



Nottinghamshire Economic Insight Issue 33: October 2012 Business news

International:

Two-thirds of the world's biggest defence companies do not provide enough evidence about how they fight corruption, according to pressure group Transparency International. It looked at firms from the 10 largest arms exporting nations including the UK, US, Russia, Germany, France and China. The 129 firms it studied are worth more than \$10tn (£6tn) and are responsible for over 90% of global arms sales. It said corruption in the industry puts "international security at risk".

Caroline Wyatt, BBC News Business (4.10.12), [Defence firms 'not open about anti-corruption measures'](#), BBC © 2012

The International Air Transport Association (Iata) raised its profits forecast for global airlines in 2012 by a third to \$4.1bn (£2.5bn), due to efficiencies and consolidation. This was still well below the \$8.4bn in profits airlines made the previous year. However the body said profits remained "on a knife-edge" as margins remained low. A stronger global economy, higher passenger numbers and lower fuel costs would help drive profits back up to \$7.5bn in the following year, Iata predicted.

BBC News Business (1.10.12), [Global airline profit forecast raised by Iata](#), BBC © 2012

Global shipping service company Fedex cut its full-year profit forecast, warning that the global economy is continuing to weaken. The company, whose earnings are widely watched because of the number of countries it does business in, said its net income for the first quarter had fallen 1% on the previous year to \$459m. Fedex said it expected annual profits to be about 10% lower than expected. Customers are moving business from air to slower and less expensive routes.

BBC News Business (18.9.12), [Fedex cuts profit forecast on weakening world economy](#), BBC © 2012

Japanese electronics maker Panasonic suspended some of its operations in China after anti-Japan protesters attacked two of its factories. The firm said its factory in Qingdao would remain shut until 18 September. According to media reports, Canon also suspended operations at three of its Chinese factories. The attacks are a part of wider protests that have spread across China and hurt other firms, including car manufacturer Toyota. They started after Japan said it had agreed a deal to buy a chain of disputed islands in the East China Sea from their private Japanese owner. China has maintained its sovereignty over the islands which are also claimed by Taiwan.

BBC News Business (17.9.12), [China protests: Panasonic suspends some operations](#), BBC © 2012

Chinese telecom firms Huawei and ZTE denied US charges that some of their equipment has been installed with codes to help spying. They have been accused of using these codes to relay sensitive information back to China. (See 'employment issues' page for item on Huawei).

BBC News Business (14.9.12), [Huawei and ZTE deny US spying charges at hearing](#), BBC © 2012

Europe:

Germany's business climate deteriorated for the fifth consecutive month in September, according to the influential Ifo Institute. Its monthly index based on a survey of 7,000 companies, fell to 101.4 last month, from 102.3 in August. It was the index's lowest reading since February 2010.

BBC News Business (24.9.12), [German business climate declines for fifth month](#), BBC © 2012

German company Adidas slashed sales targets for its struggling Reebok brand by a third. The loss of a contract in the US and fraud uncovered in India meant Reebok's sales by 2015 would reach about 2bn euros (£1.6bn), not 3bn euros as hoped. Adidas, number two behind Nike in the fiercely competitive sportswear market, bought Reebok in 2005 for \$3.8bn (£2.3bn; 3bn euros). However, Adidas said that group-wide sales were still projected to reach 17bn euros by 2015 as already forecast.

BBC News Business (21.9.12), [Adidas cuts Reebok sales target by a third](#), BBC © 2012

Games company Electronic Arts is creating 300 new jobs at its European customer service centre in Galway, in the Republic of Ireland. The centre already has a 400-strong workforce. The US firm said it had received support from the Irish government, which is keen to attract more digital games firms to the country.

BBC News Business (18.9.12), [Electronic Arts creates 300 jobs in Galway](#), BBC © 2012

A think tank made a controversial case for freezing fishing in Europe, saying most fish stocks would return to sustainable levels within five years. The London-based New Economics Foundation (Nef) argued in its report that the suspension would generate billions of pounds in profits by 2023. Private investment would compensate fishermen and maintain boats. A senior UK fishing industry representative said stocks were already improving and the idea made no sense.

BBC News Europe (14.9.12), [Call to freeze fishing in Europe to replenish stocks](#), BBC © 2012

National:

Barclays Bank has agreed to buy ING Direct UK, taking on its £10.9bn deposits and £5.6bn mortgage book. The deal will involve the transfer of 750 ING Direct staff and 1.5 million customers to Barclays. Dutch banking group ING announced it would exit UK retail banking in August, as it seeks funds to repay a bailout from the Dutch government in 2008. Barclays said it would eventually integrate the ING customers into its existing UK retail business.

BBC News Business (9.10.12), [Barclays to acquire ING Direct UK](#), BBC © 2012

Businesses' trust in banks and other financial institutions is falling, according to a survey from the British Chambers of Commerce (BCC). Half of the 1,560 businesses questioned said they mistrust banks and building societies, while 38% said they trust them less than a year previously. Banks and building societies remain the main source of finance for firms.

Meanwhile, a separate survey by accountants BDO revealed businesses' hiring intentions fell to a 28-month low in September. However, BDO also said that business optimism showed a rebound in October, "continuing the zigzag pattern of ups and downs in confidence of the last four years".

BBC News Business (8.10.12), [Businesses 'lack trust' in banks](#), BBC © 2012

Prices for first and second class stamps rose earlier in 2012, but some people on benefits will be eligible for 36 stamps at the former prices of 46p and 36p from 6 November. Leaflets outlining who is eligible for cut-price stamps this winter are being sent out to UK households; the offer is open to those who receive Pension Credit, Employment and Support Allowance or Incapacity Benefit. The current price of stamps is 60p for first-class and 50p for second-class.

BBC News Business (8.10.12), [Lower price stamps offer for benefit claimants outlined](#), BBC © 2012

Extending the National Insurance Contributions (NICs) holiday to all micro-firms across the UK would create 45,000 jobs and £1.3 billion in GDP over a two year period from September 2013, according to research from the Federation of Small Businesses (FSB). However, only 27,000 jobs would be created if this scheme were extended to all businesses within the current scheme's limited area, adding almost £700 million to GDP. The current NICs scheme, which the Government gave £800 million to fund, gives new businesses outside the south east, east of England and London a break in paying National Insurance for up to 10 new staff they take on. Only 15,000 firms of the projected 200,000 have used the current holiday scheme, in place since June 2010. (See further item below of 11 September 2012).

Federation of Small Businesses (7.10.12), [FSB says 45,000 new jobs would be created by extending the NICs holiday](#), © Federation of Small Businesses

UK Trade & Investment and Barclays have joined forces to help Britain's small businesses grow by offering export advice. The partnership will help deliver a co-ordinated approach to help businesses trade abroad – from securing their first international customer to setting up an overseas operation. A new report from Barclays said businesses generate an average growth of 30% after exporting for just two years. Barclays' research came a week after UK Trade & Investment was awarded £13 million to help thousands more UK firms export. The department offers discounts and subsidised initiatives to kick start businesses into new international markets.

Department for Business, Innovation and Skills (BIS) (5.10.12), [More help for small businesses looking to export](#), © Crown copyright

During a series of meetings with Members of the European Parliament, European Commission officials and businesses, business minister Michael Fallon said he will start building an alliance to put simpler, smarter regulation firmly on the agenda. He called on the European Commission to commit to a new programme to reduce the burden of regulation on business from January 2013.

Department for Business, Innovation and Skills (BIS) (5.10.12), ['Europe must join red tape blitz': Fallon](#), © Crown copyright

This is a consultation on a proposal setting out eligibility and design for a scheme to compensate key electricity-intensive business to help offset the indirect cost of the Carbon Price Floor and the EU Emissions Trading System, subject to state aid guidelines. The deadline for the consultation is 21 December 2012.

Department for Business, Innovation and Skills (5.10.12), [Energy intensive industries compensation scheme](#), © Crown copyright

Electric cars might pollute much more than petrol or diesel-powered cars, according to research by the Norwegian University of Science and Technology. The study found greenhouse gas emissions rose dramatically if coal was used to produce the electricity. Electric car factories also emitted more toxic waste than conventional car factories, their report in the Journal of Industrial Energy said. However, in some cases electric cars still made sense, the researchers said.

BBC News Business (5.10.12), [Electric cars 'pose environmental threat'](#), BBC © 2012

The new 62 number plate cars sold unexpectedly well in September, according to the Society of Motor Manufacturers and Traders (SMMT). There were 359,612 cars registered in September, which was the first month of the new plate. That was 8.2% up on the same month the previous year and 26,000 more cars than the SMMT had been expecting. September is the second busiest month for car sales, coming behind March, when 372,835 cars were sold.

BBC News Business (4.10.12), [New car sales beat expectations, SMMT says](#), BBC © 2012

Halfords said that its sales of bicycles and accessories were boosted by British successes in the Tour de France and Olympic cycling. Like-for-like cycling sales, which exclude new stores, rose 14.7% in the three months to 28 September. Overall like-for-like sales were up 5.6% in the quarter, following a 5.6% fall in sales the previous quarter.

BBC News Business (4.10.12), [Olympics and Tour de France boost Halfords bike sales](#), BBC © 2012

Low-cost airline Easyjet expected to report higher-than-expected profits after it had seen strong demand for flights from London after the Olympic Games. Easyjet expected to report profits of £310m-£320m for the year to 30 September, compared with an earlier prediction of £280m-£300m. It also said disruption at airports during the Olympics had been low.

BBC News Business (3.10.12), [Easyjet lifts profit forecast after post-Olympics boost](#), BBC © 2012

The UK's biggest supermarket chain, Tesco, reported its first fall in profits since 1994. Pre-tax profit for the six months to 25 August came in at £1.7bn, down 11.6% from the same period the previous year. The fall in profits was largely due to spending on the retailer's £1bn investment programme to improve its store in the UK, which was announced by chief executive Philip Clarke in April 2012. Also on Wednesday 3 October, Sainsbury's reported 1.9% growth in three-month sales.

BBC News Business (3.10.12), [Tesco reports fall in half-year profits](#), BBC © 2012

The decision to award the UK's multi-billion-pound West Coast Main Line rail franchise to FirstGroup has been scrapped by the Government. Transport Secretary Patrick McLoughlin said it was "deeply regrettable" that mistakes had been made by staff within the Department for Transport. Two reviews have been ordered into what happened, and the process will be re-run. The estimated cost of the mistakes will be £40m, he said.

BBC News UK (3.10.12), [West Coast Main Line deal scrapped after contract flaws discovered](#), BBC © 2012

Sports Direct bought all the remaining stock from JJB and is now shipping it to the 20 shops it has bought. Those shops are likely to continue trading until the stock has been sold before they close to be rebranded as Sports Direct. The 133 stores which were not included in the sale have all been closed with the loss of about 2,200 jobs. (See also 'employment issues' pages).

Anthony Reuben, BBC News Business (2.10.12), [Sold JJB Sports stores inundated with shoppers](#), BBC © 2012

Businesses will still be able to get support for small scale renewable technologies under the Government's Renewables Obligation (RO), Energy and Climate Change Minister Greg Barker confirmed. Following feedback from industry in recent months, DECC decided to keep the option of both Feed In Tariffs and the Renewables Obligation open for those investing in projects between 50kW and 5MW in size.

Department of Energy & Climate Change (DECC) (2.10.12), [Greg Barker confirms way forward for small scale renewable electricity under government scheme](#), © Crown copyright

Primark is to begin selling CDs in a selection of its UK stores. Universal Music Group confirmed to the BBC it had reached a deal with the high street fashion retailer to sell music by artists signed to its label. Primark said the venture, initially a trial, would complement its current business, as "fashion and music have always been synonymous". The firm, owned by Associated British Foods, has 242 stores in the UK.

BBC News Business (1.10.12), [Primark to sell music CDs in some UK stores](#), BBC © 2012

The market for car insurance has been referred to the Competition Commission for investigation on the basis that it is not working well for motorists. The Office of Fair Trading (OFT) made the referral because it was worried the structure of the market was making costs and premiums unnecessarily high. It found that insurers of "at-fault" drivers had no control over the amount spent on repairs or replacement vehicles by "not-at-fault" drivers. The Commission has two years to report.

BBC News Business (28.9.12), [Car insurance market referred to Competition Commission](#), BBC © 2012

A report into the Libor rate-rigging scandal said the system is broken and suggested its complete overhaul, including criminal prosecutions for those who try to manipulate it. Its author, regulator Martin Wheatley, managing director of the Financial Services Authority, told the BBC that bankers guilty of fixing Libor in future could be jailed. "Society has lost confidence in banks... and we need to restore that." Libor is used as a benchmark for millions of transactions and determines some loan and mortgage rates.

BBC News Business (28.9.12), [Libor interest rate riggers 'should face prosecution'](#), BBC © 2012

Two G4S directors resigned after the company announced the findings of a review into its Olympic Games contract. Chief executive Nick Buckles, the public face of the company, however, kept his job. The company was paid a £57m fee to supply Olympics security staff, but had to rely on the army for back-up after failing to fill the posts. The previous week, MPs on the Home Affairs Select Committee called for the company to hand back the fee.

BBC News Business (28.9.12), [G4S Olympic contract review prompts two resignations](#), BBC © 2012

A scheme that will see post left with a neighbour if no-one is at home was given the green light by the regulator Ofcom following a trial. Royal Mail will now extend the initiative to millions of homes around the country. It said customers welcome the convenience. However, Ofcom has said it will keep an eye on whether the scheme works as planned. Homeowners and neighbours will be included in the scheme unless they register to opt out.

BBC News Business (27.9.12), [Royal Mail next-door delivery scheme given the go-ahead](#), BBC © 2012

Model maker Hornby said it will not make a profit for the current year, due to disappointing sales of London 2012 merchandise and supply problems. Lower-than-expected sales of Olympics products meant retailers cancelled repeat orders, it said. It also expected substantial disruption to production at a major supplier in China. With consumer spending still depressed, the firm only expected to break even in the 2012-13 financial year. It made profits of £4.5m the previous year.

BBC News Business (25.9.12), [Hornby in profits warning as Olympics sales disappoint](#), BBC © 2012

Apple was named the coolest brand in the UK. It beat Aston Martin, which has taken the top spot in six of the previous seven annual CoolBrands surveys. Online and technology brands performed well, with YouTube pushing Aston Martin into third place. Twitter came fourth, followed by Google and the BBC's iPlayer. The results are decided by responses from 3,000 consumers and a panel of 39 experts.

BBC News Business (24.9.12), [Apple voted coolest brand in UK](#), BBC © 2012

More than a third of all public sector spending should be thrown open to competition from private companies, social enterprises and charities, according to a report by the Confederation of British Industry (CBI), which it claimed would save billions of pounds a year. The CBI said its research suggested public services worth £278bn would benefit from being opened to competition, saving the Government £22.6bn a year. Total public spending this year by central government and local authorities is projected to be £676.6bn and the employers' body argued that any cuts would help balance the budget by the end of 2016-17. Among the areas the CBI suggested could be opened up most rapidly are management of social housing, school meals and prison management. Dave Prentis, general secretary of the trade union Unison, accused the CBI of plucking figures from the air.

Juliette Jowit, theguardian (24.9.12), [CBI says public sector spending should be open to private firms](#), © 2012 Guardian News and Media Limited or its affiliated companies

Business confidence in Scotland is on the slide, and expectations are much weaker than earlier in 2012, according to a by Lloyds TSB Scotland. It found more than a third of firms surveyed in June to August had seen revenue falling - fewer than said revenue had been rising. The positive outlook reported in previous quarters seemed to have gone.

BBC News Scotland Business (24.9.12), [Scottish economy 'still sluggish' says Lloyds TSB report](#), BBC © 2012

The production of cars was suspended for a week at Vauxhall's plants in Ellesmere Port and Luton. The company said sales of new cars in Europe had fallen in the past 11 months and it was halting production to prevent a build-up of stock. It said closing the plants for five days in a row was more energy efficient than closing for odd days. Staff at both plants were to be paid as normal with hours banked for future use in market upturns.

BBC News Business (24.9.12), [Vauxhall halts production at Ellesmere Port and Luton for week](#), BBC © 2012

The Government is to put £1bn into setting up a bank designed to increase the amount of lending to businesses, Vince Cable announced. The business secretary told the Liberal Democrat conference this will help many small and medium-sized companies who have struggled for credit since the financial crisis. He promised to fight short-termism and "get behind" good firms. The bank will operate via existing lenders, and start within 18 months. It is hoped the money will be matched by private sector investment. The details of where the state funding will come from and the bank's operation will not be made public until the autumn statement on 5 December, Lib Dem officials said.

Justin Parkinson, BBC News Politics (24.9.12), [Lib Dem conference: Cable promises £1bn 'business bank'](#), BBC © 2012

In the first report of its kind, the Federation of Small Businesses (FSB) underlined just how important small firms are to strengthening the economy, tackling unemployment, and taking on people who are shut out of the labour market. Launched at the Liberal Democrat conference, the report, 'Back to work: the role of small businesses in employment and enterprise', showed that each year small and medium sized businesses take on around 1.3 million unemployed and disadvantaged people. In contrast, large firms with more than 250 employees hire less than 130,000 on average.

The report found groups such as long term sick, disabled and students, among others, are more likely to be employed by a small business. In fact, 95% of this group that find work in the private sector will work for or start up a small or medium sized business. Almost nine in 10 (88%) unemployed people that are actively looking for work will find a job in, or start up, a small business

Federation of Small Businesses (23.9.12), [Groundbreaking report suggests small firms are vital for the UK's jobs market](#), © Federation of Small Businesses

In a report by HMRC on its handling of EU funds for manufacturing development in the UK, the number of tax returns claiming R&D tax credits rose year on year by 8.4% to 10,290 in 2010-11. This represented just under £1.1 billion of tax relief support, based on £10.9 billion on R&D expenditure. SME claims rose in number by 9.6%; large company claims by 5.5%; and SME sub-contractor claims by 6.6%. All manufacturers are eligible to claim a refund of effort expended in the last two years and ongoing until 2020...

Derbyshire and Nottinghamshire Chamber of Commerce (DNCC) (23.9.12), [UK manufacturing benefits from £1.1 billion in 2010-11](#), © 2012 Derbyshire and Nottinghamshire Chamber of Commerce

Town centres will need to market themselves as convenient hubs for picking up products ordered online if they are to thrive into the next decade, according to a report from research group Experian. It said retailers will have to cope with more people shopping online and, at the same time, they must cater for an ageing population. It called for them to focus on face-to-face service and opportunities for socialising and leisure activities. In order to thrive, town centres will need to offer the kind of facilities valued by older people, such as health services, and safe and accessible shopping areas, it said.

BBC News Business (22.9.12), [Town centres 'must adapt to online shopping'](#), BBC © 2012

Local government minister Don Foster encouraged the public to 'Buy British' and recognise the importance of home-grown produce. Mr Foster hailed the growth of the nation's farmers' markets in recent years but said more can be done to support both high streets and the agricultural economy.

Department for Communities and Local Government (CLG) (22.9.12), [Minister in 'Buy British' call](#), © Crown copyright

Charities are increasingly relying on the older generation for donations as young people's generosity wanes, research for the Charities Aid Foundation (CAF) suggested. It said the gap between donations by over 60s and under 30s had widened in the past 30 years, with more than a half of donations now from the older generation, up from about a third 30 years ago. The CAF called for changes to ensure young people thought more about giving. Young people should be encouraged to take work experience and volunteer for charities, including becoming trustees, the foundation said.

BBC News Business (21.9.12), [Charities 'rely on the over 60s' for donations](#), BBC © 2012

Troubled music, films and games retailer HMV reported a further sharp fall in sales, citing the lack of new releases over the summer. Same-store sales at its HMV Retail business fell by 11.6% in the 20 weeks to 15 September, the firm said. Sales of portable technological devices grew strongly, but its core business of music, DVD and games saw "significant market value declines". However, HMV said strong releases ahead of Christmas should help trade.

BBC News Business (21.9.12), [HMV sales continue to fall sharply](#), BBC © 2012

This consultation seeks views on the UK's implementation of the Late Payment Directive. The Directive covers all debts incurred in commercial transactions. It applies to businesses and public authorities, whether the transactions are within the UK or effected across EU borders. The closing date for responses is 19 October 2012.

Department for Business, Innovations and Skills (19.9.12), [Consultation on implementing Directive 2011/7/EU on combating late payment in commercial transactions](#), © Crown copyright

A "huge increase" in the value of digital book sales in the UK was announced by trade organisation the Publishers Association. The value of digital fiction sales in the first half of 2012 was up 188% on the same period in 2011. Physical book sales saw a drop in value, dipping 0.4% year on year.

BBC News Technology (18.9.12), [Digital fiction book sales soar, Publishers Association says](#), BBC © 2012

Sports fashion retailer JD Sports announced a sharp fall in profits due to losses at its newly-acquired Blacks Leisure chain and the cost of moving warehouses. Pre-tax profits for the six months to 28 July were £2.88m, down from £20.1m a year earlier. However, revenue was up 26% at £556m. The retailer had already warned that Blacks would knock profits this year.

BBC News Business (18.9.12), [JD Sports profits knocked by Blacks Leisure](#), BBC © 2012

Department store Debenhams reported a rise in sales despite what it called "extremely challenging market conditions". Like-for-like sales, which strip out the impact of new stores, rose by 3.3% in the six months to 1 September. The company said it expected full-year pre-tax profits to be ahead of the previous year.

BBC News Business (18.9.12), [Debenhams sales rise as profits 'set to grow'](#), BBC © 2012

Banks need to "look again" at financial inclusion after new bankrupts saw the end to a choice of bank accounts, the new consumer minister, Jo Swinson, said. She said the government would continue discussions with the banks. Following the Co-op's withdrawal of basic bank accounts for undischarged bankrupts, Barclays is the only bank to offer a bank account to people in the 12 months after a bankruptcy order. (See item below).

BBC News Business (18.9.12), [Bank account exclusion 'rethink' needed, says minister](#), BBC © 2012

This links to information on the market segments for small and medium sized enterprises, based on attitudes and behaviours towards fraud and internet crime.

Home Office (17.7.12), [National SME fraud segmentation 2012](#), © Crown copyright

People recovering from bankruptcy will no longer have a choice over where they can access a bank account as Co-op withdrew from the market. Only the Co-op and Barclays offered accounts to those who are undischarged bankrupts - generally the 12 months after a bankruptcy order is made. The Co-op said existing customers in this situation would not be affected. (See item above).

BBC News Business (17.9.12), [Co-op stops offering bank accounts to bankrupts](#), BBC © 2012

France's finance minister said the planned merger of defence giants BAE and EADS needed close scrutiny raising fears of delays through political wrangling. The tie-up raised "a lot of questions" over "strategic interests" and "industrial effects," Pierre Moscovici said. Concerns included employment and the governance of the merged company, according to Mr Moscovici. The merger would create the world's largest aerospace and defence firm. (See further item of 12 September below).

BBC News Business (17.9.12), [EADS and BAE deal needs 'thorough examination'](#), BBC © 2012

The 250-year old toy chain Hamleys has been taken over by a French toy retailer for a reported £60m. The chain, whose flagship store on London's Regent Street calls itself the biggest toy shop in the world, has a total of eight outlets in the UK and Ireland and stores around the world. The buyer, Groupe Ludendo, has 300 toy stores in France, Spain, Belgium and Switzerland.

BBC News Business (17.9.12), [Hamleys toy chain sold to French firm Groupe Ludendo](#), BBC © 2012

The Treasury's most senior civil servant told MPs that the Government should have been quicker to nationalise Northern Rock following its collapse. Sir Nicholas Macpherson was answering questions from the Public Accounts Committee. It is investigating claims that the taxpayers will end up losing £2bn from the collapse and rescue of the bank. Customers queued to pull out their money in September 2007, but the bank was not nationalised until February.

BBC News Business (17.9.12), [Treasury 'slow' nationalising Northern Rock](#), BBC © 2012

HSBC is to allow customers to use the Post Office counter network for basic transactions following criticism by the government. Most UK banks, except for HSBC and Santander, allow customers to make withdrawals and deposits at post offices. HSBC said that it was changing its policy owing to customer demand.

BBC News Business (17.9.12), [HSBC to allow Post Office access for customers](#), BBC © 2012

Money lender Wonga announced a sharp jump in profits, thanks to strong demand for credit during the downturn. Net profit more than trebled to £45.8m in 2011, from £12.4m in 2010. Revenue grew at a similar rate, to £185m.

BBC News Business (17.9.12), [Wonga profits triple on strong loan demand](#), BBC © 2012

Challenging domestic conditions, access to finance and weak consumer demand are taking their toll on the optimism of small firms according to the Federation of Small Businesses (FSB). The FSB's 'Voice of Small Business' Index showed small firms' confidence levels tumbled 5.8 points to -4.5 in the third quarter – the fourth lowest score since the start of 2010. While disappointing, it is 20 points higher than in Q4 2011 when the economy fell sharply back into recession, pointing to an economy flat-lining rather than going into reverse. Across the UK, 10 in 12 regions saw a decline in confidence – only London and the East Midlands saw an increase. However, small firms continue to show their resilience, with half of the 2,600 respondents wanting to grow in the coming 12 months. These growth intentions continue to be threatened by an increase in the number of businesses being refused finance. In the quarter, 21.6% of respondents had applied for finance – down one percentage point on Q2. However, the number of refusals increased from 40.6% in Q2 to 42.4% in Q3. More than 60% of firms also think that finance is unaffordable – this has increased each quarter in 2012.

Federation of Small Businesses (FSB) (17.9.12), [Growth and finance remain elusive for small firms](#), © Federation of Small Businesses

The Think, Act, Report framework sets out the principles that business, unions, voluntary sector and other partners have agreed to encourage a new voluntary approach to gender equality reporting available to all private and voluntary sector organisations, but particularly those with 150 or more employees.

Home Office (14.9.12), [Think, Act, Report framework](#), © Crown copyright

Pubs chain JD Wetherspoon said the summer's Queen's Diamond Jubilee and the Euro 2012 football championships helped profits for the year to 29 July. Profit before tax and exceptional items rose by 8.4% to £72m, while sales in outlets open for more than a year were up by 3.2%. The chain, which has 800 outlets, said sales had risen even faster since then thanks to the Olympics. However, it said it was unlikely to be able to keep up this pace of growth.

BBC News Business (14.9.12), [Wetherspoon annual profits boosted by one-off events](#), BBC © 2012

RBS announced it would sell its Direct Line insurance business and turn it into a separate public company. Early estimates suggested the company, the biggest in the country, could be worth £3bn. RBS, which is majority-owned by the taxpayer, was ordered to sell the insurance business by European Union regulators, as a condition of RBS receiving £45bn in state aid following the 2008 financial crisis.

BBC News Business (14.9.12), [RBS confirms it will sell off Direct Line Insurance](#), BBC © 2012

Telecoms giant BT will raise some phone and broadband prices by up to 5.9% from 5 January 2013, following price increases by rivals. The price rises will include standard line rental, call plans, standard broadband and calls to other landlines but prices of landline calls to mobiles will remain unchanged, it said. Other providers such as Sky, Virgin and TalkTalk increased prices in the previous six months.

BBC News Business (13.9.12), [BT to increase phone and broadband prices in January](#), BBC © 2012

The Campaign for Real Ale (Camra) said there are now 1,000 breweries in the UK - the highest figure for 70 years. Camra said 158 new breweries had opened in the past year alone, the highest number ever recorded by the lobby group's annual Good Beer Guide. The organisation said the growth rate had quickened over the past 10 years and that the number had doubled in that time, with one brewery for every 50 pubs. The increase has come against a backdrop of continuing pub closures. Almost 10,000 pubs have closed in the past decade.

BBC News Business (13.9.12), [Breweries in UK at a 70-year high, says Camra](#), BBC © 2012

UK defence contractor BAE Systems said that it is in talks with European aerospace firm EADS over a possible merger. "Both companies would operate as one group by means of equalisation and other agreements but would be separately listed on their existing exchanges," BAE said in a statement. In a potential tie-up, BAE would own 40% and EADS 60% of the new firm. BAE and EADS said that a merger "offers the prospect of significant benefits for customers and shareholders of both companies". EADS, which is a consortium of aerospace and defence manufacturers from France, Germany and Spain, owns the plane-maker Airbus. (See further item of 17 September above).

BBC News Business (12.7.12), [BAE Systems and EADS in talks over merger](#), © BBC © 2012

Supermarket Morrisons came under further pressure after industry figures revealed that it was losing ground to its bigger rivals Asda and Sainsbury's. Britain's fourth biggest grocer's market share dropped to 11.5% in the 12 weeks to 2 September, from 11.7% the previous year, following the slowest growth of the "big four" chains, according to Kantar Worldpanel.

this is Nottingham (12.9.12), [Morrisons loses market share](#), © 2012 Northcliffe Media Limited

B&Q's owner, Kingfisher, said the summer's heavy rainfall cut its profits in the UK and northern Europe by £30m. It said the record wet weather across the region had a significant impact on customer numbers, leaving sales of seasonal products such as barbecues down by 7%. It said this meant it had to make higher than usual cuts in prices to shift summer goods. Profits for the six months to the end of July were down by 16% at £371m. Its UK and Ireland business was worst hit by the bad weather.

BBC News Business (12.9.12), [B&Q owner Kingfisher says record rain cut profits](#), BBC © 2012

The boss of social network Facebook spoke for the first time of the drop in his company's market value. Mark Zuckerberg called the drop in his firm's value "disappointing". The value of its shares is almost half the \$38 debut price in May. However, he vowed that Facebook will make more money on phones than on desktops.

BBC News Business (11.9.12), [Facebook: Mark Zuckerberg admits stock 'disappointing'](#), BBC © 2012

Findings from the Federation of Small Businesses (FSB) showed that almost nine in 10 (88%) unemployed people that find jobs in the private sector either start up or work for an SME. Data tracked since the onset of the recession in 2008 showed that 88% found work in a small business: a quarter (24%) worked in a micro businesses, 27% with a small firm and 17% started their own business. As a result, the FSB called for the Government to urgently review its current National Insurance Contributions holiday to allow more small firms to take on staff. The organisation believes that by allowing more small businesses to take advantage of the scheme, more jobs could be created. Crucially, these could be full time jobs at a time when many people are taking on part-time work. It also said that the New Enterprise Allowance needs to be available from day one of a person claiming Jobseekers Allowance, and should be in line with the national minimum wage. This would help to encourage more people to start a business and if the funding was available for a full year, mean the business had more chance of survival. (See item above of 7 October 2012).

Federation of Small Businesses (FSB) (11.9.12), [Small firms vital to tackling unemployment](#), © Federation of Small Businesses

This is a report on a series of surveys among small and medium-sized (SME) employer enterprises across the UK. The survey assessed how well or badly small businesses are performing, their needs, concerns and barriers to growth.

Department for Business, Innovation and Skills (BIS) (10.9.12), [SME business barometer: June 2012](#), © Crown copyright

Regional:

Six MPs called for a review of a contract which snubbed Derby trainmaker Bombardier. In 2011, the £1.4bn deal for carriages for London's Thameslink project was awarded to German firm Siemens. This prompted fears for the future of the 3,000-strong Bombardier workforce and even the factory's existence. Now, with the rethink over the West Coast mainline franchise, the MPs demanded the Department of Transport's (DfT) decision be looked at again.

BBC News Derby (4.10.12), [Bombardier contract review demanded by MPs](#), BBC © 2012

The number of company insolvencies has stabilised, with figures similar to the previous year, according to business information group Experian. Its Business Insolvency Index showed that in August, 1,723 companies – 0.09% of the business population – failed. This was the same rate as in July 2012 and a number similar to August 2011, when 1,563 companies failed. However, in the East Midlands, 97 companies failed in August, up nearly 20%.

this is Nottingham (24.9.12), [Insolvency numbers stabilise](#), © 2012 Northcliffe Media Limited

Commenting on Business Secretary Vince Cable's announcement about the creation of a state-backed British Business Bank, John Dowson, Head of Policy and Representation at the Derbyshire and Nottinghamshire Chamber of Commerce (DNCC), said: "The proposal to create a dedicated Business Bank is a welcome move to help small and medium sized businesses that are struggling to get access to the funds that they need to grow. Around 16% of local firms are currently seeking the finance and a new business bank, with a clean balance sheet, would be better placed to support viable companies which are seeking growth finance ..."

Derbyshire and Nottinghamshire Chamber of Commerce (DNCC) (24.9.12), [British Business Bank could help local firms grow](#), © 2012 Derbyshire and Nottinghamshire Chamber of Commerce

The East Midlands remains an optimistic region for job prospects, according to the global recruitment specialists Manpower. It said the attitude of its employers has been positive over the past four years and the region retains its reputation as a stalwart performer in the UK. The Manpower Employment Outlook Survey is based on responses from 2,100 UK employers.

this is Nottingham (11.9.12), [Jobs optimism in East Midlands](#), © 2012 Northcliffe Media Limited

Flybe, Europe's largest regional airline started operating its fully expanded schedule from East Midlands Airport on Monday 10 September, with two much-needed popular routes serving Edinburgh and Glasgow returning following bmi baby's withdrawal of the services in June. With added frequencies conveniently timed to allow business travellers the opportunity of day return travel and the added ability to take advantage of well-timed onward connections to the Highlands and Islands from Edinburgh with Flybe's franchise partner, Loganair, early bookings exceeded expectations.

Derbyshire and Nottinghamshire Chamber of Commerce (DNCC) (11.9.12), [New routes from EMA to Scotland](#), © 2012 Derbyshire and Nottinghamshire Chamber of Commerce

Local:

The team behind Mansfield's Business Improvement District (BID) believe they have made 'positive steps' to regenerate the town. The BID has now provided examples to show they are delivering on their 2009 manifesto, following complaints from some local retailers.

James Savage, Chad.co.uk (4.10.12), [Plenty of positives for town's BID team](#), © 2012 Johnston Publishing Ltd

Alliance Boots acquired a 12% stake in Chinese pharmaceutical company, Nanjing Pharmaceutical Company Limited. The company, listed on the Shanghai Stock Exchange, is the fifth largest pharmaceutical wholesaler in China with sales of around £2 billion last year. The £56m deal makes Alliance Boots the second largest shareholder.

this is Nottingham (17.9.12), [Alliance Boots' £56m deal for stake in Chinese drugs firm](#), © 2012 Northcliffe Media Limited