



A Mayoral Manifesto for the West Midlands

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Federation of
Small Businesses

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West Midlands

The UK's leading small business campaigner

At the Federation of Small Businesses, we offer our members a wide range of vital business services including advice, financial expertise, support and a powerful voice heard in government. Our mission is to help smaller businesses achieve their ambitions.

Established 50 years ago to help our members and the wider small business community to succeed in business, we remain a non-profit making and non-party political organisation that's led by our members, for our members. How many? In the West Midlands we have more than 10,000. That makes us the largest business representation organisation in the region by membership, by far.

Furthermore, we work tirelessly to represent our members and everyone who runs a small business or who has aspirations to start a business.

During challenging economic times, strong business networks and support services are vital for building and maintaining resilience. FSB provides both - and through our engagement with thousands of business owners via our contact programmes, member service providers, extensive volunteer network and our virtual and in-person events, we are uniquely placed to understand the challenges and opportunities faced by small business owners, in real time.

That's why we are committed to helping all small business owners to connect with each other - and with all those across the public and private sectors who might contribute to the growth and success of our regional small business community.





Small businesses' contribution to economic growth

According to the latest Office for National Statistics (ONS) data, of the indigenous 254,640 enterprises in the West Midlands, 253,575 (99.6 per cent) are small and medium-sized enterprises. Of these, more than 213,590 (84.2 per cent) are sole traders and micro businesses, employing 0-9 employees.

So, in the west Midlands – and indeed other regions of the UK – small businesses are massively important to the regional economy. As well as their sheer number, they create local jobs, generate and retain wealth within local communities and provide vital, accessible local products and services. They also support their communities in the good times and, as we have seen, when the going is not so good.

This manifesto sets out ways that small businesses can contribute even more to help the West Midlands achieve its full potential. To be the dynamic and prosperous region we all want to see. Where people aspire to live, study, work, invest and spend time.

The region's priorities are small businesses' priorities

Many studies, from many sources over many years, have identified very similar developmental priorities for the West Midlands. The main ones relating to the business agenda include (but are not limited to):

- **Productivity**
- **Skills**
- **Infrastructure**
- **Vision**

While not unique to the West Midlands, these themes have proved to be persistent and systemic challenges – as well as opportunities – to policymakers in this region. The same can be said for its businesses. It is also fair to say that the relative impact of these themes is felt most acutely by smaller businesses. The good news is, that by necessity and design, small businesses tend to be innovative, adaptable and resilient. This has been demonstrated through their response to the UK's exit from the EU, the pandemic and recent economic shocks caused by international events.

With this in mind, and with much common ground on the most important regional priorities, small businesses can be relied upon to respond positively and decisively to a policy environment that takes proper account of what they need and what they can offer to create a modern, inclusive and thriving West Midlands economy.

Productivity

- The West Midlands is home to a number of incredibly innovative, productive and market leading companies. However, there is also a long tail of underperforming businesses, characterised by low investment, low margins and low skills/wages.

The development and use of new ideas and technologies is a crucial element in turning around poor productivity. To truly harness the economic benefits, the policy area needs to be considered broadly, beyond simply the development of brand-new products. **The Mayor should encourage an entrepreneur-led approach, focusing on small businesses successfully adopting new technologies, processes and ideas, rather than focusing narrowly on bringing new products to market.**

- There has been variable performance between local authority areas in relation to the design and delivery of business support programmes introduced post EU-funding and under the auspices of various levelling up schemes. This has been compounded by changes to local LEP/Growth Hub infrastructure, which has added confusion to an already complex business support environment. **The Mayor should provide a focus to co-ordinate, simplify and better communicate the region's business support offer, with a particular emphasis on engaging and encouraging smaller businesses to take advantage of efficiency/productivity-enhancing support.**
- Levelling up is needed across the West Midlands, not least because of the very broad mix of cities, towns and rural areas. Small businesses play a major role in increasing local employment and, crucially, retaining wealth in an area. **Business support should take full account of small businesses' unique local impact, reflecting this in: application processes/eligibility criteria; and also through specific targets for small business engagement and take up of support.**

- Most small business owners are well aware of the benefits of using less, wasting less and recycling more. These are recognised as good business practice. They are also the bedrock of a sustainable, environmentally sensitive approach. Too often, low carbon and related environmental initiatives are presented as a stick to beat businesses with, when they actually represent a ‘carrot’ of improved productivity, increased efficiency and reduced costs. **To achieve greater take up of net zero initiatives, the narrative needs to change so that small businesses understand how they can make a difference – and how that will also benefit their bottom line.**

The region should take a lead to provide practical support for the many small businesses who don’t own their premises and who don’t have control over the choice of utility providers, waste/recycling services etc.

FSB also strongly supports the Business Energy Advice Service pilot. We have already stated publicly that this should be scaled up locally and nationally, to engage as many (small) businesses as possible.

- Local planning can be slow and a barrier to inclusive growth. The pandemic demonstrated that decisiveness and relaxation of some more draconian planning constraints, unleashed an immediate wave of economic (and social) benefits. **The Mayor should initiate a conversation with local authorities, to review their own recent best practice and to reposition planning services as a pro-active facilitator of good business practice, rather than a problematic frustrater of ambition and enterprise.**



Skills

- To develop a better performing, productive economy, the West Midlands needs to create, sustain and grow more successful, high value-added companies. **To achieve this, the region needs a workforce with the aspirations and skills necessary to develop and deliver improved business processes, products and services.**
- There are many challenges facing the HE/FE sectors, many of which are rooted in international developments and the contraction of overseas student numbers. It is important to retain and enhance the West Midlands' study and research capabilities, taking action locally where possible to do so. **The Mayor should play their role as a convenor to support work, such as FSB is doing, to bring universities, colleges and small business closer together.**
- FSB regards apprenticeships as an effective way to enable businesses to recruit and train talented people. Similarly, we welcomed the implementation of T Levels to improve the quality and rigour of technical education and to support entry into skilled employment in technical occupations.

The success of these approaches, and other themed interventions around the development of specific skills sets such as IT/AI, are dependent on how effectively small businesses engage with them and their demand for individuals that have undergone training and development.

FSB is keen to work with the Mayor on measures to increase the awareness and attractiveness of these and other training initiatives locally, with specific emphasis on engaging with smaller businesses and individuals who would benefit from being exposed to a broader spectrum of business disciplines within an SME placement.

Other areas for a renewed focus include: improved quality and provision of 'Management and Leadership' training for small businesses; and enhanced provision of subsidised public transport to improve access and affordability for young people in training and employment.



Infrastructure

The West Midlands has a unique geography, which places it at the heart of the nation's communication networks. However, alongside recent new and welcome digital and physical infrastructure improvements, sits a legacy of old, compromised and sometimes not-fit-for-purpose communication networks. In some parts of the region, broadband and mobile 'not spots', cuts to rail and public transport services, plus congested, poorly maintained local roads are all combining to pose significant barriers to economic growth. **The mayor should strengthen regional strategic planning in relation to communications infrastructure. More should be done to work across local authority (and neighbouring regional) boundaries. This would allow total demand to be assessed and aggregated. Then resources, including the extra funding released due to the withdrawal of the northern leg of HS2, could be deployed more effectively against the most pressing, evidence-based, regional communication priorities. This should include improving physical connectivity across and through the region, with co-ordination of multi modal transport, so that regional businesses and communities can make best possible use of road, bus, metro, rail and air networks.**

The mayor should work towards the fastest possible rollout of full fibre and 5G to all parts of the West Midlands. All areas should be treated fairly, not just the main town and city centres.

Vision

There needs to be a clear and compelling vision for the renaissance of the West Midlands region, underpinned by a robust strategy and action plan that can be owned and delivered by partners across the public, private and voluntary sectors.

The mayor has a key role to play in bringing partners together, facilitating constructive dialogue, agreeing priority actions and communicating regional aims and achievements to regional business, residential communities and other relevant stakeholders.


As part of this vision, the West Midlands should be seen as the best region in which to set up, run and grow a business. This proposition could be underpinned by firm action on areas such as those outlined in this document plus the Mayor taking a lead on issues such as:

- **Procurement** – ensuring public sector contracts are appealing to small businesses by communicating opportunities more effectively, using plain English and avoiding unintended barriers (e.g. routinely requiring excessive public indemnity cover – even for low risk/low value contracts).

Breaking large contracts down into smaller components is another way the mayor could open up opportunities for smaller businesses. It would have the added benefit of reducing the proliferation of excessive ‘project management’ fees. These divert scarce resources away from the point of local delivery – and towards the profits of external consultants.

- **Late payment** – ensuring that public sector commissioners lead by example, through prompt payment and closer scrutiny of the payment practices of any lower-tier contractors in the supply chain.
- **Access to finance** – ensuring adequate information and support for local small businesses and addressing inequalities in the success rates of securing funding by applicants with protected characteristics.
- **Business crime** – the Mayor should work with the Police and Crime Commissioner to ensure that reducing business crime is a top priority and to encourage greater reporting of incidences of business crime so that its true extent/impact is fully understood.

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