



**FEDERATION OF SMALL BUSINESSES – BRISTOL & GLOUCESTERSHIRE REGION  
GLOUCESTERSHIRE FIRST MEETING 30<sup>th</sup> OCTOBER 2008  
DISCUSSION POINTS ON ECONOMIC DOWNTURN**

The Government has recently been very prominent in recognising the vital role of small and medium sized businesses during economic recession and the FSB is currently involved in an almost unprecedented level of daily discussions with the Government. These mostly relate to matters that can only be dealt with at national level.

Following are some key issues currently being raised by the FSB at national level.

**Areas outlined in blue are where lobbying and other support from Gloucestershire First partners would be beneficial.**

**Taxation:**

The FSB has submitted its recommendations for the Pre-Budget Report, which focuses on the challenges SMEs face as a consequence of the Credit Crunch and economic turmoil. These include:

- Calls on the Government to reverse its planned increase for small companies and reduce corporation tax.
- Re-introduction of the ability for small companies to carry losses back for a period of three years, as was the case when the Government came to power in 1997.
- Calls for compensation for small employers to reflect the costs associated with processing payrolls for employees on prolonged absence.
- Revision of the Approved Mileage Allowance to reflect increase in fuel prices.
- In light of the current economic crisis and the growing financial burden on small businesses, calls for the Government to abandon plans for a Work Place Parking Levy.

**EU and International Affairs - Small Business Act Update**

The French Presidency is working on draft SBA conclusions and the aim is still for them to be agreed at the 1-2 December Competitiveness Council meeting. There have been two Ministerial discussions of the Commission's SBA Communication in the Competitiveness Council, the first in July and the second (particularly looking at the SBA in the context of recent economic downturn) in September.

The FSB is highlighting the following:

- The huge importance of the Small Business Act, which must deliver tangible benefits, particularly in the current economic climate. **A need for SW UKTI to understand the SBA, its importance to SW businesses and react accordingly.**
- Early action on better regulation, access to finance and helping SMEs access the internal market

**Employment**

**Maternity**

There has been a Directive from Brussels regarding maternity leave. In its current form, the directive will be a problem for UK SMEs as one interpretation could make our current 52 weeks of maternity leave 100% paid, it at least aims to extend the 6 week period of 90% paid leave up to 18 weeks of 100% paid leave.

The FSB is watching this Directive and continuing to comment on it as we suspect there will be moves to change maternity leave yet again in the next UK parliament with plans to extend paid leave from 39 to 52 weeks being discussed by the government and unions.

The FSB believes that none of the proposals are compatible with ensuring international competitiveness and economic success at this time. **SWRDA, GOSW and local MP understanding and support.**

**Pensions**

The FSB has continued to lobby DWP, PADA and the Pension Regulator to minimise the administrative burden of the new pensions scheme. DWP are now preparing their secondary legislation and early indications are that they are responding to some of the points that the FSB is raising.

### **Transition of Energy issues into the new National Consumer body**

Energywatch closed on 1 October and was replaced by Consumer Focus.

Consumer Direct, the advice and support organisation, will now provide first tier advice on energy and offer a limited service to small businesses.

It means that small businesses with concerns about the performance of their energy companies must seek to resolve issues with their supplier in the first instance.

**There is a paucity of advice on energy saving aimed at small businesses and a possible role for Business Link here.**

### **The National Audit Office**

Recently issued a critical review of the Government's Administrative Burdens reduction exercise. The NAO survey found that almost all businesses complained that there had been no reduction in the time taken on regulation. There is a proportionally bigger cost to SMEs

### **Rural Affairs**

FSB is conducting a poll of rural members later during October/November asking them what their experiences have been of the 'credit crunch'. We are concerned that the plight of rural businesses during this economic downturn is often overlooked and we aim to make sure the rural voice is heard loud and clear by Government. **Press publicity aimed at identifying businesses with individual problems would help pinpoint specific areas for action.**

### **Tourism**

This is particularly linked to Rural Affairs.

The FSB has previously expressed concerns about the effectiveness of destination marketing in Gloucestershire. Well over half of the county's small businesses depend directly or indirectly on local trade and visitor numbers – pubs, cafes, restaurants, hotels, shops, art/craft sector etc. The vast majority of these businesses are not engaged in the current arrangements, are unaware of the current organisation, do not understand or are unconvinced by "destination marketing" and fail to contribute collectively to any public sector driven initiatives. **The value of the current "tourism" effort still needs addressing by the County and the Local Authorities although short-term actions likely to help the current recession are unlikely.**

### **Banking & Financial Affairs**

The FSB is aware of a large increase in issues related to overdrafts and loans.

At national level this is being discussed with the Treasury, Banks and the Institute of Credit Management to make them all aware that denying finance to small businesses could worsen the economic difficulties the nation currently faces.

A FSB poll has revealed that many small businesses have had their payment times increased within the past twelve months. The poll also showed that the SME sector is experiencing difficulties in many areas and we are passing the data onto the Bank of England for their consideration when deciding the interest rate level. **Press publicity aimed at identifying businesses with individual problems would help pinpoint specific areas for action.**

FSB is also pointing out the dire consequences to small businesses of big organisations (public sector and Blue Chips) not paying invoices on time or even delaying payments.

**Action by all bigger organisations on this is vital.**

### **Small Business Rate Relief Scheme Survey**

The FSB will be carrying out a survey of all local authorities in England to find out what the uptake for the scheme is. We are calling for the government to make this relief automatic as it is in Scotland and Wales. **FSB has no information on what the uptake is in Gloucestershire. It would be useful to know and to identify businesses where rate relief might benefit. Press help here might be useful.**

### **Empty Property Rates**

The FSB continues to make points that the extra tax on small businesses that own a second property is unfair. For many small business owners, business premises are also their pension.

Many business owners want to sell, or rent out their second properties but the current economic climate is not in their favour. However, if these properties are sold (or deliberately pulled down as has happened in some areas) this will reflect on availability of premises during an upturn.

## Public Procurement

Positive, wider movements aimed at making it easier for small businesses to win public contracts is being countered by local initiatives making it more difficult. **The County Council, Local Authorities and other public bodies need to go out of their way to meet the FSB and other business organisations to discuss procurement processes and assess the impact on local trade. Do not wait for the FSB to contact them.**

## Keep Trade Local Campaign

This is a national FSB campaign getting wide coverage in some areas of the UK.

Within the limited resources available to an organisation like the FSB (which is run mostly by volunteers with their own businesses to run) work is being done on **Parking, Business Rates, Crime, Procurement, Post Offices and Planning.**

On parking, a “*Keep Trade Local parking mini-manifesto*” was successfully launched by Simon Hughes MP at the Liberal Democrat conference in Bournemouth.

This calls for:

- **Local Authorities should view parking as an essential service and not as a short-term revenue grab.**
- **Parking policy should be seen as an integral part of transport strategy with local authorities including it in their Local Transport Plans.**
- **Parking policy must be tailored to the individual locality with the necessary balance and adaptability to reflect the needs of the individual locality.**

## Crimes against business

- The FSB has started a fresh round of discussions with the Association of Chief Police Officers (ACPO), HM Inspectorate of Constabulary and key politicians with proposals for addressing crimes against business, before the introduction of the Policing and Crime Reduction Bill later in the year.
- The FSB is supportive of plans to improve police engagement with local communities through Neighbourhood Policing Units but calls for increased recognition for crimes targeted against business in addition to the strengthened voice of the business community on police authorities.
- The fraud and online crime draft report shows phishing emails as a particular nuisance for small businesses and chargebacks from card-not-present fraud as a particular problem for businesses selling products. The final report will include key recommendations targeted at the government, banks and police.
- **FSB Bristol & Gloucestershire Region is currently leading on an initiative to set up a “Business Crime South West” initiative that would benefit from funding from Gloucestershire First, Local Authorities and the Police**

## Education Skills and Business Support

Skills:

The FSB is concerned at some Government ideas based on a belief that more staff training would have any immediate effect on the current economic downturn. We do not believe this.

The Education/Skills agenda is mostly led by national strategies.

FSB Bristol & Gloucestershire Region’s aim is to pro-actively help improve links between local small businesses and educational establishments, particularly on “work experience”. This work will continue as a long-term objective but is not seen as a priority for individual businesses in the current economic climate.

Business Support:

**One idea for possible support is running local “clinics” (evenings) for small businesses with financial and other concerns directly related to the economic situation. Business Link might have a role here.**