, but we are looking at how to engage with business. Durham County Council is about to spend

£500m of government money on replacing practically every school in the county. We're anxious to cascade that money down to the local economy as much as possible. We're also looking at ways to give business opportunities.

Marion Scooler (MFS Consultancy): "The world and his wife go for every contract now. Big guys pitch in to pick up the work often at less than cost. Even relatively low value contracts go to companies based outside the region.

"Perhaps in a credit crunch they're going for contracts they wouldn't normally go for. I'm not suggesting positive discrimination necessarily, but it is public sector money and if there's much of a muchness there could be a bit of favouritism, or a genuine effort to buy local."



Manning: "All we can ask for is a level playing field in procurement. It tends now to go for packages. Whereas a business could probably apply individual skills, schools for example tend to be made one massive contract with one company building 20 schools on a multi-million pound contract that not only involves building them, but also running them, cleaning them and managing them on a PFI contract.

"I'm not sure about PFI. I wonder whether they could be the next banking sector."

Rhiannon Bearne (Voluntary Organisations Network North East): "Time and again we come up against aggregated contracts. We would like to partner private sector providers."

Manning: "Something shouldn't be done just because an Audit Commission wants boxes ticked and the body concerned wants to keep its stars. It should be because it's good for the region."

Watkins: "The Audit Commission is urging, not forcing. There's genuine desire on the part of our new authority to engage with the private sector, not just by ticking boxes, but genuinely to get things done."

Manning: "New unitary authorities will be reeling from cuts that must be made. They're up against it: can they actually save the money? I think there's an opportunity through more outsourcing if only they grasp it."

Ross Smith: "I think in procurement you can save and also get innovation in by spending

more and getting more services delivered by the private sector and, sometimes, by the voluntary sector."

New partnerships in bidding

Bowles: "Canada First is a new Canadian policy looking to ensure Canadian businesses don't lose the benefit of government procurement even if it goes outside the country. They've put in place regulations so that if companies in this country, for example, win an order to build an oil rig or something, a Canadian company must be engaged as part of it.

"There's no reason why we couldn't have similar programmes in the North East when pitching for certain contracts. That's not protectionist; it's encouraging people to work with us in partnership. We need also to develop thinking and working together as companies. It has happened for some time in defence, but not much in many other sectors."

The need to export

Andy Hatton (Global Anodes, recently voted the region's best new exporting business of the year, 98% of its business being overseas): "Recovery has to be business led. Money comes into the economy from people making it. We need to generate wealth and businesses through overseas markets.

Adam Parker (Real Wire online public relations): "We aren't going to get by simply by more local procurement. It's going to be also by more exports - not only abroad but also to the rest of the UK. But the North East is very bad at communicating sometimes fantastic stories to the rest of the world."

Richard Exley (North East Equity Investors): "We have to think exports, think globally. Our job is to invest in North East businesses, particularly those with global intent. Happily, many of our local companies do fulfil that ambition."

Stan Abbott (Gravity Consulting): "One North East and UK Trade and Investment recently came up with a scheme to identify entrepreneurial exporters in the region and support them to go to new markets grant-aided, with no pre-match funding required. Credit where it's due!">>

Helping the young into work

Manning: "We've tried in our company to reach young people and raise their aspirations. A lot of organisations directly involved, such as the Learning and Skills Council, are looking at young people between 14 and 19. That's too late. We should try to reach junior schools."

David Howell (North East Business and Innovation Centre): "We've been at the coal face setting up innovative companies in the North East. We realised we weren't going to get everyone wanting to start companies in their early 20s, but others would be needed to help those who did. The danger arises if we don't keep the kettle boiling."

Manning: "There's loads of money available to bring on young people, but organisations seem to have to spend half their time bidding and producing performance indicators, and only half the time doing the work. I'd like fewer organisations and less time spent bidding for so many government initiatives."

Bowles: "A pal who runs a programme on Team Valley tells me he's got 72 young people into apprenticeships in one month, which is fantastic. Governments, regardless of their political ideology, lose sight of the enthusiasm young people have for creating their future. It's time people engaged in employing influenced governments to encourage young people to get their work skills. The Government wants to put - how many, 50%? - of school-leavers into university. We can't supply the loans needed and when they come out they haven't a job. Perhaps we could return old values when people got higher national diplomas and higher national certificates and later went on to get degrees."

Louise Wilkinson (Derwentside Enterprise): We recognised early on that business has to be at the table for the education agenda. We ask: 'What skills do you want for your workforce in future?' Let's deliver that within education."

Manning: "Organisations in the past have had to twist businesses' arms to get involved. All concerned should sit at the same table. working out the best way for engagement. Then businesses will feel more a part of it."

Parker: "If we are to encourage young people's new ideas, communication has to come into it all." ■

Alastair MacColl, chief executive of Business & Enterprise North East, says of the BQ Live debate findings:



"The BQ Live event has been a welcome opportunity for businesses in the region to discuss their challenges together, and help shape the business landscape in the region.

"The recommendations resulting from it are extremely useful in helping us to improve our services further - specifically the Business Link service. The 70 businesses and other bodies represented recognise that, as the region begins to prepare for the upturn, support must be available to give our businesses the best possible chance of securing new contracts.

Compete North East, our newly introduced Business Link service, is a good example of how we are responding. Dedicated to helping businesses become 'tender-ready', it's an appropriate addition to the BE-NE portfolio; one that will soon be helping many businesses.

The recommendations also suggest the Regional International Trade service, delivered on behalf of UKTI, will be an increasingly important resource as firms look to export as a means of growing their business and entering new and lucrative markets.

Crucially, the highlighted need for private and public sectors to work together is something we, at BE-NE, recognise. It is why we see real value in supporting the BQ Live events. They give us an insight into the challenges facing businesses, allowing us to further develop support packages to effectively resolve them."

What North East business wants:

- **Business must be at the top table of decision makers administering the region's economic agenda**
- **The region needs focused and uncomplicated strategies delivered by clear leadership**
- **The public and private sectors need to work more closely in the region**
- **Smaller companies should be given a level playing field in corporate procurement**
- **All other things being equal, Buy Local should be the aim**
- **Businesses should try to export more**
- **Businesses need to consider linking with competitors and overseas partners in bidding for major contracts**
- **Business needs to communicate its achievements and its goods, services and facilities better – both at home and abroad**
- **Giving young people business awareness should begin in junior schools**
- **Administration of training for young people should be slimmed down and resources saved diverted to actual learning**
- **Businesses need to be more involved in the training of young people for work**
- **Take pressure off student loans and university places by encouraging more school leavers to take up a career, then do relevant university studies later**

Government approved!

BQ Live has won the support of Nick Brown, Minister for the North East. He says: "I welcome BQ magazine's efforts to get to the heart of business in the North East. This event is a great example of business leaders coming together and establishing methods to support our regional economy."