



South West England & Gibraltar Federation of Small Businesses MEP Newsletter

April/May2008

Key to comments this month is 'communication'. Small businesses want to be involved and contribute. We need to work together to find a practical way to make it happen.

Not surprisingly, we therefore welcome DG Enterprise's proposal for a 'Small Business Week'.

**Small Business Week proposed by DG Enterprise
Consultation or just lip service?
Agency workers deal 'disastrous' for small businesses
PM's employment announcement could prove a nightmare for small firms
Grocery sector inquiry is a failure, says FSB
Late Payment is increasingly an issue, possibly as a result of the 'credit crunch'**

Small Business Week proposed by DG Enterprise

The FSB in the SW was pleased to hear that DG Enterprise is considering holding a 'Small Business Week' sometime in the New Year.

Members would welcome the opportunity to explain the reality of life as a UK small business and some of the differences compared with the Continent. Maybe such an education process would help you as MEPs ensure that EU regulations and projects are better fitted to UK small firms.

Consultation or just lip service?

And an example of a conversation we would welcome is about consultation.

In the FSB we work hard to get members to respond directly to consultations where business responses are required. When it is a document that needs commenting on, we like to circulate drafts of our response until members are happy.

The EU time line does not permit this. Unlike the UK Government which allows 13 weeks, the EU allows 2 or 3 weeks. This is not nearly enough time to encourage members to reply.

Small businesses have a core activity and that is surviving in business. We want to be involved and feed our information back, but you must give us time.

This is particularly relevant with the SBA proposals for small business regulatory impact assessments.

And we are important. In the SW 42% of the private sector workforce is in businesses employing 9 people or less. Businesses employing more than 250 account for just 29% of SW staff!

As always, if there is anything the FSB can do to help, just contact Vivienne.rayner@fsb.org.uk

And another example of how little attention is paid to the practical issues around running a business, within days of announcing a proposal to extend the right to ask for flexible working, the new Agency deal is announced. Effectively, Government is making it harder for small businesses to bridge the gap of flexible working.

And who bridges that gap if the owners need time away from the business?

Agency workers deal 'disastrous' for small businesses

The deal brokered by the Government to give agency workers similar employment rights as full-time staff after a mere 12 weeks of employment will be disastrous for small businesses.

Tina Sommer, FSB EU and International Affairs Chairman, said:

“Part of the reason for the UK’s relative economic success in the past decade has been the flexibility of its workforce. This deal could put all that at risk at the worst possible time.

“After month-on-month increases in unemployment and with economic growth at its lowest point since the last recession, this is the last thing small businesses need.”

Small businesses generate over half of UK GDP and employ over 13 million people. Over 97% of businesses employ less than 20 people and often rely heavily on temporary and agency workers to cover unexpected gaps in employment.

PM’s employment announcement could prove a nightmare for small firms

The Federation of Small Businesses (FSB) warned that the Prime Minister’s announcement on the planned extension of the right to request flexible working together with new rules on agency workers could create an employment nightmare for small business owners.

Although over 90 per cent of requests for flexible working have been granted, the planned extension of the rules to parents of older children will dramatically increase the number of qualifying employees. The FSB warned that changes to the rules on agency workers would only add to the problems faced by employers looking to cover fragmented job posts.

The FSB said that the very fact of their size makes it more difficult and more costly for small businesses to cope with new employment laws than it does for big companies. The cost of the current flexible working arrangements to businesses is estimated at over £22 million.

Alan Tyrrell, FSB Employment Chairman, said:

“The announcement puts small businesses in an impossible position. You can’t have an extension of flexible working and at the same time clamp down on the means by which many small businesses cope with it, which is often through temporary workers.

“The current flexible working regime seems to be working, but the government should be cautious about extending it too far, which could be damaging to small businesses and, as a result, the millions of people they employ.

“Bringing in a whole new set of complicated employment regulations for temporary workers on top of that could make the situation untenable for many small businesses.”

Grocery sector inquiry is a failure, says FSB

The Federation of Small Businesses (FSB) said that small, independent shops have been let down by the Competition Commission in its inquiry into the grocery sector.

Despite a committee of MPs estimating that 2,000 small shops are going out of business each year, the FSB said that the Competition Commission had failed to come up with any remedies that would halt the decline. Throughout the two-year investigation the FSB has been dismayed that the Competition Commission failed to consider the impact of supermarkets on independent retailing.

In response the FSB set up its wide-ranging Keep Trade Local campaign to highlight issues that the Competition Commission failed to address. The campaign also aims to raise awareness of the value that small, independent retailers provide to consumers. This includes local products, more personal service and speciality goods not available in supermarkets.

Clive Davenport, FSB Trade & Industry Chairman, said:

“During the course of three investigations in seven years the Competition Commission has consistently failed to understand the value to consumers of small independent shops. This latest inquiry has again missed the point.

“The remit of this inquiry was far too narrow. Supermarkets are forcing small shops out of business in many areas of retailing, not just groceries. Important issues such as the travesty of almost limitless free parking at out of town superstores while independent high street shops face ever-more stringent parking restrictions were not even considered.

“People up and down the country can see that we are losing our small shops, but this report does little to solve the problem. We are in danger of sleepwalking into the death of our high streets. The FSB has been left with no alternative but to campaign across the country and raise political awareness. It is now up to our elected representatives to step in and prevent disaster.”

Late Payment is increasingly an issue, possibly as a result of the ‘credit crunch’

The Financial Times has revealed that Alliance Boots has a policy of only paying its small business suppliers after a massive 105 days and of charging a 2.5 per cent “settlement fee” into the bargain. We are starting to hear other comments about payment delays increasing.

So a recent study by transactions company BACS has found that SMEs in the UK are owed an average of £30,000 and spend 17 working days a year chasing up late payments is timely evidence.

However, at 15 detailed pages, the EU’s survey was far too long to complete. How can we help you get the information you need in a timely fashion?

Vivienne Rayner
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