



Federation of Small Businesses
The UK's Leading Business Organisation

Small Business, Big Vote

FSB General Election 2010 Campaign Manifesto

Employment

Taxation

Finance

Entrepreneurship and Innovation

Low Carbon Economy

Local Communities

Introduction


The UK will go to the polls in the midst of an economic crisis. Recovery is tentative and unemployment could still increase.

A sustained recovery will require more finance than the banks are currently able or willing to give; it will require a sympathetic tax regime, a stable and predictable business environment, and targeted measures to bring on innovation and entrepreneurship.

Small businesses can deliver a strong economic recovery if they are given the chance to grow and flourish. They drive innovation and with 500,000 people starting up new businesses every year they also hold the solution to the unemployment crisis.

In short, the government most able to get conditions right for entrepreneurs and small businesses to thrive will be the government best placed to guide us out of recession and back to growth.

This document sets out some of the key measures that will help small businesses to help the UK back to economic growth.



John Walker

Policy Chairman

How do we tackle unemployment?

84%

Between 2002 and 2007 over 84 per cent of new jobs were created by small businesses.

Studies show that new small firms grow faster than larger companies, creating more employment opportunities.¹

Small businesses hold the key to tackling the unemployment crisis

PROMOTE SELF-EMPLOYMENT:

The UK needs to make sure that self-employment is a real option, and the creation of an Enterprise Allowance Scheme would enable more people to start their own businesses. In 1992, over 36,000 businesses were created through this scheme; they had a 74-per-cent survival rate and created over 10,000 new jobs.

DECLARE A MORATORIUM ON EMPLOYMENT REGULATION:

Job creation is easier in a predictable regulatory environment. Sixty per cent of small businesses regard regulation as an obstacle to job creation. The government can reduce the burden on small businesses by simplifying the legislative framework for businesses and by not introducing any changes in employment regulation until the economy recovers.

GENERATE OPPORTUNITIES FOR YOUTH EMPLOYMENT:

Sixty-nine per cent of apprentices work in small businesses. The FSB wants to see the burden of bureaucracy removed from employing an apprentice, as well as greater investment in graduate work placements within small businesses.

How do we get the UK's finances back on track?

44%

of FSB members say a cut in payroll taxes would help them take on more staff.²

This could create more than half a million new jobs and additional revenue for the Treasury.

Small businesses can deliver a strong economic recovery if they are given the chance to grow and flourish.

CUT PAYROLL TAXES:

Introduce a National Insurance rebate for new jobs in small businesses.

Small businesses want to invest and expand and encouraging the right stimulus will create job security and further employment.

CUT VAT TO 5 PER CENT FOR CONSTRUCTION WORK:

Every £1 invested in construction generates £2.84 in total economic activity.³ A cut in VAT would generate more building, more employment and more revenue for the Treasury.

STOP THE REPEAL OF FURNISHED HOLIDAY LETTINGS RULES:

A repeal of rules governing furnished holiday lettings could cost the UK tourism industry £200 million and jeopardise 4,500 jobs in rural and seaside economies.⁴

³ Construction in the UK Economy: The Benefits of Investment. <http://www.cbi.org.uk/pdf/20091028-cbi-construction-in-the-uk-industry.pdf> (Nov. 2009)

⁴ The impact on the Self-Catering Sector of the proposal changes to Furnished Holiday Lettings Rules. [http://www.tourismalliance.com/attach.pl/240/269/FHL%20Impact%20Briefing%20Paper%20\(final\).pdf](http://www.tourismalliance.com/attach.pl/240/269/FHL%20Impact%20Briefing%20Paper%20(final).pdf) (Dec. 2009)

How can we fund the economic recovery?

‘
there are only **170** bank branches
per million people in the **UK**,
compared to **520** in **Germany** and
960 in **France.**’⁵

The UK lacks the finance structures to support recovery. We need greater competition in the banking sector.

BRING GREATER COMPETITION TO THE BANKING SECTOR:

The cost of loans and overdrafts has increased for small businesses. More competition in the marketplace, through the establishment of a Post Bank and better use of state-held banks, would ensure fairer borrowing.

RESTORE TRUST BETWEEN BANKS AND SMALL BUSINESSES:

The future health of our economy depends on restoring the trust of small businesses in the banks. Promoting and emboldening the Financial Intermediary Service would help.

TACKLE LATE PAYMENTS:

Four thousand businesses closed in 2008 because of late payments.⁶ The late payments directive should include a 'social clause' stipulating that large businesses should pay suppliers and sub-contractors within 30 days.

⁶ <http://www.info4local.gov.uk/documents/related-links/rhn1321082> (Nov 2009)

How should we promote entrepreneurship and innovation?

53%

of small businesses have introduced new or improved products or services in the last 12 months.

51%

will introduce more in the next 12 months.⁷

Small businesses drive innovation. 500,000 people start up their own business each year.⁸

CREATE AN INFRASTRUCTURE FOR THE 21ST CENTURY:

The lack of broadband speed reduces productivity for a third of businesses. Service providers must guarantee minimum upload and download speeds. Increased diversification and greater competition must be brought to broadband provision.

USE PUBLIC PROCUREMENT TO NURTURE INNOVATION IN SMALL BUSINESSES:

Public procurement is a key driver of innovation. A new procurement programme should inform the small-business community of purchasing needs and timetables, thus creating a market for new products and innovation.

⁸ Department for Business Innovation and Skills, <http://stats.bis.gov.uk/ed/sme> (2009)

How do we build a low-carbon economy

57%

of FSB members have changed the way their business operates because of concerns relating to climate change.

The UK's 4.7 million small businesses could be a catalyst for a low-carbon economy.

INVESTMENT IN LOW-CARBON INNOVATION MUST TARGET SMALL BUSINESSES:

The value to the UK economy of low-carbon goods is already £106 billion a year. The UK Innovation Investment Fund should target the small-business sector, which finds it hard to raise venture capital but is at the forefront of low-carbon innovation.

IMPROVE ACCESS TO WASTE AND RECYCLING FACILITIES:

The scale of waste dealt with by most small businesses is similar to that of a domestic household, but their access to waste and recycling facilities is lamentable. To ensure that businesses can go greener, local waste infrastructure such as civic amenity sites must be available.

How can we preserve sustainable local communities?

Over **50%** of turnover in independent retailers goes back into the local community.¹⁰

Small businesses are not just part of the local community; they *are* the local community.

SAVE OUR PUBS:

Seven pubs close every day¹² and 24,000 people have lost their jobs due to pub closures over the past year. Tenanted pubs struggle with high rents and hikes in the price of alcohol enforced on them by the Pubcos. A reform of the ‘pub tie’ would ensure that tenants can make a fair profit.

CURB PARKING CHARGES:

In 2005, local authorities made £1.6 billion from parking charges and fines, up from £628 million in 1995.¹³ On average people travel 893 miles yearly to buy food. To combat this and bring back trade to the high streets parking schemes and charges need to be tailored to the individual locality.

SAVE OUR POST OFFICES:

One in five small businesses visit a post office branch every day.

The Post Office should offer business banking and provide hubs for small businesses with a full range of business support services and advice.

¹² British Beer and Pub Association (BBPA) www.beerandpub.com (Nov. 2009)

¹³ http://www.fmb.co.uk/ea/pdf_ea/sub_071023ConsPartySmallShopsInquiry.pdf (Nov. 2009)

The Federation of Small Businesses

The Federation of Small Businesses is the UK's largest campaigning pressure group promoting and protecting the interests of the self-employed and owners of small firms. Formed in 1974, it now has 215,000 members across 33 regions and 230 branches.

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
- Small firms employ more than 58 per cent of the private sector workforce
- 13.5 million people work in small firms
- Small firms contribute more than 50 per cent of the UK turnover
- 64 per cent of commercial innovations come from small firms
- Small firms collect and pay tax, NICs, VAT and other dues which help pay for public services

Micro: 0–9 employees

Small: 10–50 employees

Medium: 51–249 employees

Figures from the Department for Business, Innovation and Skills (2009). For further information and breakdown see: BIS Statistical press release October 2009 <http://stats.bis.gov.uk/ed/sme>

How the Federation of Small Businesses can help your business

Benefits to members:

Telephone advice lines for business & personal:

General Legal Advice	24 hours a day
Scottish Legal Advice	24 hours a day
Employment Advice	4 hours a day
Safety & Environmental Advice	9am to 5pm Mon to Fri
Tax, VAT & PAYE Advice	9am to 5pm Mon to Fri
General Insurance	9am to 5pm Mon to Fri

Legal & Protection Insurance of up to £50,000 per claim (£1,000,000 all claims) in relation to business activities. The insurance is subject to various terms and conditions and there are exclusions.

Defence legal representation in connection with:

Criminal prosecution defence - Health & Safety @ Work Act, Consumer Protection Act; Food Safety Act

Jury Service - Claim up to £100 per day (maximum £1,000) for losses incurred due to a member or an employee attending jury service

Tax - defence for full enquiries, VAT Tribunals & Decisions and PAYE Employer Compliance disputes

Data Protection defence

Statutory Licence defence

Pursuit legal representation in connection with:

Property pursuit for nuisance or damage to business premises

Personal Injury pursuit

Membership Enquiries:

FSB, Blackpool Business Park, Sir Frank Whittle Way, Blackpool FY4 2FE

Tel: 01253 336000 Fax: 01253 348046.

www.fsb.org.uk



Notes

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