



Moratorium on business regulation

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Every year new regulation comes into effect for businesses on April 6 and October 1, also known as Common Commencement days (CCDs). New regulations often add new administration and even staff costs for businesses. The National Audit Office's 2009 Complying with Regulation – Business Perceptions Survey, found that keeping up to date with changes in existing regulation was one of the most burdensome aspects of complying.

The cost of employing staff and the impact of regulation can hamper a business's ability to operate. In 2008 there were 57 new pieces of regulation all with associated costs and burdens for firms. The Government's regulatory forward programme reveals at least an expected 430 new regulations to be implemented before April 2011.

In the then Department for Business, Enterprise and Regulatory Reform's (BERR) Annual Survey in 2007, 60 per cent of businesses listed regulation as an obstacle to success. For 14 per cent, it was the single biggest obstacle.

In a 2008 survey of FSB members 27 per cent of businesses who wanted to expand rated "fear of increased regulation as a difficulty in expanding their business" as a very important factor. In the same survey 51 per cent of businesses, who were planning to downsize or close, rated the regulatory burden as "very important" to their decision.

Employment legislation is felt to be one of the hardest areas of regulation to comply with. Equally, businesses have key concerns about employment legislation when they are contemplating taking on new staff. Businesses also have significant concerns about vexatious claims via employment tribunals.

There are some major pieces of regulation being introduced over the next couple of years including:

- the Agency Workers Directive with an annual recurring cost to business of £1.5 billion;
- the Equality Bill with a one off cost of £190 billion; and
- the pensions reforms with an annual recurring cost of £4.8 billion.

Small firms are often hit harder by these regulations than their larger counterparts as they do not have the same time and resources available.

The FSB is calling for all political parties to be bold and call for a moratorium on all business regulations, whilst businesses are dealing with the economic downturn or recovering from it.

Small Business Stats

- **There are 4.8 million small businesses in the UK**
- **97 per cent of firms employ fewer than 20 people**
- **95 per cent employ fewer than five people**
- **Over 500,000 people start up their own business every year**
- **13.5 million people work in small firms**
- **Small firms contribute more than 50 per cent of the UK turnover**

For further information

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