

# Small Business Manifesto

**Prosperity and fairness for all**

10 recommendations to ensure Britain remains one of the best places in the world to start and grow a business.

Produced and delivered by the Small Business Taskforce.

# 1

## Accurate statistics

### Issue

Most polls, when looking into business attitudes and measurements of small business look at companies with ten or more employees. According to the Government's own figures, this is ignoring 96 per cent of the business population that accounts for 19% of UK turnover and 32 per cent of employment.

### Recommendation

Small Business Taskforce to create an SME Data consortium of companies sourcing valuable and real time statistics on the SME market including those firms with less than 10 employees – from sources including Xero, Experian and Amazon, plus data that can be sourced via Open Banking, and connect this group's work with Office for National Statistics (ONS) to ensure an up to date and real picture of the small business economy at work.

### Responsibility

Small Business Taskforce

# 2

## Definition of self-employment

### Issue

There is confusion around what does and does not constitute self-employment, and in view of recent cases concerning the gig economy, it's more important than ever to ensure that working for yourself is viewed as a positive, valuable way of working.

### Recommendation

All efforts must be put into resolving the problem of the classification of work. The Government response to the Taylor review and the resulting consultations must be broadened to include tax in all its aspects. We have the opportunity for an informed national debate on how work should be taxed and national insurance in particular, including its purpose and rates.

More impetus also needs to be put behind differentiating between quasi-employees and the truly self-employed to encourage growth in the latter.

### Responsibility

IPSE

The Taylor Review raised the issue of work quality. This has led to a growing interest in measuring "good work" – but good self-employment is not necessarily the same as good employment.

The Small Business Task Force should work together to define and measure what constitutes good self-employment.

# 3

## Procurement

### Issue

The conservative party manifesto confirmed a commitment to spend £1 in every £3 with small businesses by 2022. Yet small businesses still find the bidding process time intensive and repetitive.

### Recommendation

Create a single sign-on so small businesses create a profile once and can trade with government via this one profile, as opposed to having to complete identical information multiple times. Government contracts portal, Contractsfinder, to expand to include contracts from government's large suppliers on same platform.

Focus on ensuring that suppliers, both in direct contracts but especially in supply chains, must be paid promptly for work done.

### Responsibility

SME Crown Representative

Onerous bidding requirements prevent small businesses and groups of self-employed from bidding for government contracts.

The government should remove onerous bidding requirements – such as asking for large liability insurance and large capitalisation requirements - to enable consortia of self-employed professionals to bid for government contracts.

# 4

## EIS Tax relief

### Issue

Companies are having to delay much needed fund-raising in waiting for a response from HMRC on registering to be eligible for EIS Relief. The primary cause of delays has been the additional complexity and ambiguity introduced into the schemes by rule changes included in the 2015 and 2016 Finance Acts, most of which were intended to secure EU state aid approval. Before these changes, HMRC response times were generally good.

### Recommendation

One of the opportunities arising from the UK's departure from the European Union will be to rationalise rules relating to granting of EIS relief to small firms. In the meantime, HMRC must be given the resources it needs to process applications more quickly. There is also scope to reduce the uncertainty and complexity within the current EU state aid framework if HMRC were to adopt a more pragmatic approach to its interpretation of the existing legislation. Small Business Taskforce to request a meeting with HMRC to discuss.

### Responsibility

EIS Association

# 5

## Childcare support

| Issue   | Recommendation  | Responsibility           |
|---|---|--------------------------|
| At the moment, it is possible to get 30 free childcare hours per week from the term after a child turns three. But as a founder, leaving your business for three years isn't an option. | Consideration should be given to how it might be used on a scaling basis for younger children which would be particularly helpful for parents running small businesses. | Small Business Taskforce |
| Parental rights for the self-employed place the entire burden of childcare on mothers, as there is no option for mothers to share leave with their partners.                            | Shared Parental Leave rights should also be extended to the self-employed.  |                          |

# 6

## Prompt Payment

| Issue   | Recommendation  | Responsibility   |
|---|---|--|
| Solving the late payment problem would unlock £67 billion in the UK, with 77% of SMEs suffering due to slow payments, and 3 days being lost every month in time spent chasing invoices. | <p>Small Business Commissioner website to offer a single gateway for small businesses to flag payment concerns; routing the business in one of four directions, to Mystery Shopper for issues with government payments, to the Commissioner for payments from large corporates, to the Prompt Payment Code for companies that are Code signatories, and listing financing solutions to support businesses in generating and maintaining cashflow.</p> <p>The Small Business Commissioner should be given enforcement powers to issue fines and compel companies to attend mediation services.</p> | Small Business Commissioner and Institute of Credit Management |

# 7

## High street

### Issue

Small businesses find it expensive and difficult to set up shop on the High Street due to long tenancy agreements and high rents and rates

### Recommendation

Consider a model tenancy agreement for private landlords, to mirror success of residential agreement introduced by David Cameron in 2014, and to enable small businesses to test trade on the High Street.

More also needs to be done to simplify Business Rate Relief, to ensure that small business' productivity is not affected by the amount of admin associated with obtaining this relief.

### Responsibility

Position to Grimsey High Street Review and with DCLG

# 8

## Business support

### Issue

European funds for business support will disappear post UK exit from the EU. There is a timely opportunity to review how more support can be offered, at reduced cost, by harnessing technology and data such as Open Banking

### Recommendation

Small business taskforce to create a group looking at how support can be delivered post EU funding; offering higher quality at lower cost, in partnership with Growth Hubs and to offer small businesses a standard level of support plus plugging in support to spaces and places in which small businesses are present such as their High Street bank/local library/ on social media platforms and trading marketplaces.

It would also be helpful if there were a 'backbone' through Growth Hubs and the network of International Trade Advisers around the country to ensure continuity and standardisation of advice and support.

### Responsibility

Small Business Taskforce

# 9

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## Space

### Issue

Working for yourself can lead to loneliness and social isolation without an effective support network.

### Recommendation

Businesses thrive when people can come together, share experiences and network to make future contacts. The government should relax business rates relief for co-working hubs but only in targeted areas, where business start-ups are low. This will help microbusinesses to start up, collaborate and flourish.

### Responsibility

Small Business Taskforce

# 10

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## The next generation

### Issue

To ensure enterprise remains a credible choice for young people

### Recommendation

Offer better exposure to small business and entrepreneurship during school and further/higher education. The Careers and Enterprise Company offers a credible framework for this.

### Responsibility

Small Business Taskforce to work with the Careers and Enterprise Company to communicate the opportunity for small business owners to go in to schools and share their enterprise story and experiences.

## Produced by the Small Business Taskforce

The Taskforce is made up of 11 organisations that collectively represent over 2 million small businesses. Together we are working to ensure the UK is the best place to start and grow a business.

