



# **South West England & Gibraltar Federation of Small Businesses MEP Newsletter**

February/March 2008

Reading through, this newsletter seems dominated by examples of small businesses are disadvantaged by excessive regulation.

The FSB appreciates that some regulation is required, but it needs to be focussed where there is a problem, rather than sweeping across the board.

The owners of small businesses would like a work life balance. With half of them working more than 50 hours a week, they must be the largest group working the longest hours – yet how often is this considered when new legislation is proposed.

**‘One size fits all’ hits small businesses hard.  
And deregulation has hit small rural communities in other ways  
Small business concern over EU employment case  
European standards from an SME view point  
Small business owners are not immigration officers, says FSB**

**‘One size fits all’ hits small businesses hard.**

Deregulation has helped domestic consumers keep energy costs down – but not small businesses.

For some reason, the EU has not seen fit to include small businesses in its drive to deregulate energy. Small businesses are lumped in with large companies who consume enough for it to be worthwhile to go out to tender.

In reality small businesses are very like the domestic consumer. They are not specialist buyers and have no market power. Lacking the protection given to domestic consumers, they are in a worse position vis a vis the power companies. Classed as commercial they do not get the protection from misleading sales pitches, fixed contracts with expensive cancellation clauses, 90-day notice periods etc that domestic consumers enjoy. Yet they do not have the market muscle to make their point.

When considering matters such as this, please remember that the vast majority of businesses are small but together they are big employers. 4 out of 10 of the private sector workforce in the SW are employed in a business with less than 10 staff. 6 out of 10 work in businesses employing less than 50.

The FSB in the SW is always happy to help with comment and evidence.

**And deregulation has hit small rural communities in other ways**

Many would blame the EU's deregulation of the postal service for loss of so many Post Offices.

Deregulation may have reduced the cost of mass posting for advertising and for utility bills, but the small business benefit from this has been minimal. Instead it has contributed to the decline in local Post Offices which has already hit small businesses hard.

At a time when there is a lot of talk about reducing the need to travel, it is ironic that closing Post offices will force more people to travel further to access the service.

**Small business concern over EU employment case**

Working parents and carers of disabled people could win sweeping new employment rights after an initial victory for a working mother in the European Court of Justice earlier in March. The result could mean changes to UK flexible working rules. The FSB is very concerned that the ruling could be damaging working patterns in small businesses.

Research by the DTI in 2004 included small businesses for the first time. And employees found small businesses much more understanding of their responsibilities outside work than large ones. So the data would seem to indicate that work life balance and flexibility is more of a large organisation problem, but again the burden is highly likely to be carried by the smallest as yet more employment law and regulation is imposed.

Quote from DTI Survey:-

By contrast, employees working in smaller workplaces were more likely to strongly agree or agree that managers understood their responsibilities outside of work (70 per cent in workplaces with 10–24 employees compared to 51 per cent in workplaces with 500 or more employees).

In the SW, the owners of small businesses spend on average 7 hours a week on regulation already and half of them are already working more hours than the working time directive permits.

When will the EU appreciate the impact of its regulation on the owners of small businesses?

At the moment, despite all the rhetoric, it is always the smallest businesses that are hit hardest.

### **European standards from an SME view point**

Many SMEs experience 'standards' as barriers to entry to markets. Thus many standards are very real restrictions to trade and limit competition.

The cost of acquiring approval and maintaining hits small businesses disproportionately hard.

So given the comments above about how much regulation hits the smallest businesses disproportionately hard, scepticism about the paper from the EU commission on European Standards should be understandable.

The FSB would like to ask why this proposal is being made. What are the problems it is intended to resolve?

To be fair, the full document sets out the problems small businesses encounter in engaging with the whole standard setting process and seems to recognise the burden that standards represent to small businesses.

However, it later makes a number of assertions as to the value of standards. Many of those would be acceptable if they worked in a simple and accessible manner. Currently too many do not.

The vision of how a European Standards system might operate, with suggested benefits reads as if decisions have already been taken. The FSB sincerely hopes they have not. When the EU has made its current legislation small business friendly, then it might be appropriate to explore the idea of standards. Until then as far as small businesses are concerned, please leave it alone.

### **Small business owners are not immigration officers, says FSB**

The Federation of Small Businesses (FSB) has criticised new legislation on employing foreign workers that will impose unrealistic expectations and draconian fines on employers.

Parts of the Immigration, Asylum and Nationality Act, which came into force at the end of February, will require small employers to understand and verify up to thirteen different forms of identification when employing foreign workers, including recognising the passports of 27 EU member states. Small businesses face fines of £10,000 if they employ people illegally, even if they do so without knowing it.

The UK's biggest business organisation criticised the complexity of the legislation and the lack of publicity about the new rules.

**Alan Tyrrell, FSB Employment Chairman, said:**

*"It is totally unfair to expect small business owners to act as immigration officers and then threaten them with huge fines if they slip up. It is doubly unfair when the Government then fails to adequately publicise the new rules.*

*"Immigration policy and the implementation of it is a matter for the Government, not for small business owners.*

*"Expecting small employers to understand and implement complicated immigration rules is ludicrous. The guidance notes alone for this piece of legislation run to nearly thirty pages."*

And as many small employers will recruit once a year or less, it is something they must familiarise themselves with each time they recruit.

If the DWP cannot get it right when it hands out NI numbers, how can small businesses be realistically expected to know who should or should not be working.

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4<sup>th</sup> April 2008