



HM Government

Government's commitment to making it easier for small businesses to grow

# Small Business: **GREAT** Ambition

**"Help to raise finance gave my business a stylish head start"**

Emma Watkinson,  
Founder and CEO, SilkFred.com

Emma got Government support to raise £180,000 investment through crowdfunding to expand SilkFred, her online platform for budding fashion entrepreneurs

 **BUSINESS IS GREAT**  
BRITAIN





Small business:

# GREAT AMBITION

The UK is a great place to start a business -  
500,000 new businesses  
were created last year

We want to make it easier for small businesses to SCALE-UP



So that ambitious small businesses can fulfil their  
growth potential we will make it easier to...



Finance  
GROWTH



Hire  
PEOPLE



Develop  
NEW IDEAS

Expand  
into new  
MARKETS



And because time is precious  
to a growing business we will:

Make it easier to get  
THE RIGHT SUPPORT



CUT red-tape so it is  
easier to get on with  
doing business



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- **Small Business: GREAT Ambition** sits alongside our Industrial Strategy. The Industrial Strategy sets out our long-term approach to promoting growth, creating jobs, boosting skills and making the UK more competitive. **Small Business: GREAT Ambition** is our commitment to making sure that small businesses are well equipped to take advantage of these opportunities.
- This document addresses the UK economy as a whole and all statistics are UK wide, unless stated otherwise. However, many of the issues covered are devolved and therefore the content is specific to England; with the exception of access to finance, which is predominantly dealt with at a UK level.
- Initiatives are in place to support businesses across the UK and there is a common interest in promoting small business growth across national and local economies. We expect this document to be of interest to the devolved administrations.
- Where used, the term 'Government' refers to the UK Government and is not speaking on behalf of the Scottish Parliament, the National Assembly for Wales and the Northern Ireland Executive.
- More information about what the devolved administrations do to support small businesses can be found at:

[www.nibusinessinfo.co.uk](http://www.nibusinessinfo.co.uk)

[www.business.wales.gov.uk](http://www.business.wales.gov.uk)

[www.business.scotland.gov.uk](http://www.business.scotland.gov.uk)

# Foreword



The UK is a great place to start a business - almost 500,000 new businesses were created last year. Small businesses make a huge contribution to the UK economy and account for around half of UK jobs. They showed great resilience through the recession, and are increasingly confident.

Most small businesses say they aim to increase in size and around one fifth of small firms tell us they have big ambitions and are determined to grow. We want to make it easier for these ambitious businesses to fulfil their potential so that businesses that start-up in the UK can scale-up. The Department for Business, Innovation and Skills will be the champion of aspirational small businesses.

We are already investing £5bn in infrastructure over the course of this Parliament and £4.6bn annually in science and technology, creating the most competitive tax regime in the G20 and devolving more funding to local areas to ensure balanced growth across the UK. This will generate opportunities for new and growing businesses.

However the nature of small businesses means that they face particular issues and barriers which threaten to stunt their growth. Ambitious business owners have told us that Government could and should do more to tackle this. We will support them across Whitehall in that goal.

Last month we launched the Business is GREAT campaign to celebrate small business and bring support and advice together in one place. Now, **Small Business: GREAT Ambition** is our commitment to making it easier for small businesses to grow. It sets out what we have already done and what more we will do and it builds on the work of Lord Young, the Prime Minister's advisor on enterprise. Small businesses tell us they need help at critical points in their growth and so we will make it easier to:

- Finance business growth
- Hire people
- Develop new ideas
- Break into new markets

Businesses also tell us they want support along the way. There is support available but it can be too hard to find and work out what would be most useful. Small businesses simply don't have time to do this. So we will make it easier to get the **right support at the right time**.

And because time is precious to a growing business, we will continue cutting red tape and making regulation simpler and less burdensome, so that it is easier to **get on with doing business**.

In the same way that small businesses are dynamic, so too are the changing issues they face. We need to be more alert and responsive to these emerging issues. The Department for Business, Innovation and Skills will challenge the whole of Government to deliver our commitments and make it easier for small businesses to grow. In a year's time, we will report back on what impact this has had.

**Matthew Hancock**  
Minister of State for Skills  
and Enterprise



# Introduction

## The UK is a great place to start a business

**Entrepreneurial spirit in the UK is thriving.** Even through the recession, the number of self-employed people and small businesses has grown. Last year, almost half a million new businesses were created.<sup>1</sup>

The UK now has the second highest rate of early-stage entrepreneurial activity in the G7.<sup>2</sup> New businesses are being nurtured in homes, local communities, within existing businesses and in the business incubation centres that are spreading across the country. Entrepreneurs here report that the culture in the UK is one of the most supportive in the world.<sup>3</sup>

Starting out in business is an exciting and daunting prospect for the thousands of people in the UK who do it every year. We have supported these budding entrepreneurs by removing unnecessary barriers and making it easier for those with ambition to succeed. In the last two years, we have made it simpler to register a business, easier to secure funding and easier to find a place to set up shop.

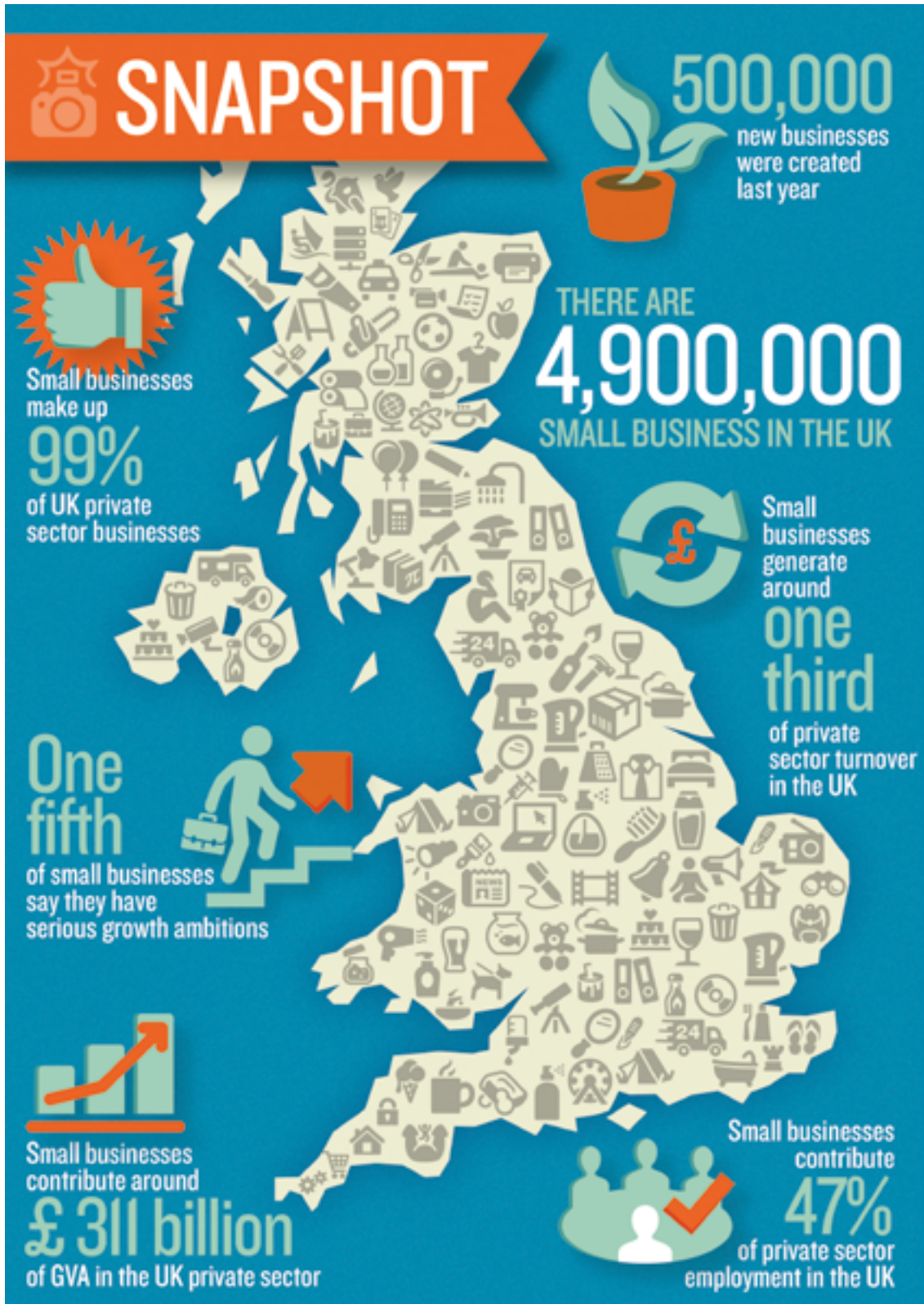
### SPOTLIGHT: Supporting UK start-ups

- Last year we introduced **Start Up Loans** to provide finance and mentoring to young entrepreneurs. So far, more than £45m of loans have been lent to 10,000 entrepreneurs. We have pledged a further £160m to this scheme and extended it to people of all ages.
- The **New Enterprise Allowance** offers expert business mentoring and financial support to the unemployed and has been behind more than 26,000 ventures since it was introduced in 2011. Around 2,000 start-ups are being supported by the scheme every month.
- We've made it **quicker and easier to register a business for tax**. A start-up can also now register as a limited company online in less than a day and doesn't need any capital requirements.
- We've **made planning rules more flexible**, made it easier to convert high-street properties for multiple uses and reduced or removed business rates for thousands of small businesses and start-ups and we will extend the doubling of relief for a further 12 months to April 2015.
- In 24 new **Enterprise Zones**, start-ups looking for a place to set up shop can benefit from more relaxed planning rules, 100% business rates relief over five years, super-fast broadband, sector clusters where businesses can be located near their supply chain, and major investment in infrastructure. More than three quarters of the businesses that have so far located in Enterprise Zones are small businesses.

1 BankSearch data, supplied to Department for Business, Innovation and Skills

2 GEM Consortium (2013) "Global Entrepreneurship Monitor 2012 Global Report"

3 Ernst and Young (2013) "The EY G20 Entrepreneurship Barometer 2013"



Sources: Department for Business, Innovation and Skills (2013) "Business Population Estimates for the UK and Regions 2013", TBR and Qa Research (2012) "Business Growth Ambitions amongst SMEs"

However, entrepreneurs and small businesses have told us that some of their greatest challenges arise when they try to grow and that Government could and should do more to support them. We are committed to addressing this; we want to make it easier for businesses that start-up in the UK to scale-up in the UK.

#### **Small businesses with GREAT ambition**

Around one fifth of small businesses<sup>4</sup> say they want to grow significantly and are determined to do so.<sup>5</sup> We must make it easier for these go-getting businesses to realise their potential by removing barriers in their way and creating a more supportive environment.

We have already made steps in the right direction, but we will go further.

We have listened to ambitious entrepreneurs and small businesses about the particular issues that stunt their growth. They have told us there are things we can do more of, less of, and differently and that across Government we need to be more supportive of and less burdensome to business. When Government provides direct support, it needs to be simpler, more joined-up and easier to access.

Small businesses have told us that they need help at critical points in their growth journey. **Small Business: GREAT Ambition** is our response to that feedback. It says how we will:

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### **MAKE IT EASIER** for growing businesses to:

- **Finance business growth** by creating the right banking and investment environment and the most supportive tax regime in the world
  - **Hire people** by making employment processes more straightforward and promoting a more skilled workforce
  - **Develop new ideas and products** by helping businesses get access to the expertise, equipment and funding they need to turn great ideas into reality
  - **Break into new markets** by removing barriers to certain sectors and providing advice and support for businesses trying to export
  - **Get the right support at the right time** by making sure business-support schemes are easier to find and more joined up
  - **Get on with doing business** by making sure regulation and the way it is enforced is proportionate and pro-growth
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<sup>4</sup> Generally defined as being a business with zero to 49 employees

<sup>5</sup> TBR and Qa Research (2012) "Business Growth Ambitions amongst SMEs"





# Making it easier to finance business growth

**In the wake of the financial crisis**, many small businesses have struggled to access the debt and equity finance they need to expand. The credit crunch has exposed an over-reliance on bank debt and poor access to, and low awareness of, other sources of funding. This environment has stifled the growth ambitions of small businesses and, in turn, hampered Britain's economic recovery.

We are committed to making it easier for small businesses to finance their growth by:

- **Rebuilding a banking sector which works for small business**
- **Promoting a more diverse finance market for small business**
- **Promoting a vibrant equity culture**
- **Helping businesses find out about finance options**
- **Tackling late payment**
- **Creating a more supportive tax regime**

## **Rebuilding a banking sector which works for small business**

The financial crisis exposed huge cracks in the UK's banking sector, and examples of misconduct and greed have demonstrated a wider crisis of standards. Small businesses, who are heavily dependent on the banks for funding, have suffered the effects the most.

The UK banking sector has a responsibility to restore small businesses' trust and we welcome the steps it has taken, including:

- Introducing a more robust lending appeals process. 40% of appeals against bank lending declines now lead to decisions being overturned in favour of the business. But too few

businesses are aware of this and so we are pleased that the British Bankers' Association has committed to doing more. There will be a new bank-funded campaign to boost awareness, an appeals champion and board-level accountable officer in each bank, and sampling of declines that are not appealed against to provide greater insight into the lending practices at each bank.

- Setting up a new seven-day current-account switching service, so it's easier for small businesses to change banks.
- The independent review of RBS's small business lending practices, which highlighted widespread weaknesses. We welcome RBS's frank discussion of these issues and its commitment to implementing the recommendations in full, including working with the Financial Conduct Authority (FCA) investigation into allegations about its treatment of small business customers in financial distress.

However, we need wider reforms to put the UK's banking sector back on a sounder footing and to promote more competition so that small businesses have greater choice in their finance provider:

- To give businesses greater confidence in banks, we are introducing tougher rules to govern their conduct and professionalism, as recommended by the Parliamentary Commission on Banking Standards.
- To protect the banking services small businesses use, we will create a 'ring-fence' between retail banking and riskier investment banking.
- We have also made it easier and quicker for new banks to break into the market and start lending to local businesses. To support this we will consult on measures to improve the availability of credit data to help newer lenders lend to small businesses.
- The Office of Fair Trading (OFT) is also investigating competition in small business banking and will report early next year.

### Promoting a more diverse finance market

The aftermath of the financial crisis showed that small businesses have too few finance options available to them. Government and the new British Business Bank will tackle these market failures and help more viable businesses get the finance they need to grow. One way it will do this is by supporting the

growing number of alternative lenders coming into the market so that small businesses don't have to rely on the banks:

- Through its £300m Investment Programme the British Business Bank will promote greater diversity in lending to businesses. The first commitments, totalling £45m,

were announced in November and will enable two new funds to provide debt finance to smaller businesses.

- The British Business Bank is giving a boost to non-bank finance platforms which lend directly to small businesses. These include mezzanine finance funds, supply-chain

## SPOTLIGHT: British Business Bank

**The British Business Bank initiative is unlocking finance for smaller firms.** An additional £250m for the British Business Bank for new programmes to support smaller businesses has just been announced, in addition to the £1bn new capital allocated last year. Over 8,000 businesses benefitted from British Business Bank programmes over the last year, and its ambition is to unlock up to £10bn of finance for smaller businesses over the next five years.

The British Business Bank works in partnership with finance providers to develop diverse debt and equity funding solutions which help viable but under-served smaller businesses access the finance they need to grow. Some of the Bank's lending solutions include:

- The Enterprise Finance Guarantee (EFG) encourages finance providers, including banks, to lend to viable smaller businesses that would otherwise be declined a normal business loan due to lack of adequate security.
- We are piloting an extension to the Enterprise Finance Guarantee for trade credit providers, working with industry partners such as Kingfisher plc, Crafton Group, Covers, Unipart and the Builders Merchants Federation. It is intended to make credit more widely available to viable businesses across sectors, and in particular construction, allowing them to meet the upfront costs of buying materials and take on bigger and more frequent jobs. Nearly £15m of additional credit lines have now been offered to 2,400 businesses.
- A new programme is being designed to provide guarantees on portfolios of new bank loans to small businesses. This will enable a diverse range of finance providers to use their capital and liquidity more efficiently and free up capacity - always in exchange for more funding to smaller businesses.

finance schemes, invoice finance platforms and peer-to-peer lenders. More than £82m of lending has already been supported by the smaller business element of the Business Finance Partnership programme.

- We have also invested over £130m in Community Development Finance Initiatives (CDFI) - social enterprises which provide affordable finance to local businesses and re-invest money back into the local community.
- To ensure businesses and investors have confidence in new peer-to-peer and peer-to-business platforms we are working with the Financial Conduct Authority (FCA) to create a regulatory framework to support this fast-growing type of lending. This will come into effect in April 2014.

### Promoting a vibrant equity culture

Equity finance is an important source of long-term funding for many small businesses and we are doing more to encourage a vibrant equity culture in the UK:

- We have created one of the best environments to invest in early-stage and high-risk businesses by offering generous tax reliefs through initiatives like the Seed Enterprise Investment Scheme (SEIS). Since it was introduced in 2012 this scheme has helped more than 1,100 small companies raise over £82m in finance.

## CASE STUDY SilkFred



Emma Watkinson from London started her business SilkFred, an e-commerce platform for fashion brands, in January 2012.

SilkFred is an online platform which scouts fashion designers and provides them with the tools and resources to independently retail their collections and grow their business.

With the help of a £10,000 Start Up Loan, Emma was able to run a successful funding

campaign to grow her business.

Emma was successful in raising £180,000 of equity investment via crowdfunding platform CrowdCube to further develop the technology and marketing.

With both e-commerce stores for fashion brands, and a marketplace used by 100+ designers, SilkFred has a shopper base of nearly 10,000. Emma has hired four people to help build up her business.

- The British Business Bank is also helping fast-growing businesses access investment through initiatives like the Business Angel Co-Investment Fund. Businesses can get equity investments of between £100,000 and £1m in partnership with syndicates of business angels. The Bank also runs 14 Enterprise Capital Funds which combine £487m of public and private venture capital investment in high growth businesses.
- We have also made it easier for businesses to access the public-equity market by allowing businesses listed on growth markets to be eligible for direct ISA investment and in 2014 we will also remove stamp duty from the trading of shares on growth exchanges such as AIM and the ISDX Growth Market.

### Helping businesses find out about finance options

Given the diversity of finance now available, it's no wonder small businesses say they find this difficult to navigate. To help, we have created a Business Finance Explained Guide and launched an improved Business Finance and Support Finder tool on GOV.UK. Businesses can use this to find and contact the 60+ organisations which work with the British Business Bank.

Because banks are still a focal point for businesses seeking finance, they have an important role in helping businesses understand their different finance options. Credit conditions are improving overall but banks will of course never be able to support all the businesses that come to them for finance. Of those businesses initially not offered what they were seeking, almost 40% gave up their search for funding,<sup>6</sup> often in part because they are unable to make the connections to more appropriate alternative sources of finance. The banks can help to address this by referring viable businesses on when bank lending is not the best option.

We welcome the work the major banks and the BBA are already doing on signposting to other finance options, and enhancing the role of brokers, mentors and advisors within this process. Progress has already been made through a BBA pilot referral programme between many of the major banks and the CDFIs which we support, and this is now being rolled out nationally. In the New Year, the BBA and some of its members will pilot an expansion of this programme, so that new businesses seeking finance can also, if appropriate, be referred to Government-backed Start Up Loans Company.<sup>7</sup>

We can go further. We, the BBA and the major banks will build on this to create a stronger signposting and referral process, so that businesses can, if they wish, be signposted to an even wider range of other finance providers, brokers and advisors. We have therefore set in train work to create such a strengthened referral process by the end of 2014.

### Tackling late payment

A disruption to cashflow can be catastrophic for small businesses so getting suppliers to pay on time is vital. With the average small and medium sized company who offers trade credit being owed £31,000, and 85% saying they have received a late payment in the last two years,<sup>8</sup> it's clear that more needs to be done to address this issue.

Public sector organisations, which spend £230bn a year on goods and services, must set an example and use their purchasing power to support small businesses. Currently:

- Public bodies must settle all undisputed invoices within 30 days and Central Government departments are committed to paying 80% of undisputed invoices within five days.
- In all public sector contracts, payments made to tier two subcontractors must be paid within 30 days and this has been extended to tier three in the construction sector.

6 BMG Research (2013) "Small and medium-sized enterprise (SME) journey towards raising external finance"

7 Pilot agreement will cover two regions and national rollout subject to success of pilot programme

8 "SMEs turn away business to fight back against late payments", Barclays press

release, 24th January, 2013 (<http://www.newsroom.barclays.co.uk/Pressreleases/SMEs-turn-away-business-to-fightback-against-late-payments-9c1.aspx>)



## CASE STUDY Isis Pet Care



Entrepreneur Tracey Longmuir gave up a job managing the accounts team for an international print management company to start up Isis Pet Care in Little Bytham, Lincolnshire. Starting a business is hard enough but Tracey had even greater challenges raising a child as a single mum following a relationship break-up.

Tracey said: "When things went wrong I had a choice, move back to Leeds from where we had relocated to Bourne or soldier on and make the business I had started a success. I decided to stay."

Tracey's cash flow has been helped with not having to pay business rates this year through the Government's Small Business Rate Relief. Tracey has also benefitted from apprenticeship funding to help boost her expanding workforce. The local Chamber of Commerce was instrumental in helping Tracey recruit the apprentices.

Tracey now employs eight members of staff and is going from strength to strength, recently launching the new Isis Doggy Daycare in Little Bytham.

- The Mystery Shopper scheme has allowed companies who are experiencing problems with payment on Government contracts to make an anonymous complaint and trigger an investigation. The scheme has conducted 540 investigations<sup>9</sup> since its launch in 2011.

As part of major public procurement reforms to be implemented in 2014 we will go even further. We will make sure small firms get treated fairly by mandating prompt payment terms all the way down a public procurement supply chain, and ensuring public bodies report on their prompt payment performance.

Tackling private sector late payment is more challenging. Previous Government and EU intervention has not had the desired effect. Businesses say they feel unable to use the remedies open to them for fear of losing customers. We are inviting businesses to tell us what more needs to happen to reduce late payment and to support finance and technology solutions which can help small firms manage their cashflow. We will confirm what action we plan to take in early 2014.

### **Creating a supportive tax regime**

A supportive tax regime is essential to create an environment where small businesses can invest, innovate and grow. We're committed to creating the most competitive tax regime in the G20. For example:

<sup>9</sup> "Mystery Shopper service 'has shown that it works'", Cabinet Office press release, 12th August, 2013 (<https://>

- Reducing the small profits rate of corporation tax to 20% and bringing the main rate down to this level by 2015.
- Further extending the temporary doubling of the Small Business Rate Relief for 12 months from April 2014, taking around 360,000 small businesses out of business rates until 2015.
- Increasing the amount of tax relief that employees or directors can claim when selling on or closing a business. The lifetime limit on qualifying capital gains has been increased from £1m to £10m.
- Offering generous tax relief on share options to help small, higher-risk firms attract and retain talented employees.

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## **TO DELIVER OUR COMMITMENT** to making it easier to finance business growth, we will:

- **Improve the lending appeals process**, working with the British Bankers' Association
  - **Introduce tougher rules** to govern the banking sector through the Banking Reform Bill
  - **Open up the banking sector** to more competition, giving small businesses greater choice in their funding provider
  - **Establish the British Business Bank** to unlock up to £10bn of finance for smaller businesses over the next five years
  - **Support alternative finance providers** so that small businesses do not have to rely solely on the banks
  - **Improve the referral process** by the end of 2014, working with the British Bankers' Association
  - **Consult on new measures to tackle late payment** and find new ways of helping businesses manage cashflow
  - **Make our tax regime even more competitive** by extending Small Business Rate Relief
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# Making it easier to hire people

## For small businesses, taking on employees marks a major step in their growth journey.

There are 4.9 million private sector businesses in the UK: around three-quarters don't employ anyone,<sup>10</sup> and only a small percentage of those say they intend to hire someone.<sup>11</sup>

Many small businesses are held back from hiring staff because they believe the regulations around employing people are too burdensome or difficult.<sup>12</sup> Around a fifth of small businesses also report that finding people with the right skills is a barrier to business growth.<sup>13</sup>

The Government is committed to making it less burdensome to employ people and easier to build a skilled workforce. We will do this by:

- Reforming employment law
- Making it simpler and cheaper to employ
- Helping businesses find people with the right skills
- Making it easier for businesses to attract talent from overseas

### Reforming employment law

We launched the Employment Law Review in 2010 to shine the spotlight on employment legislation and make the labour market more flexible, effective and fair. On the back of that, we have implemented major reforms to make our employment laws less complicated and burdensome for businesses at all stages of employment - from taking people on, to managing staff, to letting people go. We have addressed major issues for small businesses by extending the qualifying period for unfair dismissal from one to two years, and streamlining and introducing fees into the Employment Tribunals system. We are now working to make sure that all businesses understand these changes and that they have the intended impact.

<sup>10</sup> Department for Business, Innovation and Skills (2013) "Business Population Estimates for the UK and Regions 2013"

<sup>11</sup> BMG Research (2012) "Small Business Survey 2012: SME Employers"

<sup>12</sup> Durham Business School (2013) "Understanding Growth in Microbusinesses"

<sup>13</sup> BMG Research (2012) "Small Business Survey 2012: SME Employers"

## **SPOTLIGHT:** **Cutting employment red tape**

**We have made it easier for small businesses to take people on by:**

- Making the National Minimum Wage regulations simpler and easier to understand
- Making TUPE transfers simpler for small firms
- Making it easier for employers to check that a person is legally entitled to work in the UK
- Introducing 'employee shareholder' contracts. In exchange for giving up certain employment rights, employees will be given shares in the company worth between £2,000 and £50,000. Any profit on those shares will be exempt from capital gains tax when the shares are sold.

**We have made it easier for small businesses to manage people by:**

- Abolishing the Statutory Sick Pay record-keeping obligations
- Reforming whistle-blowing rules so that claims made are in the public interest
- Committing to limiting the application of rules in the Working Time Directive
- Making it clear what employers can already do to deal with workplace issues through the Employer's Charter.

**We have made it easier to move people on by:**

- Increasing the length of time it takes for employees to qualify for unfair dismissal rights from one year to two
- Making it easier for smaller employers to use settlement agreements to resolve workplace issues, outside of a potentially time-consuming and costly employment tribunal
- Introducing a 12-month pay cap on the compensatory award for unfair dismissal, together with better information on the average level of awards to give all parties realistic expectations
- Introducing fees for employment tribunals.

### **Making it simpler and cheaper to employ**

Many small businesses tell us they find the prospect of taking on employees daunting. To make it easier for these firms to get hiring we are making the process of employment simpler and cheaper:

- To help businesses with the recruitment process we have created Universal Jobmatch, a free online system which matches candidates to jobs, and bespoke help through the Small Business Recruitment Service helpline. This service has helped more than 95,000 small businesses since it was launched in November 2012.
- We are cutting the cost of employment by introducing a new £2,000 Employment Allowance. From April 2014, this generous allowance will help 1.25 million employers (overwhelmingly small businesses) reduce their National Insurance bills and support them to take on new staff. As a result of the allowance, 450,000 small businesses - one third of all employers - will pay no National Insurance at all.
- We are also abolishing employer NICs for under-21 year olds earning less than £813 a week from April 2015. This will give employers an average saving of £355 per employee under the age of 21.
- Small businesses can get grants of £1,500 per apprentice for the first ten 16-24 year old apprentices they recruit and the process of doing this has been made easier.



- We are also cutting the administrative burden of employment by reforming HMRC systems. Almost all registration of employees is now done online and in 2014 we will introduce a fully online system, making it easier for businesses to manage their payroll.
- To help businesses understand what they need to do when they take someone on, we have created an 'Employing staff for the first time' tool on GOV.UK. GOV.UK also provides simple information on ongoing legal obligations for employers. To complement this we will launch a new 'Managing your staff' tool in spring 2014. This will offer guidance to help businesses manage the employment relationship and get the best from their staff.

### Helping businesses find people with the right skills

Too often, businesses tell us that the people they interview are not equipped with basic skills, are not ready for the world of work, and do not understand what it takes to hold down a job. Businesses can also find it difficult to identify people with the relevant technical or specialist skills. We are tackling these long-standing quality issues in a number of ways:

- From this year, young people who have not achieved a GCSE in English and maths will no longer be able to give these subjects up at age 16.

## CASE STUDY Making it Better in Cornwall



'Making it Better in Cornwall' is an Employer Ownership Project (EOP) led by Spiral UK Ltd and supported by the West of England Aerospace Forum.

A group of 10 manufacturing sector businesses in Cornwall identified a range of skills gaps and came together to address these with funding from the EOP. Using £247,000 public and £454,000 of private investment, they were able to purchase a range of tailor-made courses to up-skill existing and new staff. They also developed and delivered a bespoke apprenticeship programme in conjunction with Cornwall College, which has generated

five new jobs in two of the participating companies.

Alun Morgan at ARCOL UK LTD, a business involved in the project, says:

"The Employment Ownership Project has enabled ARCOL to accelerate our training programme. We have been able to train more staff than we could have otherwise afforded. We now have a critical mass of trained personnel - that we'll continue to develop - that enables us to keep up with current technologies and strengthen our competitive advantage."

- We are building new University Technical Colleges for 14-19 year olds. These colleges provide practical and academic learning in subjects like engineering and construction, are sponsored by local universities and closely involve employers in making sure students learn relevant skills.
- In August we launched traineeships for unemployed 16-23 year olds who don't have the skills and work experience they need to compete for an apprenticeship or other job. We are also improving apprenticeships in line with recommendations from Doug Richard, so that employers can set simple clear standards.
- To build on the good work that many schools, colleges and universities are doing to promote enterprise skills we have asked Lord Young, the Prime Minister's enterprise advisor, to conduct an Enterprise Education review. He will report back in summer 2014 and make recommendations on how to inspire and support more people to succeed in enterprise or employment.
- We are reforming vocational qualifications to make them simpler to understand and based on the skills and knowledge modern employers need. From this month, only those qualifications which are credible with businesses will be eligible for public funding.
- We want to give employers the opportunity to take greater ownership of the vocational skills agenda so we have launched the Employer Ownership Pilot - a £340m competitive fund that invites employers to tell Government how they would better use public investment, alongside their own, to boost the skills of their current and future workforce.

#### **Making it easier for businesses to attract talent from overseas**

The UK attracts workers from around the world and we will continue to make it easier for small businesses to attract international talent where they need it. We have already improved our systems - 94% of standard overseas visa applications are

decided within 15 days and on average in less than eight days. Businesses can apply for a skilled worker visa in 30 minutes and 98% are granted. We have also set up a Business Network and a Business Helpdesk providing businesses with a single point of contact and direct access to the experts. We will do even more to help small firms by:

- Improving the application process in key emerging markets. Our 24-hour visa service in India will be rolled out in China by the summer of 2014 and to further countries by the end of next year.
- Creating a new bespoke support service for Tech City, which we will use to test whether to provide this for other strategic industries and locations.
- Piloting a new support service for small and medium sized businesses, starting in Greater London with the London Strategic Migration Partnership. Subject to the success of the pilot, we will expand this across the UK.

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**TO DELIVER OUR COMMITMENT** to making it easier to hire people, we will:

- **Implement our employment law reforms** as quickly as possible
  - **Introduce an Employer Allowance**, granting £2,000 relief on National Insurance bills from April 2014
  - **Make it easier to take on apprentices** by offering businesses a £1,500 grant for each of the first ten 16-24 year old apprentices they recruit and more influence over training and standards
  - **Launch a Managing Your Staff tool** by spring 2014, to help businesses manage the employment relationship and get the best from their staff
  - **Introduce a fully online HMRC payroll system** in 2014
  - **Equip young people with the skills** employers demand by reforming 14-19 education, building new University Technical Colleges and developing new traineeships
  - **Ask Lord Young to report** on how to help more people develop the entrepreneurial spirit they need to succeed, by summer 2014
  - **Make vocational qualifications more relevant** to businesses and, from the end of 2013, only fund those which businesses value
  - **Provide new support** for small businesses trying to recruit from overseas
-



# Making it easier

## to develop new ideas and products

**Small businesses play a crucial role in developing new ideas and stimulating change.** This innovation helps to create jobs and improve productivity.

**Any business with a new idea or product will need to research, develop and commercialise it but this can be expensive, risky and time-consuming, especially if it requires investment, or expert knowledge or skills.**

**We want to make it easier for small businesses to translate great concepts into market-ready products and services by:**

- **Helping businesses fund the development of ideas**
- **Helping businesses to accelerate innovation**
- **Helping businesses protect their ideas**

### **Helping businesses fund the development of ideas**

Bringing new products and ideas to market can be expensive for small businesses. To help businesses find the money to test and develop their ideas, we have:

- Created one of the most generous tax relief schemes in the world. Through R&D tax credits, small businesses can

now get 225% tax relief on their research and development spending, up from 200% in 2011. This saved small and medium sized businesses £420m in 2011/12.

- Invested more money than ever before in the Technology Strategy Board (TSB) to help small businesses commercialise their ideas. The most popular

TSB scheme for small businesses, Smart grants, is a proven success: every £1 invested returns £9 to the UK economy. That's why we have increased the funding for this scheme to £50m in 2014/15.

- Made it simpler and quicker for businesses to apply for TSB grants and slashed the time it takes for businesses in receipt of Smart grants to start their projects. There is room to go further and so the TSB is launching a new feedback tool for businesses to suggest how its processes can be streamlined.
- Created new networks to connect innovative businesses to sources of funding, both locally and internationally. This includes: an expanded network of National Contact Point experts to help small businesses tap into the €70bn of EU Horizon 2020 funding available over the next seven years; a new Venturefest network to connect innovators and local investors; and a new online platform delivered in conjunction with the TSB,



British Business Bank, Growth Accelerator, and the UK Business Angels Association. This will launch in spring 2014 and showcase innovative, high-growth companies to potential equity investors.

### Helping businesses to accelerate innovation

Small businesses often need access to specialist expertise or equipment to test their ideas and products and work out how to scale them up into commercially viable businesses. We will help small businesses to accelerate innovation by doing more to connect them with the right partners and by providing a direct route to market for businesses with great ideas. For example:

- Piloting Innovation Vouchers which provide businesses with up to £5,000 to work with experts that can help develop their ideas; and reforming Knowledge Transfer Networks for small businesses, large businesses and academics to collaborate on new ideas.
- Supporting the growth of sector clusters throughout the UK with at least three new Launchpad competitions. These give businesses in a particular cluster the opportunity to bid for grant support to help catalyse their innovation and growth. The 2014 Launchpads will offer funding of £1m each and focus on healthcare technologies in Wales, manufacturing in the North East and expanding the Tech City digital cluster further into East London.

## CASE STUDY Plaxica



Plaxica specialises in the production of bio plastics - plastics made from natural feedstock such as sugar and cellulosic-based materials. Plaxica's aim is to reduce the reliance upon oil-based products by using processes that are more sustainable and environmentally friendly.

Plaxica approached the high-value manufacturing Catapult in County Durham to help develop and scale-up its production process and

conduct larger-scale trials. Plaxica also wanted to use the Catapult's laboratory facilities and extensive technical and analytical support. After early-stage trials were successful, the trials have been successfully taken from the laboratory to being piloted in the market place.

Plaxica now runs two laboratories in London and Durham and employs around 30 people.

- Rolling out a brand new network of Catapult Centres in key technologies. These centres give small businesses access to specialist equipment and emerging technologies, as well as connecting them to academic expertise and other businesses. Our aim is for these Catapult Centres to attract

## CASE STUDY Polyphotonix



Polyphotonix is a small, Durham-based business that develops organic light emitting devices, primarily for large advertising displays. As a result of gaining

a Small Business Research Initiative contract with the NHS, it has developed, in collaboration with University of Liverpool Ophthalmology Department,

an eye mask to provide treatment for eye diseases which can cause blindness.

Current treatments for these conditions would cost the NHS in excess of £1bn per year. By using the Polyphotonix eye mask, costs can be dramatically cut, painful treatments eliminated and rates of blindness in vulnerable groups reduced.

The eye mask product has already been CE marked and is entering a fast-track approval by the National Institute for Health and Care Excellence so that it can be available on the NHS in England and Wales.

£1.5bn of public and private sector funding over the next five years. Two more Catapults will be rolled out in 2014.

We are also using the power of Government procurement to support innovation and provide small businesses with a route to market. The Small Business Research Initiative (SBRI) allows small businesses to compete for Government contracts and develop new products and services which can help tackle public sector challenges. Government benefits from new thinking and the businesses involved have a route to market for their ideas, with ownership of the intellectual property. To date SBRI

competitions have awarded over 1,400 contracts. We want to ramp up the use of SBRI by Government departments and have committed to increasing the annual spend to more than £200m by 2014-15.

### Helping businesses protect their ideas

Growing businesses with new ideas need to be aware of their intellectual property, how to protect it in the UK and abroad, and how to maximise its value. The rules and regulations in this area are technical and can be difficult to navigate and so we have made this easier by:

- Clarifying and updating the law as part of the Intellectual Property Bill.
- Introducing a new service to give businesses advice about handling infringement of their intellectual property rights without resorting to litigation.
- Transforming the way the Intellectual Property Enterprise Court works so that it is much quicker and much less costly for small firms to use it.
- Providing specialist Intellectual Property attachés to help businesses understand how best to register and protect intellectual property rights within key international markets.
- Launching a new set of online help tools for small businesses and those who advise them.

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**TO MAKE IT EASIER** for small businesses to develop new ideas and products we will:

- **Provide generous tax relief** on research and development costs
  - **Streamline TSB processes** so that businesses can get access to support more quickly and easily
  - **Connect businesses to funding** through a new platform which connects TSB and Growth Accelerator-backed businesses with angel investors, a new Venturefest network to join businesses with local investors, and an expanded network of advisors to help small businesses get access to €70bn of EU funding for innovation
  - **Accelerate the development of clusters** through three more TSB Launchpads in 2014
  - **Set up two new Catapult Centres in 2014**, to help small businesses access specialist expertise and equipment
  - **Increase fivefold** the value of public research and development contracts made available to small firms through the SBRI by 2014/15
  - **Modernise intellectual property law** and make it easier to resolve disputes
-



# Making it easier to break into new markets

**Many small businesses find it difficult to break into new markets** at home and abroad - they lack the contacts, expertise and resources of larger businesses. This is particularly the case when it comes to providing goods and services to the public sector. For years, this has been the domain of big business and this has to change.

Working and trading online is critical to a small firm's ability to expand into new markets but less than one third of small businesses currently do. This, in turn, impacts on the number of small firms exporting - only one in five - and means that small businesses in the UK are missing out on huge opportunities for growth.

We want to make it easier for small, ambitious businesses to expand into new markets and become internationally competitive. We will do this by:

- Opening up public procurement
- Helping businesses boost their online presence
- Providing advice and support to help businesses export
- Removing barriers in particular industries and markets

## Opening up public procurement

For years, small firms have found it difficult to do business with the public sector because they have been pushed out by larger companies or deterred by the excessive burdens imposed through the procurement process. We have made improvements in Central Government but we want these improvements to be rolled out across the whole public sector,<sup>14</sup> particularly in areas such as procurement by hospitals and local government services where small businesses have a lot to offer.

The Government has accepted Lord Young's proposed procurement reforms, which will provide simpler and more direct access for small businesses to the £230bn of annual public sector spending in England. We will use legislation in 2014 to:

- Cut down on process by abolishing Pre-Qualification Questionnaires (PQQs) for low-value contracts.
- Mandate the use of a standard core PQQ for high-value contracts and ensure small business needs are taken into account in the design of procurement processes.

<sup>14</sup> With the exception of the commissioning of clinical services, where specific reforms have already come into force



- Make contract opportunities easier to find by making them all accessible on a single online portal.
- Make sure small firms get treated fairly by mandating prompt payment terms all the way down a public procurement supply chain.

To make sure that small businesses, including social enterprises, see the benefit of these reforms, we will:

- Require all public bodies to report their procurement spend and prompt payment performance with small businesses.
- Prototype a new rating service for small firms to judge public bodies on their procurement credentials and for public bodies to rate their suppliers so that small businesses who win contracts can start to build up their reputations - with a view to rolling the system out more widely during 2014.
- In January we will launch a new service - Solutions Exchange - to help public sector organisations to go the market to ask for ideas and solutions to problems before a formal procurement. The service will also provide an opportunity for SMEs to pitch innovative proposals to Government.
- Extend the reach of the Mystery Shopper, so that it not only investigates reports of unfair treatment, but also spot-checks

public bodies to make sure that their procurement is small-business friendly. The results of Mystery Shopper investigations will be made more visible so that poor practice by public bodies and their contractors can be challenged.

### **Helping businesses boost their online presence**

The internet represents a £19bn opportunity for small and medium-sized businesses in the UK.<sup>15</sup> But while 60% of these businesses have a website, only one third actually sell their goods and services online.<sup>16</sup> This is a huge missed opportunity. The more digitally enabled a company is, the faster it tends to grow - and customers in the UK are twice as likely to buy goods online as the OECD average.<sup>17</sup>

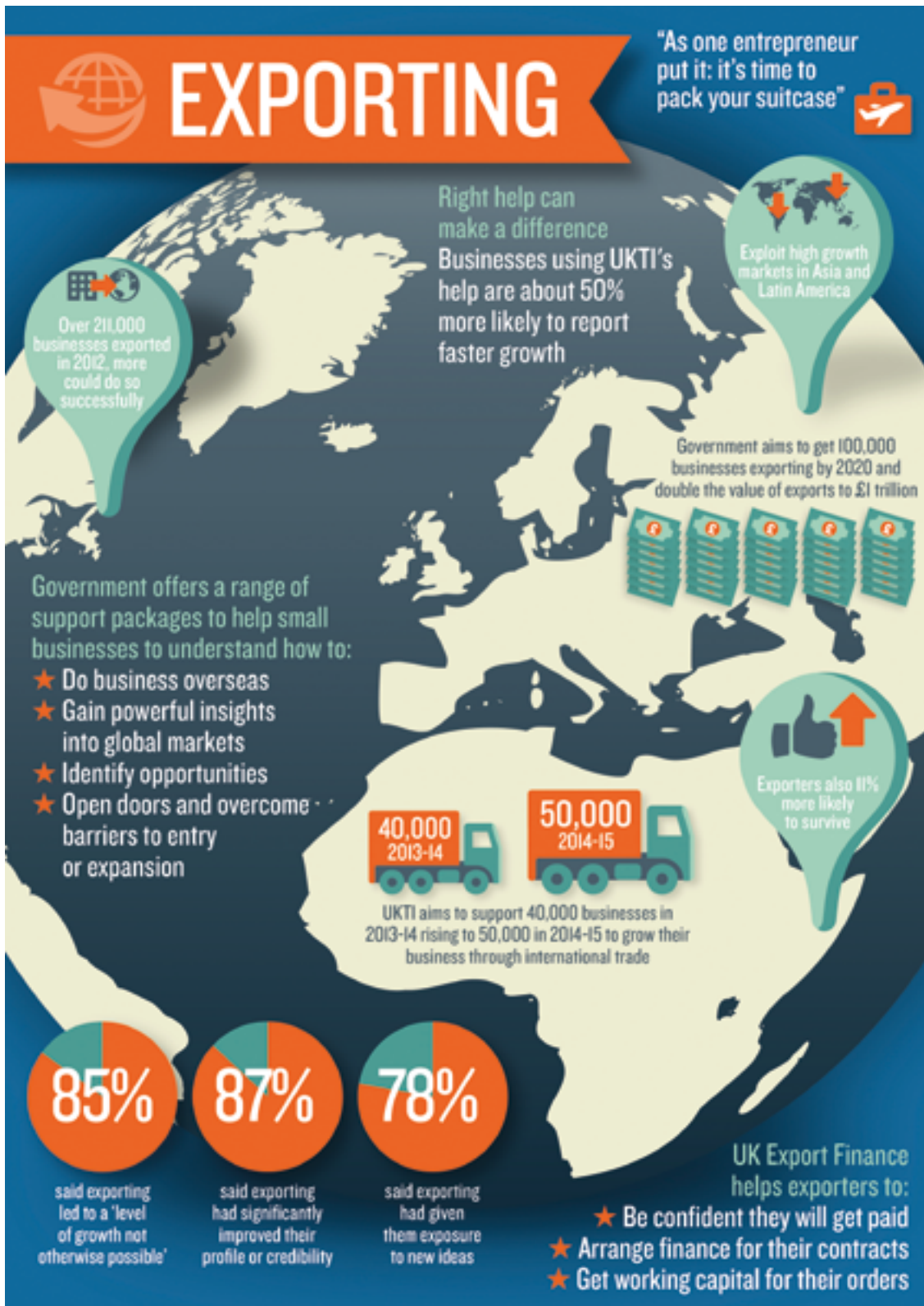
We know that small businesses face a number of challenges and barriers to trading online, especially those in rural communities, and so we are putting in place the infrastructure and help for small businesses to make the most of this opportunity. For example:

- Investing in faster and better broadband so that lack of infrastructure is no longer a barrier to doing business online. This will bring superfast broadband to 95% of UK premises by 2017. To help small businesses benefit from this, we have launched the Broadband Connection Voucher Scheme providing businesses with £3,000 towards the cost of

<sup>15</sup> Booz & Company and Go ON (2012) ""This Is for Everyone" *The Case for Universal Digitisation*"

<sup>16</sup> Lloyds Banking Group (2013) "Britain's Digital Opportunity"

<sup>17</sup> Booz & Company and Go ON (2012) ""This Is for Everyone" *The Case for Universal Digitisation*"



Source: Bringing home the benefits: How to grow through exporting ([http://www.ukti.gov.uk/download/160040/4/68420\\_EET\\_Acc\\_Access.pdf.html](http://www.ukti.gov.uk/download/160040/4/68420_EET_Acc_Access.pdf.html))

## CASE STUDY Cyclehoop



Architect Anthony Lau established the London-based Cyclehoop company in 2008 after designing the original 'Cyclehoop' product - a bicycle stand which can be retrofitted to existing street furniture providing attractive and cost effective bicycle parking with minimal clutter.

Cyclehoop wanted to exploit opportunities overseas but were not set up for international trade. When Cyclehoop joined UKTI's Passport to Export Scheme in May 2012 it became clear that Cyclehoop's website

was going to be pivotal in their plans for overseas expansion. UKTI's Export Communications Review was recommended to help Cyclehoop to improve their online visibility in overseas markets, including devising an international website strategy.

Previously, the website was generating one email per month from clients, and now 70% of their overall sales are initiated by the website. Cyclehoop's turnover has increased from £0.9m to £1.5m.

connecting to faster and better broadband. The scheme will be rolled out to the 22 UK cities in the Super Connected Cities Programme.

- Helping small businesses to make the most of online opportunities by supporting an industry-led programme of digital skills advice, run in conjunction with the charity Go ON UK.
- Enabling businesses to use the internet to trade internationally. UK Trade & Investment has set up a new Click: Connect: Sell programme which aims to support 7,000 small and medium-sized companies over the next two years.

### Providing advice and support to help businesses export

Export markets present enormous economic potential for small businesses in the UK. Those that export see a significant boost in productivity and an increase in the lifespan of their products, and they go on to become more competitive than other firms.<sup>19</sup> Currently, just under a fifth of small and medium sized employing businesses in the UK export,<sup>20</sup> but it is estimated that between 25,000 and 150,000 non-exporting firms have the potential to export on a sustainable basis.<sup>21</sup> Recent confidence levels among exporters and would-be exporters are at some of the highest levels on record.<sup>22</sup>

19 Harris and Li (2007) "Firm Level Empirical Study of the Contribution of Exporting to UK Productivity Growth"

20 BMG Research (2012) "Small Business Survey 2012: SME Employers"

21 Mion and Novy (2013) "Gaining further understanding of the factors which influence export engagement among UK SMEs", UKTI Research Report

22 British Chambers of Commerce (2013) "Quarterly International Trade Outlook Q3 2013"

## CASE STUDY Sensonics Ltd



Sensonics Ltd, designs and manufactures monitoring and shut-down equipment that helps guard against seismic, temperature and vibration risks.

In 2011 it secured a contract with Korea Electric Power Corporation to supply vibration monitoring equipment for four nuclear power plant units based in the UAE. It was a significant contract that was set to account for 43% of the company's turnover in 2011.

The request by the client for a Performance Bond posed a potential problem for

the company. Russell King, Managing Director of Sensonics explains, "We were required to submit performance bonds worth 10% of the contract value. Our bank was restricted in the size of bond they could offer us, and were looking for full cash coverage. This would be a prohibitively long time for us to have money tied up on one contract."

The company turned to UK Export Finance (UKEF). UKEF guaranteed the bank to help ensure Sensonics had the capital it needed to deliver this major contract.

Would-be exporters tell us they need help understanding what opportunities are available, accessing new markets, bidding for export contracts and managing the financial risks of exporting.<sup>23</sup> The private and third sector offer many solutions in this area and the Government provides support through UK Trade & Investment (UKTI) and UK Export Finance (UKEF). Our long-term objective is to double exports to £1trn and get 100,000 new businesses exporting by 2020.

UKTI provides a range of services, including:

- Help to identify and understand export opportunities through its online services, an overseas network in more than 100 countries and an extensive network of trade advisors throughout the UK, the majority of whom have a private sector background.
- In-depth and targeted support to small businesses through its popular Passport to Export programme, providing firms with the knowledge, skills and contacts they need to break into new markets. Businesses can benefit from bespoke market research, help with

23 British Chambers of Commerce (2013) "International Trade Survey 2013: Market Barriers"



overseas visits and missions and introductions to key buyers and agents overseas. UKTI now measures the success of this in-depth support in terms of the additional export value it generates so that it can establish what does and doesn't work and how it can improve its service.

- A new and growing Overseas Business Networks Programme, offering business-to-business support in emerging markets, delivered in partnership with UK business bodies. We are rolling out this support in 21 high-growth and emerging markets, with a further 20 potential markets to come.

To make sure that more businesses know about its services, UKTI has launched a new marketing campaign and is working with local and overseas partners to signpost information to small businesses. By 2014/15, UKTI aims to provide advice and support to 50,000 businesses per year.

UKEF works closely with the commercial sector to provide credit insurance and trade finance for exporters. In the last two years, UKEF has committed to back nearly £1bn of export orders but many small businesses still aren't aware of the support it offers. To address this, we are:

- Launching a marketing programme, targeting 20,000 small businesses who are exporters or who have exporting potential.
- Doubling the number of regional Export Finance Advisors who can offer impartial advice about the different types of export finance support available - both from Government and the private sector.
- Working with the banks to make them more aware of UKEF support and better equipped to advise their customers. For example, by providing the banks with a simpler and clearer product guide that they can give to customers.
- Simplifying application forms and speeding up turnaround times for applications for working capital support - now down from 20 days to four.

### **Removing barriers in particular industries and markets**

Small businesses offer new approaches, technology and business models, which drive economic growth. But these firms can come up against competition from powerful incumbents, financing structures, regulations or other rules which get in the way. The Government is doing several things to address this, including:

- Establishing a new Competition and Markets Authority (CMA) and making it easier and quicker to tackle anti-competitive practices. The CMA goes live in 2014 and will focus on particular sectors that will help to drive long-term growth such as knowledge intensive industries, financial services and energy.
- Reforming the private actions regime, making the Competition Appeal Tribunal a forum for small businesses to more quickly and cheaply challenge anti-competitive behaviour.
- Launching a new Challenger Business programme to identify and remove barriers preventing innovative businesses from breaking into particular target markets. Initially, this programme is looking at financial technology, commercial space and satellite applications and the shared economy.



- Opening up markets through trade agreements with other nations. For example, the launch of negotiations for an EU-US Transatlantic Trade and Investment Partnership could make a real difference in clearing away the obstacles to businesses trying to invest and trade across the Atlantic. An ambitious deal could add as much as £10bn annually to the UK economy.

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## **TO DELIVER OUR COMMITMENT** to making it easier to break into new markets we will:

- **Implement major reforms** of the public sector procurement system by spring 2014
  - **Help more businesses trade online** by rolling out high-speed broadband, extending broadband vouchers and providing new support and advice about trading online
  - **Increase the number of firms UKTI supports** with the aim of reaching 50,000 businesses in 2014/15, and use new information about the impact of this support to improve the offer to businesses
  - **Improve awareness of UKEF support** through extra advisors and a new marketing campaign
  - **Implement reforms** to the competition system through a new Competition and Markets Authority
  - **Run a new Challenger Business Programme** and invite businesses to tell us what gets in the way of them breaking into new industries
  - **Negotiate the best possible deal for small** businesses through the EU-US Trade Agreement
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# Making it easier

## to get the right support at the right time

**Small businesses that grow are more likely to have sought advice and support.<sup>24</sup> The majority of businesses that do take advice say it adds value.<sup>25</sup>**

**While friends, family and peers are often the first port of call for most businesses seeking advice, there's a wide range of private and third sector support. Government - nationally and locally - also provides support where there's an obvious gap in the market.**

**However, small businesses tell us that to make the most of it, this support needs to be simpler and clearer to understand and access. We are committed to making it easier for businesses to get the right support at the right time, by:**

- **Simplifying the landscape for business support**
- **Creating a healthy private and third sector market place**
- **Improving the signposting and awareness of Government support**

### **Simplifying the landscape for business support**

Small businesses can access a range of Government schemes designed to help them access new markets, build manufacturing capability, accelerate business growth, and develop new products and services. These schemes are delivering effective support to a growing number of small businesses.

But it's too difficult for businesses to find out what's on offer, who's eligible, and how to apply. Businesses eligible for one form of support might benefit from a wider package but often don't know what else is available. For instance, a business applying for one of UK Trade and Investment's exporting schemes might not be aware of a Technology Strategy Board scheme to help develop new products, which together could provide a complementary package of support.

<sup>24</sup> BMG Research (2012) "Small Business Survey 2012: SME Employers"

<sup>25</sup> CEEDR (2011) "Research to understand the barriers to take up and use of business support"

We will get better at designing support around the needs of small businesses rather than Government structures:

- Customers of national Government support schemes such as the Technology Strategy Board, UKTI, Growth Accelerator and the Manufacturing Advisory Service are already being made aware of other services that could benefit them.
- In January 2014 we will launch a competition for the private sector to develop innovative solutions to this problem. We want to develop a single 'shop window' with a unifying brand through which small businesses with the potential to grow can apply for Government support and get a package tailored to their needs. We will select the best ideas and test different solutions at points through the year. We will begin to create a new space on GOV.UK during spring and summer 2014 as a first step towards bringing everything together. At the same time we will take further steps in developing a tailored, joined up service, with the single 'shop window' in place by December 2014.
- We will also undertake a rapid review of all existing national Government business support products and services. This

will identify those that are poorly targeted or under-performing and where we can bring schemes together to deliver a better, more efficient service. This will start in early 2014, with the first schemes to be simplified and rationalised announced in the Budget, and with a rolling programme of improvement continuing to March 2015. As part of this work we will consider the role the British Business Bank should play in business advice.

- Business support at the local level will be brought together through Growth Hubs - a single place businesses can go to get help. This will improve the coordination of support provided by local public and private sector partners, creating a more streamlined and coherent offer for businesses, based around local needs. Where Government provides funding for these services it will be conditional on Growth Hubs cutting duplication and closing under-performing local schemes. Growth Hubs will roll out across England during 2014 and 2015.

### **Creating a healthy private and third sector market place**

We are working alongside the private and third sector to connect small businesses with people who have the skills and knowledge to help them. For example:

- Businesses can now access a network of more than 27,000 trained business mentors, thanks to Mentorsme.co.uk - run by the British Banking Association and Small Firms Enterprise Development Initiative and supported by the Government. The large majority (78%) of small and medium sized businesses that have used a mentor say it benefitted them.<sup>26</sup>
- Because businesses often look for mentors with relevant sector experience, in November we launched a £1m competitive fund for organisations to set-up tailored mentoring schemes in particular sectors.
- To encourage business schools to engage with small businesses, we have worked with the Association of Business Schools to create a new small business charter. This will recognise those schools that help businesses develop and grow in key areas like management skills, IT, finance and marketing. The first charter awards will be made in April 2014.

A thriving, competitive market for business support drives up quality, creates choice and reduces costs to customers. Government is working with partners to promote this:

- We have appointed Enterprise Nation, a small ambitious UK business, to launch a new online marketplace for private sector and third sector support products and services in January 2014. This will allow businesses to swap feedback on their experiences, and rate support providers. All providers listed on the website will need to meet minimum professional standards, to help drive up quality.
- At the same time we are launching the £30m Growth Voucher programme, that will test different types of advice to businesses and provide better market information about what works.

#### **Improving the signposting and awareness of Government support**

Many businesses are unaware of the support Government can provide, but also want to learn from their peers about which offer best suits their needs. In November we launched a new GREAT Business campaign and website, designed to encourage small businesses to take the steps they need to grow and find out what support other businesses have benefited from.

We need to build on this and do even more to make support easier to find:

## **SPOTLIGHT: Business support for growing businesses**

The private and third sector provide a range of support benefiting thousands of growing businesses across the country. Just some of these initiatives are:

- **Find Invest Grow** supports high-growth early stage companies from all sectors to develop and fund their business growth. Over the last 3 years they have seen over £6m in equity finance invested in 15 companies. The companies they support now have a collective enterprise value in excess of £36m, turnover of more than £10.8m and 155 full time employees.
- **RISE:Sheffield** delivers employment opportunities for graduates in small and medium enterprises through a partnership between the City Council, universities, businesses and graduate bodies . It works by brokering opportunities amongst the small business community and then oversees the assessment and induction process to identify suitable graduates for roles within local businesses.
- **Smarta Business Builder** provides an online tools package for growing a business covering accounts, website, email, business plan and legal documents.

- From December 2013 we're putting information about all Government support products and services on a single website - GOV.UK - and making it easier for businesses to find what they need through better business content and a bespoke finance and support finder tool. This allows a business to enter their details and find the Government support that fits their needs.

In early 2014 we will launch a new version which will enable businesses to use their postcode to find out what's available locally.

- From January 2014, we will work with experts to improve all business content on GOV.UK and make all content and tools widely available for trade associations, accountants, banks, lawyers, local authorities and other bodies to use as part of their own service, so that information is clear and consistent wherever businesses turn.
- Because a website often isn't enough we are continuing to deliver a national helpline (0845 600 9006). Helpline advisers can provide additional information and advice, and direct businesses to the right support. In early 2014 we will be trialling the use of webchat accessed through GOV.UK so businesses can get help from an adviser when online.

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## **TO DELIVER OUR COMMITMENT** to making it easier to find the right support at the right time, we will:

- In January 2014, **launch a competition** for the private sector to develop solutions which enable the establishment of a single 'shop window' for business support by the end of 2014
  - **Conduct a review of Government business support** services and implement reforms as soon as possible, with reforms complete by March 2015
  - **Roll out Growth Hubs** during 2014 and 2015, to provide a single place for businesses to go for local advice and support
  - Work with Enterprise Nation to **develop a new online marketplace** for private and third sector support by January 2014 and use our £30m investment in Growth Vouchers to test what types of support work best
  - **Continue to improve GOV.UK** by working with experts to improve all business content across the site early in 2014 and make all the tools and content available for reuse by the private and third sector
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# Making it easier

## to get on with doing business

**Regulation can support growth** by helping to create sustainable markets in which consumers, businesses and employers can have confidence. While businesses widely accept that regulation is necessary, too many businesses are still telling us that regulation is an obstacle to their growth because of the costs or restrictions it imposes. This can hit smallest firms the hardest. Although the number of businesses who agree that regulation is a barrier to growth has fallen in the last four years, it is still too high.<sup>27</sup>

We want to reduce the burden of regulation to make it easier for growing firms to get on with doing business. We will do this by:

- **Regulating only where necessary**
- **Making it easier to comply with regulation**
- **Giving businesses a way to challenge unhelpful enforcement**

### **Regulating only where necessary**

Where possible, we want to remove small businesses from regulations entirely. Where that's not possible, we want to make the law simpler. This Government has undertaken the most ambitious programme of regulatory reform of any government in modern history, reducing the number of new laws introduced and removing or improving unnecessary or over-burdensome regulations.

- Through the Red Tape Challenge, launched in 2011, we have to date announced over 2,000 regulations to be scrapped or reduced. Almost 700 changes have been implemented and are saving businesses more than £218m per year, with more savings to come.<sup>28</sup>
- Earlier this year, we asked a group of business leaders to make recommendations on the most problematic areas of EU regulation that need reform. We will work with businesses and business organisations to encourage the EU to take up these recommendations over the coming year.

<sup>27</sup> IFF Research (2012) "Business Perceptions Survey 2012"

<sup>28</sup> Figures correct at 7 December 2013

## SPOTLIGHT: Reducing and simplifying regulation

We know **health and safety** legislation can be a particular burden for some businesses and so we are making major changes:

- Under the Red Tape Challenge we have scrapped unnecessary health and safety inspections for hundreds of thousands of low-risk businesses; changed the law so responsible employers who have taken all necessary steps to comply with health and safety requirements will no longer be liable to pay compensation for an accident; and developed clearer guidance clarifying what is, and what is not, required to demonstrate compliance.
- We are taking the same arguments to Europe and calling for national governments to be able to decide where small, low-risk businesses can be exempt from keeping written risk assessments.
- Next year we will use legislation to remove nearly one million self-employed people from health and safety law altogether.

Businesses have told us they also find the **planning** system arduous and time consuming. We have already made planning rules more flexible but will do even more to simplify the system:

- As part of a package of new reforms announced on 5 December, we will make it easier to make planning applications and quicker to start a development.
- We are also tackling the 7,000 pages of previously impenetrable planning guidance and will replace it with a slimmed down website by early 2014. This will provide up to date, easily accessible advice on planning.

### Making it easier to comply with regulation

Small businesses tell us that it is often the lack of, or quality of, information about how to comply with regulations, rather than the regulations themselves, that causes the most problems. This is especially challenging for businesses that deal with multiple regulators. The excessive time spent trying to understand and comply with regulation could be

better spent elsewhere. We are committed to making life easier for the vast majority of businesses that want to comply with the law. For example:

- Early in 2014 we will look at how to make it easier for businesses to find information about relevant regulation on GOV.UK. This will mean small businesses wouldn't have to spend time trawling multiple websites to find what they need to know.

- The new Regulators' Code, which legally regulators must have regard to, intended to come into force in April 2014, makes it clear that all regulatory guidance should be written with small businesses in mind.
- We are tackling existing regulatory guidance where it is over-long and complex. For example, DEFRA has embarked on a major programme to reduce environmental guidance by 80% and estimates that this could save businesses more than £2bn over the next 10 years.
- From this year, thousands of small firms who are members of trade associations or franchises can benefit from the new Primary Authority scheme, which allows businesses to get assured advice from a single local authority - giving them greater confidence and saving time and money.
- We will tackle unnecessary burdens on low-risk and compliant companies by making it easier for regulators to share information. This will reduce the demand for businesses to provide information to multiple regulators and mean that regulators can target their enforcement activity in a more informed way.

## **SPOTLIGHT:** **Making Tax Easier, Quicker, Simpler**

We are making the tax system simpler to understand and easier to deal with so that it supports small businesses to grow. Our reforms include:

- A simplified way of calculating business income and business expenses for tax
- A radical overhaul of HMRC support and guidance, making it easier to find, more user-friendly, and accessible via channels such as YouTube and webinars
- New online services, such as the Business Tax Dashboard, which already has more than 500,000 small business users, and the Online Tax Registration Service, which has reduced the VAT registration process from sometimes weeks to three days
- Innovative digital tools and apps, developed with the private sector, such as record-keeping apps which have already been downloaded over 45,000 times
- Improvements to the relationship with, and service to, tax agents, which will benefit their small business clients

Next year, we will make further improvements, including the launch of a new online service for small businesses. This will bring together in one place everything a small business needs to deal with their tax affairs, including access to online registration, filing and payment as well as improved access to relevant help and support.

More details of our commitment to make tax easier, quicker and simpler for small business can be found online.

### **Giving businesses a way to challenge unhelpful enforcement**

The best regulators support businesses by making compliance as cheap and straightforward as possible. We want to make this standard practice and subject to Parliamentary approval, will introduce a new Growth Duty for regulators. This will make it absolutely clear that non-economic regulators have a responsibility to support economic growth.

However, regulators don't always get things right, and we have found that the way regulation is enforced can be a bigger problem than regulation itself. Businesses need to be confident they can ask for an explanation or challenge a decision without fear, disproportionate cost or long delays. So we will:

- Consult in early 2014 on proposals to introduce a new independent Small Business Appeals Champion into each non-economic regulator. These Champions will examine regulators' appeals processes and practices to ensure all businesses have access to timely, transparent and effective appeals processes. They will report publicly on their findings and make recommendations for change. Regulators will need to comply or explain why not.

- Launch 'Business Focus on Enforcement' in early 2014. This will allow trade associations and representative business groups to bid to review how enforcement operates in their area and present their case for change directly to regulators and Ministers, supported by BIS. Businesses can suggest an area needing review and find out more online.

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**TO DELIVER OUR COMMITMENT** to making it easier to get on with doing business we will:

- Continue to **tackle domestic and EU red tape**
  - **Reduce the burden on businesses** by making it easier for regulators to share information
  - Implement **further improvements to the tax system** in 2014
  - Put a **new Growth Duty on all regulators** from 2014
  - Consult early in the New Year on the introduction of a **new independent Small Business Appeals Champion** into each non-economic regulator
  - **Offer business representatives** the opportunity to present their case for change to the way regulatory enforcement is run
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HM Government

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