Banking on manufacturing, seriously

The headline sponsor for MACH is Lloyds Bank, and Richard Holden, Head of Manufacturing for SME Banking, outlined the bank's sector-related activity on lending/support at the January 21 MACH event. Following its support at the 2012 edition of the exhibition, in September 2012 the bank committed itself to a £1 billion manufacturing loan target for the next 12 months: "Which we achieved in 9 months, lending £1.3 billion in 12," he explains, adding: "We have extended this commitment into 2014."

This initial 12 month, £1.3 billion effort was underpinned by the government's Funding for Lending scheme (which sees a 1% interest rate discount) and helped 2,500 manufacturing companies. One of those was subcontractor KMF, which used the money to invest in new machinery to support its aerospace work.

Another organisation helped was MIRA – the Midlands-based automotive research and development organisation that won an £11 million funding package, used to support the development of facilities at its new landmark Technology Park and assist in the acquisition of new specialist rig equipment.

Offering some background, Mr Holden explains that, over many years, the bank had supported property-related lending and that it needed to rebalance its lending book in favour of trading businesses, of which part was the manufacturing sector.

In subsequently researching manufacturing, the bank spoke to trade bodies, including the MTA, and manufacturers and was told that "in no uncertain terms, none of the banks was supporting manufacturing very well". Banks "didn't understand their supply chains they operate, their investment cycles or the key success factors within manufacturing companies; that there was a need for better access to trade and asset finance".

And with this revealed, Mr Holden says: "The bank took that on board and threw it back to the likes of MTA, EEF and WMG, and asked them to help us with a training programme for our managers.

"And over the last 2½ years, we have actually got 130 of our managers trained through the accreditation programme with the WMG at the University of Warwick. We are the only bank to put our managers through such an in-depth training programme, whereby they have to, after a 5-day residential training course, do an assignment that is marked by the university, which they have to pass to be accredited as a manufacturing manager at Lloyds Bank."

This, he underlines, is so the bank can be "trusted advisors within manufacturing". But that doesn't mean that it has all the solutions, he adds, admitting that it hasn't. "But working with our customers, we can signpost our customers to get the right guidance and advice."

So this was what lay behind the launch of what Mr Holden terms the bank's "new manufacturing proposition", its initial MACH 2012 presence, the September 2012 lending commitment and its continuing support of MACH and the manufacturing sector.

This support includes £25 million via its Regional Growth Fund commitment, specifically to "develop their [manufacturers'] asset base and secure jobs", plus £6.3 billion committed to Funding for Lending and the provision of a quarter of all enterprise finance guarantee scheme lending in the UK. And Lloyds Bank's lending to SMEs has grown, increasing 5% year on year in a market seeing 3% annual contraction, Mr Holden underlines: "We are bucking the trend."

Fundamentally, manufacturing credit policy gets a 'green light', meaning the group has "a strong appetite towards supporting manufacturing businesses."

Lloyds Banking Group is also supporting industry training efforts, funding the Lloyds Advanced Manufacturing Training Centre at the Manufacturing Technology Centre to the tune of £1 million per year for five years, with the aim of developing 1,000 apprentices and trainees during the initial partnership. All apprentices and trainees will become Lloyds Manufacturing Scholars. Building of the centre will begin this year, with it opening its doors in 2015.