



South West England & Gibraltar Federation of Small Businesses MEP Newsletter

Flooding - Looking to the future –

Although it has all gone quiet in the media, businesses continue to suffer.

The closure of the A46 north of Stroud is having severe repercussions for the local business community, including many who were not flooded. Indeed, there are fears that vital Christmas trade will be lost due to the road closure particularly in Painswick.

The FSB is working with Government Office and the RDA to put pressure on the local council. Any help and support to get this vital road open as soon as possible would be much appreciated.

We know that many firms who were not flooded have been badly affected. For some businesses such as catering hire, the lack of water prevented any functioning at all. For others, the media stories about floods gave the impression that the whole county was closed.

From further afield, it is clear that the heavy rain itself imposed additional burdens on business with a camp site reporting bills of almost £3000 for hard core to maintain paths.

Further to the future, the Foot and Mouth outbreak and consequent cancellation of agricultural and County shows is starting to impact on rural businesses as customers retrench and they lose a key shop window.

The final bill is not yet in.

European Commission gives up its metric mission – thank you!

Traders and drinkers of pints welcomed the decision of the European Commission to call off plans for a Europe-wide ban on imperial measurements by 2010. It gives traders the flexibility to meet the needs of their customers.

Red Tape - The whole problem with red tape is that it is an increasing burden on the honest responsible business, but the cowboys ignore it and continue to so do.

But there are a few changes - Not yet the red tape bonfire we hope for, but a step on the way so again it is appreciated!

I refer of course to the new EU website seeking information from businesses about the red tape problems they experience. We are encouraging our members to use the site and make their comments.

And just to remind you of the problems caused, a member offering B&B in a listed building looks likely to go out of business. He has just 3 double bedrooms, but has been ordered to install 21 fire doors, a fire retaining wall as well as a hard wired detection system. Under the previous legislation he was not required to install anything more than a private house. It seems the words 'proportional' and 'reasonable' are no longer in the vocabulary. How many more businesses will be closed as a result?

No wonder John Walker, FSB Policy Chairman, said:

"We welcome the intention to reduce the administrative burden on small businesses but we have heard similar noises in the past. It is time for action to follow words so that small firms can spend less time filling in forms and more time creating jobs."

“Following close on the heels of John Redwood’s proposals to reduce red tape for the Conservatives the challenge for all political parties now is to ensure adequate but proportionate legal protection for workers and the public.

Proposals put forward by the FSB include:

- Requiring regulators to produce annual reports to inform stakeholders on their performance against targets set for them and the actions they have taken enforcing regulations. This will ensure that regulators are accountable to the public and that they are not taking disproportionately punitive action;
- Regulators should base their priorities for inspection on risk assessments. Accreditation systems can be over-burdensome and should not be used;
- The Regulators’ Compliance Code should follow a revised penalty regime not precede it. The current penalties are blunt instruments and should be altered to reflect the aims of the code. The code should also apply not just to general principles but to individual actions taken by regulators to ensure a proportionate and fair approach is taken to eliminate unnecessary burdens on businesses;
- If regulators from more than one agency aim to inspect the same business then these inspections should take place at the same time to avoid excessive disruption of the business;
- Regulators should provide free advice, with no threat of punishment, to small businesses. This will assist small firms in complying with legislation much more effectively than through prosecutions. At present many small businesses avoid seeking advice from regulators because they could inadvertently ‘shop’ themselves, leaving them open to prosecution;
- Penalties enforced by regulators should be proportionate so that, for example, a large supermarket should be fined on a different scale to a corner shop;
- Regulators should publish penalty guidance and enforcement policies so that businesses know what is required of them;

– it is a burden on small businesses but what protection does it offer?

The Competition Commission is letting the big 4 banks off the hook despite evidence that they are not complying with undertakings signed up to in 2002.

Under a deal reached with the competition authorities, the main business banks (Barclays, HSBC, Lloyds TSB and the Royal Bank of Scotland Group) agreed to offer small businesses an account that pays interest on credit balances of at least 2.5 percentage points below the base rate or provide free banking or both. In addition they promised to advertise these benefits to their customers.

But an FSB survey of over 4,000 small businesses revealed that over 70 percent of them were not aware of the undertakings and more than half had not been offered either option.

Mike Cherry, FSB Financial Affairs Chairman, said: “It flies in the face of all the evidence we have given and completely contradicts the experience of thousands of our members.”

The silver lining is that the decision is provisional and could be overturned after a public consultation, to which the FSB will be responding.

And the Competition Commission has been seriously dragging its feet over supermarkets

The Federation of Small Businesses (FSB) called on the Competition Commission to make sure that its current inquiry into the grocery sector finally delivers a fair market for all retailers and suppliers. This comes after the Office of Fair Trading (OFT) provisional decision that the large supermarkets and dairy producers have been fixing milk prices, costing consumers around £270 million whilst small dairy farmers see no benefit.

The FSB has heard from many of its members that the supermarkets pay their invoices late and that they pressure suppliers with unfair demands to enable them to undercut their rivals. Now the Competition Commission has uncovered allegedly threatening and abusive emails from supermarkets to their suppliers. The emails are said to have told suppliers and farmers to reduce their prices or face losing contracts

The current Competition Commission inquiry into the supermarkets is the third in seven years and the FSB believes that this alone demonstrates that there is a case for them to answer. It is the job of the Competition Commission to ensure fair competition across the board, not just between the big four supermarkets, and another failure to act is unacceptable.

John Wright, FSB National Chairman, said:

"We are not asking for special treatment for small businesses, we are just asking for fair treatment. It is now incumbent on the Competition Commission to make that happen."

And the news on late payment is not good with HMRC in the hot seat

The Government has announced the end of the Better Payment Practice Group, which offered guidance on avoiding late payment to small businesses.

Yet research from Creditsafe indicates that the problem now affects two-thirds of British businesses and the Financial Times reported that £128 billion is owed in late payments.

Maybe it is because the taxman is as guilty as big firms when it comes to paying small businesses what they owe. Basically, businesses that filed online were eligible for £150. But HM Revenue & Customs (HMRC) are taking their time to pay – 130,000 businesses are still waiting.

Government, not business, should police immigration says FSB

The FSB has called on the Government to police immigration, as opposed to forcing employers to do it. It asked the Government to recognise the difficulties that small firms have when working within existing laws relating to illegal workers. The call comes as the Government's consultation period into the prevention of illegal working came to a close. Alan Tyrrell, FSB Employment Chairman, said, "It is not right that businesses are asked to become pseudo-immigration officials by the Government. Small business owners have enough to do just to keep their business afloat without performing an essential function of Government as well." For a copy of the full consultation response e-mail lucie.goodman@fsb.org.uk

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