



Budget 2009 edition

“The Government still doesn’t understand that it will be SMEs that pull this country out of recession; we are still bogged down with more red tape and extra taxation.”

Member response to Referendum 187

In last quarter’s *Referendum*, we asked you how you felt about the Government’s Pre-Budget Report (PBR) and its impact on your business. We also asked what other issues you wanted the Chancellor to prioritise in the Budget. Your feelings were lukewarm on the support given to small and medium-sized businesses in the PBR with two-thirds believing it to be ineffective. The results of the research, some of which are highlighted on this page, formed the basis of our Budget submission to the Government.

Turn to page 3 to read our views on the 2009 Budget.

Impact of measures announced in the Pre-Budget Report

We asked respondents what impact the PBR measures would have on their businesses. The figures below show the balance, after subtracting the negative responses from the positive.

Overall	12%
More generous tax relief for businesses in difficulty	57%
The Enterprise Finance Guarantee Scheme	28%
Modification of planned tax reforms	38%
HMRC Business Payment Support Service	39%
Bringing forward £3 billion of capital spending	38%
Temporary cut in VAT	-4%

Paying for the PBR measures

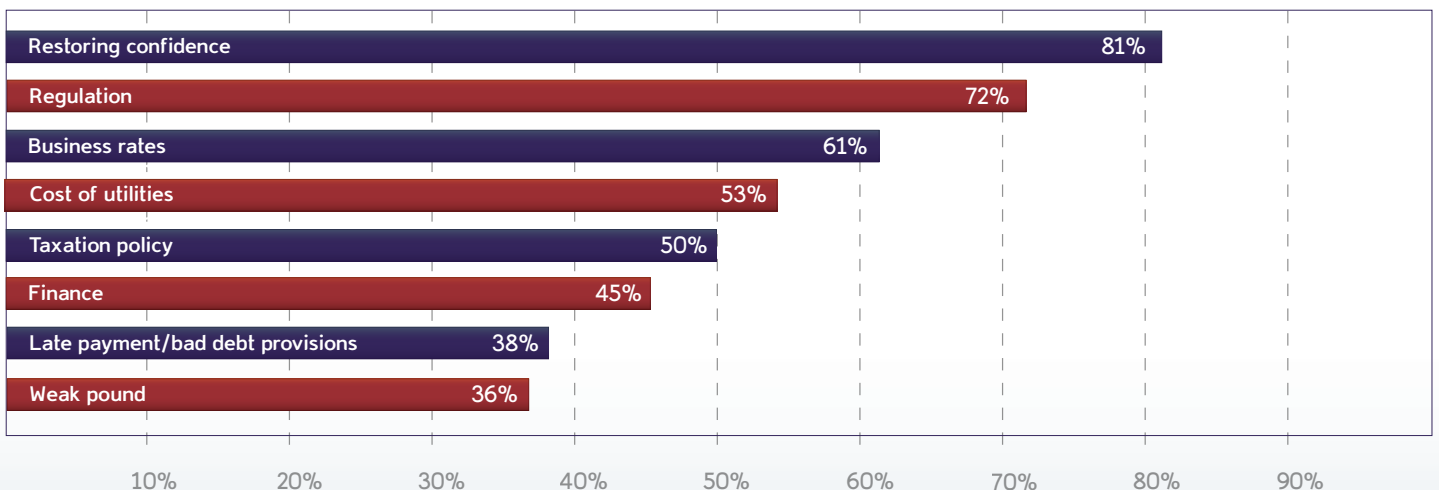
Four suggestions were made as ways of paying for measures announced in the PBR.

The figures below show member opinion on the affordability of these suggestions. Negative responses were subtracted from the positive to reach these totals.

Overall, 82% of members believe that taxes on small businesses will increase in 2009 to pay for the measures.

Increasing National Insurance contributions	-87%
2p increase on fuel duty	-69%
Increase in alcohol and tobacco duty	14%
Increase in taxation for those earning £100,000+	8%

Issues members wanted the Government to resolve in the Budget



Members have their say



“It’s great to be part of an organisation like the FPB, which supports your business ...”

Matt Hardman, The Bacon Factory

FPB member Matt Hardman runs The Bacon Factory Ltd, his family’s bacon slicing business in Bury, Lancashire. Via the FPB, he has spoken out in the media on several occasions. Most recently, he told the *Mail on Sunday* that, despite the precarious economic situation at present, firms like his are bucking the trend. As Mr Hardman told the newspaper, via a combination of online marketing and sheer hard work, his company is experiencing increasing turnover, an expanding client base and growing orders.

“It’s great to be part of an organisation like the FPB, which both supports your business behind the scenes and also enables you to step into the limelight in the national, local and trade media,” said Mr Hardman. “Thanks to the FPB, it was refreshing to be part of a positive news story for once, and emphasise that most small businesses remain determined to be successful.”

The power of the press

Steven Harkin of Saxon Oil in Coventry, Warwickshire, is another member of the FPB whose membership enabled him to gain valuable access to the media. He was able to tell the *Sunday Times* about his bank’s lack of flexibility, and also criticise the Government’s various support and economic stimulus schemes. The publicity has been good for business.

“As well as heightening awareness about these important issues, it has given us such high visibility and, a few weeks later, we were negotiating a major deal,” said Mr Harkin. “We have been awestruck by the power of the press and the FPB was instrumental in getting us into the spotlight.”

Fighting on your behalf

In April 2009, FPB member Michael Gibbs, who owns the Bollingbroke, a bookshop in Battersea, London, was interviewed by the *Mail on Sunday* about the Government’s decision to phase in the 5% increase in business rates.

“I very much appreciate the FPB’s support. It’s not easy to get these issues publicised, but it’s reassuring to know that the FPB is fighting on your behalf and has the presence it has. You know you’re not alone,” said Mr Gibbs.

How you can help make our voice louder

Real-life experiences bring home to decision-makers the impact of the decisions they make and are vital to the success of our campaigns.

If a particular issue is affecting your business and you are happy to speak to the press about it, contact Phil McCabe, the FPB’s PR and Media Officer, on **01565 626019** or at phil.mccabe@fpb.org.

If you have concerns about a specific issue, or are interested in the work of our Member Panels, which cover topics from competition and the environment to red tape and taxation, call us on **01565 634467** or email campaigns@fpb.org to find out more or to tell us about your concerns.



DOWNING STREET SW1

CITY OF WESTMINSTER

We were disappointed that the Budget, announced on 22 April, failed to address the key issues affecting the UK's struggling businesses. Also that many of the proposals set out in our strategy for business survival were not adopted by the Chancellor. FPB Chief Executive Phil Orford issued a statement following the announcement, expressing our frustrations at a Budget that appears to be focused on the next general election rather than taking the opportunity to encourage economic recovery.

Improving access to finance



We continue to monitor the banks' behaviour towards small firms to ensure our members have access to the finance they require. The Government's credit insurance scheme will help firms which have had their credit insurance partially

withdrawn from 1 April. The scheme, which is temporary, came into effect on 1 May and will end on 31 December. We were disappointed that companies which have had credit insurance completely withdrawn will not be covered, and will continue to lobby for better protection for businesses suffering as a result of late payments and banking costs.

Protecting employment



The Chancellor announced an increase in redundancy pay, which we feel is a massive blow to businesses considering making staff cut-backs. Minimum redundancy pay will increase from £350 to £380 per week from

1 October. The Government is pumping £1.75bn into helping the unemployed and we feel that some of this money should be spent on implementing a modified Working Tax Credit scheme, which would allow employees on shorter working hours to have their pay supplemented. This would go some way to preventing workers becoming unemployed.

Minimising cost burdens

A temporary increase in capital allowances and extending the loss carry-back scheme will help some small businesses with their cash-flow difficulties; however, there are creeping costs to hit businesses over the coming year or so which were not addressed in the Budget. These include increases in fuel duty, the National Minimum Wage (NMW), business rates, NICs and redundancy pay, which we continue to campaign against.

Improving economic activity



The Chancellor based his Budget on highly optimistic predictions for the economic recovery. We will continue to measure our members' views and experiences of the economy to support our campaigns for measures to boost consumer and business confidence.

Other campaigns

We are working at raising the profile of the issues surrounding the behaviour of the Performing Rights Society (PRS), the organisation which collects royalties on behalf of music writers, composers and publishers, and are calling for an independent ombudsman to represent the concerns of our members. We have also launched a campaign to raise awareness of Small Business Rate Relief, to ensure members are taking full advantage of the relief available to them. Several members have asked for help with public procurement issues and we have used our contacts within government to raise the profile of their particular cases.



If you would like further information about the issues raised on this page, call our member helpline on **0845 130 1722** or visit www.fpb.org/budget.



“Stop introducing further legislation and moving the goal posts on existing regulations. Give us breathing space to develop our business policies.”

Member response to Referendum 187

In last quarter's *Referendum* ballot, 70% of respondents indicated that minimising regulations should be a priority for the Government. With this quarter's ballot, we want to launch a new piece of research which will allow us to monitor the cost of compliance with regulations for smaller businesses. We want to make sure that changes to the law improve business practices, thereby helping to make them more competitive.

Why we are undertaking this research

- The cost of complying with regulations has internal costs (time away from fee-earning areas of the business, salaries and so on) and external costs (solicitors, accountants and other specialists). This research looks at both aspects.
- The cost of internal compliance with regulations generally decreases after the first year, as businesses have put in place systems to ensure compliance. Therefore the time businesses spend complying with regulations is unpredictable.
- Compliance with regulations can involve expensive training or certification for one employee of a business at a fixed cost. As such, they are less affordable for smaller companies than for large corporations.
- In a recession, businesses that do not comply with costlier elements of legislation are able to undercut businesses that do so. It is therefore important to understand the real cost to businesses.

Regulatory matters covered by this research

- Health and safety compliance, including risk assessments
- Employment law is split into:
 - Dismissals and redundancy
 - Absence control and sickness
 - Maternity, paternity and flexible working
 - Discipline and grievance
 - Holidays, salaries and other employment law, including recruitment and other staff issues
- Environment and waste legislation, including REACH and WEEE regulations
- Equality and diversity legislation
- ISO/standards, including industry specific requirements
- PAYE, National Insurance and other tax regulations
- Building and property regulations to ensure that your premises comply with building regulations/planning permission

What time spent on regulatory matters should include

- Understanding the regulations or changes to regulations
- Preparing and implementing procedures compliant with new laws
- Monitoring and administration of legislation

Have your say

Please complete the ballot form enclosed, remembering to add any comments for your elected representative(s).

Return it to us in the pre-paid envelope provided by **Wednesday, 10 June 2009**.



Meet our campaigns team



Jane Bennett
Campaigns Coordinator
Email jane.bennett@fpb.org
Telephone **01565 626013**



Matthew Goodman
Policy Representative
Email matthew.goodman@fpb.org
Telephone **07775 756309**



Phil McCabe
Media and PR Officer
Email phil.mccabe@fpb.org
Telephone **01565 626019**



Thomas Parry
Research Projects Manager
Email thomas.parry@fpb.org
Telephone **01565 626015**