

Press Release

2 August 2010

For immediate release

NFB welcomes Chancellor's call for banks to increase lending to businesses

The National Federation of Builders (NFB) today welcomed the Chancellor's call for banks to increase lending to small and medium sized (SME) businesses following the announcement of several banks' improved interim results.

Julia Evans, Chief Executive of the NFB commented: "Yes, the Chancellor is correct – banks should place a greater importance on the value to the economy of small and medium sized businesses and increase lending to viable businesses. Likewise, when the Chancellor is reviewing spending, he should evaluate construction's contribution to the UK economy, making note of the 6.6% increase in construction growth in Q2 and how that boosted the UK's growth overall. The NFB hopes the Chancellor will ensure that any cuts are targeted at the projects that offer the least value and not simply look at the sticker price."

Bank lending to construction fell in Q1 and rose in Q2 2010. This mirrored the industry's move back into, and then out of, a double dip recession making clear the link between bank lending and the state of the construction industry.

Julia Evans added: "Unfortunately, the SME experience with available finance options, such as the Enterprise Finance Guarantee scheme is not encouraging. We hope that the six binding principles for SME lending introduced during the Budget and the nudging from government spur the lenders. Banks need to be mindful that they do not jeopardise the long term relationships with SME businesses for the sake of short term gains."

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For further information please contact Sameena Thompson, External Affairs Director, on 01293 586719 or email: sameena.thompson@builders.org.uk

Notes:

1. The NFB is one of the UK's longest established trade federations for small to medium-sized (SME) builders, contractors and house builders across England and Wales. It was created 150 years ago to represent the building profession and to help create the conditions for its members to thrive and contribute to the economic success of the UK. Its members range from the sole trader to large, multi-million pound construction companies, with turnover ranging from below £500k to £100m plus. The NFB provides advice, training and business solutions to ensure members stay up to date.

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2. The NFB campaigns on the issues that impact the construction industry such as procurement, utilities, sustainability and funding. It represents the industry at government and industry forums and is an active media commentator and policy influencer.