

## MASTER CUTLER'S BUSINESS SPEECH AT THE CUTLERS' FEAST ON THURSDAY 13 MAY 2010

Lord Lieutenant, High Sherriff, Lord Mayor, My Lords, Ladies and Gentlemen

As some of you will know, Bill Spiers, our Senior Warden, should have been here tonight to deliver this most important of speeches on behalf of the Company. Very sadly for us all and especially for Bill, he has been in hospital for the last few days with pneumonia and thus at very short notice, I am combining what Bill would have said in his speech with my own thoughts on the business and financial situation as far as it concerns this region of Hallamshire.

I am sure all our thoughts, at this time, are with Bill and Pat, his wife, for a speedy recovery to good health.

Now Bill is an engineer, an accountant and also an academic involved in difficult business turnaround situations, which by any stretch of the imagination, is a CV all of us might aspire to. Those of you, who know Bill well, will know that he is a direct, 'say it how it is' and no nonsense character all vital qualities needed in today's tough business world. It will, therefore, come as no surprise to you all that Bill, if he had been here, would have delivered a fairly hard hitting speech criticising the last Government and the financial system for getting the country and manufacturing in particular into the, and I use his own words, "shambolic economic situation we now find ourselves in".

The key issues now facing the country are the massive debt created from profligate Government spending over the last ten years and the dilemma faced by businessmen everyday – how do you grow the economy whilst at the same time cutting public spending dramatically. When I spoke at this Feast last year, we were just beginning to feel the early consequences of the collapse in market confidence and the blood bath, which was hemorrhaging the banking and financial system. Since then, the last Government **has** managed to stabilise the system but only by printing money, about which we heard rather a lot of from last year's Principal Guest.

Whilst parts of the world economy have picked up, many countries still have underlying debt issues and we are again at the mercies of the speculators, who quite frankly, started this whole problem off in the first place.

Other issues, which Bill has great concerns about and which affect manufacturing businesses in Hallamshire in particular, are liquidity, employment costs, including the pension black hole and central Government and EU red tape.

On liquidity, it is now up to the Banks to support businesses in the first instance with the help of Government and the various business support agencies and finance providers across the region. I said more than enough last year on the responsibility of the banks to support business and some progress does seem to have been made, especially with the state-owned banks, who do seem to be really trying and have put aside specific funds for manufacturing companies.

The Company met last year with Vince Cable, the new Business Secretary, who listened to our views on the importance of ensuring credit lines continued to flow to manufacturers, and he seemed to be sympathetic to our views. Listening to his words yesterday about the difficulties of slowing down demand in the UK, whilst at the same time increasing exports of products we make, sounded very much as if he does understand the importance of manufacturing in balancing the economy.

Whilst we now have a new Government in place, however stable the politicians say it is, it is still unclear how they will support business, both at a national and more importantly, at a local level. As some of you know, I am a great believer in the regional economy being mainly driven and supported at as local a level as possible.

I would, therefore, urge the new Government to consider very carefully how it wants to support business in the regions and not to take too much power and money back to the centre unless they can clearly prove it can be done better from Whitehall.

On employment costs, a real review of taxation is necessary. The last Government tinkered so regularly with the tax systems without any cohesion and strategy that vast parts of the system are now out of date, are too complicated and do not incentivise the right people or the right companies. Classic examples of the muddled thinking are the difference we now have between capital and income taxes, which in the short space of three years have been completely reversed and the up and up nature of national insurance costs, which in a period of high unemployment is just another tax on jobs.

The new Government has promised to simplify the tax system which is encouraging and I was pleased to hear yesterday that the proposed increase in the employers' national insurance contributions is likely to be scrapped. On the assumption that one of the ways out of the debt crisis is to grow the economy, investment in manufacturing will be an important part of that plan. Improved tax breaks on investment would be an easy fix and value will be created by just having the asset and increasing production capacity.

To do this quickly and successfully, confidence needs to be injected into the manufacturing sector and this can only be done by the Government encouraging investment in plant and equipment.

The Senior Warden's third message to Government on red tape is one which business in general has been shouting about for many years. Many attempts have been made in the past to reduce this cost and nuisance burden, but with little real success.

The new Government has already said it will tackle the country's debt mainly by dramatically reducing public expenditure. An additional £6 billion has supposedly been identified as red tape savings in central Government and according to the Conservative Manifesto, a policy of 'one in one out' for new regulations will be enforced. This area has broken many a Minister and may do so again. In my experience 'turkey's do not vote for Christmas'.

Overall, the manufacturing sector will be looking to the new Government to demonstrate a real change of culture and attitude towards manufacturing, recognising that it is as important as financial services and perhaps listening to this Company as much as it listens to the Lord Mayor of London on financial services issues.

As a further demonstration of commitment to the sector of how important we are, I repeat my call yesterday in the press, for a Minister for Manufacturing, who understands manufacturing and can firmly fight our corner at the Treasury and within the Business Department for funding and export assistance. Perhaps the new Deputy Prime Minister, with his Sheffield connections and understanding of manufacturing, may also help to get our message heard so that some of the changes we are asking for will start to happen before it is too late.

As far as things Hallamshire are concerned, I am pleased to report that, during my year so far, it has fared relatively well and in certain areas has moved forward and optimism in a number of manufacturing sectors has increased.

The development of a nuclear research centre and Rolls Royce factory at Waverley and the package of support for Sheffield Forgemasters International to buy the world's largest press has put this region firmly at the centre of the country's nuclear industry alongside its already unquestionable reputation for research and manufacturing and engineering of all things metal.

Hallamshire is, however, also about the smaller companies and the supply chain they have created both in the UK and most importantly, overseas. With Sheffield's name behind them and a low pound, many of these companies have survived the last two years by exporting their technology and innovation. It is now vital that they hang onto this advantage, safeguard their intellectual property and become the engine of growth for the economy. Encouraged by Yorkshire Forward, there is now a lot of sensible coordination and cooperation between the many business organisations, funders, technical and educational support services in both the public and private sectors across Yorkshire. I am pleased to say that this is very evident in South Yorkshire with Members, Freeman and Friends of **this** Company taking leading roles.

I am also very excited about the discussions currently going on to further strengthen the manufacturing sector by extending the existing South Yorkshire Manufacturing Forum into a larger South Yorkshire Alliance by creating a true public /private partnership to promote and support manufacturing in this region.

My final message on behalf of Bill and myself this evening is a challenge to both the private sector and most importantly the public sector, represented by Yorkshire Forward, Government Office, Local Authorities and their business support agencies. This region had, until recently, Objective 1 status, which has been good in bringing investment and funding into the region, which at that time, was much needed. Unfortunately, this status created a perception to the outside world that this was a poor region, with employment difficulties, lost skills and a disjointed political leadership relying on grants to survive. Now that we have lost this status to much poorer areas in the Europe, we need to exploit this change to attract a different kind of investment into the region.

I believe that, in the future, when the hard decisions are being made by our new Government, Europe and the private sector on where money is spent, priority will be given to those regions, like ours, which can make the money go further, make it work more efficiently and grow quicker.

This region, with its new found optimism and public/private sector cooperation and common goals, can be one of those which can benefit from this changing world but it needs to change its image from one of reliance on handouts to one of growth, success and prosperity.

That's the challenge to many of us here tonight, both Freeman and guests.

**With that challenge in mind, I would now like to ask you all to be upstanding and drink a toast to HALLAMSHIRE AND THE FUTURE**