



GET BRITAIN TRADING

A campaign from the Forum of Private Business

Get Britain Trading Manifesto

The numbers support the campaign

The Forum of Private Business has launched the Get Britain Trading campaign in order to raise awareness of the contribution that small firms make to the UK's economy. Few people realise that out of all the businesses in the UK, a whopping 99.3% are small firms (those with between 0 and 49 employees). These small businesses also employ almost half (48.2%) of the UK workforce and account for over a third of turnover (35.7%). The contribution that small firms make to our economy is often massively underestimated.

There were 4.8 million private sector enterprises in the UK at the start of 2009

99.3% of businesses in the UK are small (0 to 49 employees)

Small enterprises alone account for 48.2% of employment and 35.7% of turnover¹

The Forum exists to assist these small firms in any way it can to help them run their businesses successfully. Small companies have to survive in an increasingly competitive environment. Consumers have less cash in their pockets and small firms have an enormous task competing against large businesses with huge buying power and the ability to offer products and services at discounted rates. Since the start of the UK's economic troubles, small businesses have struggled to survive.

Business closures have increased significantly over the past few years:

In 2007 12,507 businesses closed

In 2008 15,535 businesses closed

In 2009 19,077 businesses closed²

Although initial figures for 2010 show a slight decrease, there is still a way to go

Here at the Forum, we value the contribution that small businesses make to the communities they serve. The jobs that are created, the diversity and life they bring to the high street and the innovative ideas they contribute across all of the UK's industries must be celebrated, preserved and strengthened. By 'getting Britain trading', by assisting businesses to buy and sell more profitably on a regional, national and international basis, everyone in the UK will benefit from a much stronger economy.

In this manifesto, we focus on the four key areas of improving cash flow; simple and proportionate tax; creating employment and improving skills and creating opportunities for growth. The Government now has an ideal opportunity to free small businesses from some of the burdens holding their businesses back in order to create flexibility and the freedom to innovate and grow. If we are relying on small firms to create a sustainable private sector recovery then we must take action to enable them to achieve this.

"Get Britain Trading" say small businesses

In December 2010 we asked 5,200 small businesses about their plans for 2011 and beyond³. 66% of businesses that responded felt that 2011 would be no easier to plan for than 2010. When we asked them about the focus of their plans for 2011, 35% were going to be focusing on survival, 28% on consolidation, just 31% on growth and 3% on high growth. What Get Britain Trading aims to do is to enable a much higher percentage of businesses in the UK to focus on growth in order to provide the economy with the strength it needs. 74% of businesses would like their elected representatives to focus their work on small businesses in their constituencies in order to Get Britain Trading.

Businesses responding to our survey felt that the Government could show more determination in supporting small businesses and a significant proportion felt that confidence would be improved if the Government did more to support small employers.



¹ Small business statistics from the Department for Business, Innovation and Skills: <http://stats.berr.gov.uk/ed/sme/>

² Insolvency statistics from The Insolvency Agency: www.insolvency.gov.uk/otherinformation/statistics/201005/table1.pdf

³ Forum of Private Business Referendum 194 report, Q4 2010 www.fpb.org/referendum

Improving cash flow

Accessing finance

Restrictions in accessing finance are holding businesses back and preventing them from growing and in turn from creating more jobs. 34% of businesses are struggling to run their businesses effectively because of problems accessing finance⁴: finance should be easily accessible for all small businesses. For the market to remain competitive, financial institutions must be transparent so that businesses can fully understand the partnerships they are entering into. While the Government must explore ways of encouraging high street banks to restore cost-effective lending, it should also continue to embrace and promote alternatives – including private investment schemes – and support training, allowing business owners to establish their own creditworthiness.

We are campaigning for:

- ▶ Bank infrastructures to be improved to combat the problem of over-centralised banks
- ▶ Banks to use greater discretion locally, with bank managers able to take into account other evidence from businesses such as recent orders etc to help them access finance
- ▶ Greater transparency so that businesses can fully understand the costs and charges associated with the services of their bank and competitors', enabling them to switch banks and access the best deals
- ▶ The new Bank of England regulator to set specific timelines for decisions to be made on lending, written feedback on loan rejection and the time for an internal escalation within the bank to be made transparent
- ▶ Improved competition in the banking sector through the creation of alternative ways of accessing finance
- ▶ Better support for businesses to be able to use technology to establish creditworthiness.

⁴ Forum of Private Business Referendum 194 report, Q4 2010
www.fpb.org/referendum

⁵ Forum of Private Business Referendum 194 report, Q4 2010
www.fpb.org/referendum

Better payment practices

Action should be taken to support firms that are being hit by late payment. BACs estimates that the total value of the problem of late payment is around £24 billion and the cost to the economy in the loss of otherwise valuable firms is significant – government figures indicate that around 18% of business failures in 2008 were attributed to late payment. 30% of Forum members are suffering from cash flow problems relating to late payment⁵.

The Government must:

- ▶ Use the procurement process to promote best practice by avoiding using businesses with over 250 employees if they are notoriously bad payers
- ▶ Require FTSE companies to report more detailed information on actual payment times
- ▶ Stop larger firms from taking 'prompt payment discounts' which are not contractually agreed
- ▶ Continue with its 10-day payment target and work towards improving current payment times
- ▶ Work towards strengthening the Prompt Payment Code, including requesting businesses to sign up to the Code and calling for examples of breaches of the code.



Simple and proportionate tax

Simplified tax system

The British tax system should be simple and proportionate. Our members tell us that complexity of tax policy in the UK makes business planning difficult and policing tax returns impossible for most businesses⁶. The tax system should be refocused on the encouragement of enterprise and the creation of employment and wealth.

For the benefit of the UK's economy, we are calling for:

- ④ A tax system which is simple enough for small businesses to understand. In order to achieve this, the tax system must be reviewed, and, as a medium- to long-term goal, completely overhauled
- ④ Fundamental principles of the tax system to be introduced that:
 - ✓ Incentivise businesses to employ staff
 - ✓ Reward firms for making a profit
- ④ Employment-specific tax to be consolidated and reduced in order to encourage businesses to employ staff.

Fairness to compete

The Government should introduce tougher measures on tax avoidance and take action to close tax loopholes such as the VAT loophole in the Channel Islands to ensure a more equitable trading environment. Fuel duty continues to be a massive burden for haulage as well as other small businesses. If the Government wants the private sector to take up the challenge of leading the economic recovery, it must take action to relieve the burden that fuel costs are placing on small companies.

⁶ Forum of Private Business Tax and Budget Panel research, January 2011:
http://www.fpb.org/images/PDFs/surveys/Tax_budget_panel_report_2.pdf

We are lobbying for:

- ④ The Government to crack down on tax avoiders
- ④ The VAT loophole to be closed so that small shops on the high street are not being undercut by big firms operating at an unfair disadvantage
- ④ A reduction in the cost of fuel whether this be by the introduction of a fuel price stabiliser or a cut in fuel duty.

“Get Britain Trading is a vital initiative which we are pleased to support. Business is all about confidence and this is what I hope Get Britain Trading will achieve. If the campaign succeeds in increasing levels of confidence it will help to revitalise the British economy.”

Ian Gordon

Small business owner, Peak Translations Ltd



Creating employment and improving skills

Simplifying employment law

There should be a focus in the UK on creating employment opportunities. The Government has recognised this need and is now asking the private sector to create jobs to fill the gap left by public sector cuts. Simplifying employment law for small firms would go a long way towards improving processes for them, encouraging growth and allowing them to take on new staff.

We want to see:

- ④ A move away from 'tick box' employment regulation towards common sense employment practices
- ④ Simplification and proportionality of employment law. The Government should continue to come down hard on employers that break the law in serious cases, however punishment should be reduced for employers making simple procedural errors
- ④ A fairer tribunal system for employers.

Training and skills

Training solutions should be business-friendly, and education providers – including colleges – should be focused on the needs of local small businesses in order to enable growth. With youth unemployment at record levels and small businesses struggling to find staff with the right skills sets, it would seem sensible to bridge the apparent gap by linking the skills requirements of employers with the courses provided by schools, colleges and universities.

We are calling for:

- ④ The education system in the UK to be reviewed holistically following the decision to increase university tuition fees. There should be a re-focus on part-time and vocational courses to ensure that those leaving education have the skills they need to work in the UK's businesses
- ④ Schools and other education providers to teach skills for the workplace including management courses
- ④ Local Enterprise Partnerships to link business support with local training solutions
- ④ The bureaucracy of modern apprenticeships to be reduced.

“I hope that Get Britain Trading will play its part in providing a positive message and will increase business and consumer confidence. We can all do our bit to help Get Britain Trading.”

Mark Docker

Small business owner, S.L.S. Investigations



Creating opportunities for growth

Small businesses hold the key to a private sector-led recovery, however they require fair and open trading conditions in order to grow and create jobs. One way to ensure small business growth is to remove the significant burden that legislation creates by simplifying it to create certainty and consistency. 53% of small firms feel that minimising the burden of regulation would help them to develop their business.

Assistance for export

There should be more help and advice available for businesses looking to export goods and services, assisting them to become 'export ready'. Procurement should be made more accessible to small and medium-sized firms. Not only will this create opportunities for growth for small businesses but by widening competition as much as possible, the public sector will also receive better value for money.

We are lobbying for:

- ▶ UKTI to be expanded to meet the current needs of small businesses for support in exporting
- ▶ The Government to provide information about foreign markets to give firms a deeper understanding of the opportunities and risks involved in trading overseas
- ▶ The Export Credit Guarantee Scheme should be simplified in order to increase the number of small firms that can access it and to improve its cost-effectiveness.

Procurement and business support

Business support should have a greater focus on small and medium-sized firms accessing information on new technology and sales and marketing techniques. Public procurement processes are too complex for small firms and favour big businesses.

We want to see:

- ▶ Effective tendering processes for government departments
- ▶ Pre-qualifying questionnaires that are focused on businesses' ability to deliver rather than on imposing social policy
- ▶ Effective Local Enterprise Partnerships that add value in terms of supporting businesses, but that don't duplicate cost-effective support available from the private sector

“Get Britain Trading is about supporting small businesses to grow. If we can achieve the objective of getting Britain trading, we will succeed in giving a much-needed boost to the country's economy for the benefit of businesses and everyone who lives here.”

Phil Orford

Chief Executive, The Forum of Private Business



Visit www.getbritaintrading.co.uk

for further information, ways you can help to Get Britain Trading and to sign the pledge