



BACK TO BUSINESS

FSB NORTHERN IRELAND
GENERAL ELECTION MANIFESTO 2019

#FSBbacktobusiness

fsb.org.uk

45 fsb⁸³
YEARS OF SUPPORTING
SMALL BUSINESSES
1974 - 2019

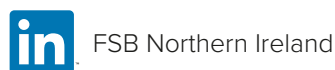
ABOUT US

The Federation of Small Businesses (FSB) is Northern Ireland's leading business organisation representing small businesses. Established over 45 years ago to help our members succeed in business, we are a non-profit making and non-party political organisation that is led by our members, for our members. Our mission is to help smaller businesses achieve their ambitions. As experts in business, we offer our members a wide range of vital business services, including advice, financial expertise, support and a powerful voice heard in governments at all levels. FSB is also the leading business campaigner, focused on delivering change that supports smaller businesses to grow and succeed.

Show your support for this manifesto

On Social media using the hashtag:

#FSBbacktobusiness

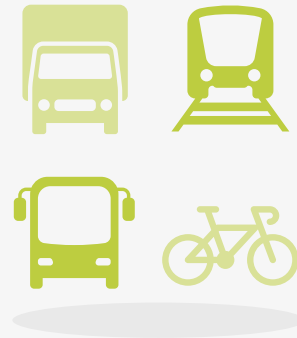


BACK TO BUSINESS

FSB NI GENERAL ELECTION MANIFESTO



Get small businesses
PAID ON TIME



Improve
INFRASTRUCTURE



Reduce
THE JOBS TAX



Help the self-employed with
PENSIONS AND MORTGAGES



Make
APPRENTICESHIPS WORK



Fair access to
BROADBAND AND MOBILE
across the UK

CONTENTS

Foreword by FSB Northern Ireland Policy Chair	5
Introduction	6
Northern Ireland issues	8
UK wide issues	12
Brexit	16



FSB members Naomi Murray and Alan Murray,
Botanica Health.

FOREWORD

The rare occurrence of a December election comes at an unprecedented moment in UK politics which will determine the future direction of the country for decades to come. Brexit will clearly be to the fore in this election. However, while there is no doubt the continued and persistent uncertainty associated with it has already taken its toll, with a third of Northern Ireland small businesses telling us that they have already delayed investment and/or decreased their workforce as a result, it would be highly regrettable if it were dominated by just this single issue. Candidates and parties must not only address Brexit but must also focus on the policy issues that affect the day to day running of businesses.

In Northern Ireland, SMEs employ more people than all larger businesses and the entire public sector combined. Therefore, it is essential to ensure that the policy environment is one where they can survive and thrive; not solely for the benefit of smaller businesses but for the health of the entire economy. While this election will determine the next government at Westminster, it continues to be our priority to see the Northern Ireland Assembly and Executive restored as soon as possible, returning responsible ministers to take decisions on key business issues.

In this manifesto we put forward policy proposals to help improve the business climate in which small firms operate. Some of these are proposals which will help smaller businesses throughout the UK, such as by making tax simpler and reducing barriers to increasing employment. Others are reflective of the need for immediate action in the absence of devolved government at Stormont: to improve infrastructure; help with skills challenges; and to assist smaller businesses with changes to trading arrangements resulting from Brexit.

Adopting the following proposals will provide a roadmap for the next Government to alleviate the uncertainty that has plagued business in recent years and provide a pathway to help smaller businesses achieve their ambitions. In doing so, it will help self-employed people and our smaller businesses to create prosperity in local communities throughout the United Kingdom.



Tina McKenzie

Policy Chair, FSB Northern Ireland

INTRODUCTION

The UK's economy should be the best place in the world to start, run and grow a business

The UK economy will not work properly without more support for small businesses. If costs are so high that a small business cannot take on another employee; or if a small firm is waiting months on end for payment for work they have already done; if innovative projects can't be funded; or if small businesses spend more time on paperwork than on their business, then small businesses, everyone they employ, and the UK as a whole lose out. The next Government can and should fix these problems.

What the UK Government can do for Northern Ireland

FSB Northern Ireland values devolved government that is locally accountable to people here. It should be a top priority of the UK Government and of the Northern Ireland political parties to restore the Northern Ireland Assembly and Executive, and to begin to provide political stability from which businesses and communities can benefit.

The continued absence of the Northern Ireland Executive - which is now approaching a three year hiatus - means that there is a pressing need for targeted interventions to ensure the business climate is not irreparably damaged. On October 2, Prime Minister Boris Johnson promised 'A New Deal for Northern Ireland' in the context of changes that the region was likely to experience related to Brexit. It is our view that this promise must be delivered, not just because of changes we may experience in the event of the UK withdrawing from the EU, but also in light of the lack of positive action to improve the business climate in recent years. While the text below is not an exhaustive list of the areas which require intervention, it is our view that these proposals are not only key to improving the environment in which businesses operate but they are also politically deliverable.



FSB member Rayeesa Asghar-Sandys,
Spiced by Rayeesa

NORTHERN IRELAND ISSUES

Infrastructure, transport and connectivity

Northern Ireland needs to be better connected to key markets of the Republic of Ireland and GB. While a number of vital infrastructure projects that FSB has championed are at different stages of development and facing different challenges, we recommend that the UK Government ensures the following projects are given the necessary decision-making authority and funding to progress as high priorities to ensure better connectivity of businesses and markets throughout the UK and Ireland:

- The York Street Interchange, a key upgrade to NI's road network;
- The upgrade of the A5 Western Transport Corridor, a key piece of road infrastructure in the west of Northern Ireland;
- A sub-one hour train service between Belfast and Dublin; and
- A high-speed rail link connecting the new Belfast transport hub to Belfast International Airport.

Northern Ireland's particular geography presents a challenge, with a reliance on air travel for connectivity to the rest of the UK. In this context the UK Government should:

- Carefully consider Northern Ireland's air connectivity in any future policy making which has implications for aviation;
- Decrease Air Passenger Duty on short-haul flights, to allow NI airports to compete more effectively with counterparts in the Republic of Ireland and to remove a significant barrier for NI businesses to connect with the rest of the UK; and
- Where necessary, protect regional slots at the UK's strategic hub airports to ensure connectivity with Northern Ireland is maintained.

Connectivity must extend beyond roads, rail and air. Northern Ireland lags behind the rest of the UK on many indicators, including access to super fast broadband and availability of 4G mobile services, all of which can significantly impact on the running of businesses. Regardless of the status of the devolved institutions the UK Government should:

- Ensure the new shared rural network for mobile coverage benefits Northern Ireland, and leads to 100% 4G mobile coverage from all main providers; and
- Deliver full fibre or at least gigabit connectivity to all premises by 2025, and ensure all businesses have download speeds of more than 10 Mbps by the end of 2021, irrespective of whether they have asked to be connected under the Universal Service Obligation.

Energy and environment

The NI Strategic Energy Framework 2010-2020 is almost ten years old and is in urgent need of renewal, so that Northern Ireland can play its part in addressing key challenges facing the environment. It is important to note that Northern Ireland is the only part of the UK without an incentive scheme for renewable energy, due in large part to the collapse of the Executive. If devolution is not restored in the near future the UK Government should work with local political parties and all stakeholders to establish a new framework which:

- Takes the necessary steps to ensure security of energy supply for businesses;
- Sets clear and certain environmental targets, policies and incentives to help small businesses in Northern Ireland to play their part in building a zero-carbon economy; and
- Explores how micro-generation from renewable sources and energy storage can help businesses reduce energy costs and become more sustainable.

Exports and Trade

In order to ensure an all-UK approach to exporting, the Department for International Trade should:

- Establish a presence in Northern Ireland to advise on best practice in the context of the new trading arrangements for Northern Ireland as a result of the Withdrawal Agreement, and also in relation to the wider UK's future trading relationship after the transition period;
- Consider how its various campaigns and branding can be made suitable for, and reflective of, each constituent part of the United Kingdom - in particular Northern Ireland; and
- Create new export vouchers to assist firms with the costs of exporting to a new market for the first time and work at every level, including international bodies such as the World Trade Organisation, to make trade easier for small firms.



Employee of FSB member Kaymet.

Corporation Tax

While legislation to devolve the power to the NI Assembly to vary the rate of Corporation Tax in Northern Ireland has been on the statute book since 2015, this has not yet been made operative at Westminster. In order to help stimulate the local economy it should be a priority to:

- Set the date for the introduction of a Northern Ireland-specific rate of Corporation Tax so we can better compete on a level playing field with the Republic of Ireland.



FSB member Julianne Ponan,
Creative Nature.

Apprenticeships and Skills

The Apprenticeship Levy is paid by those employers throughout the UK who have a wage bill in excess of £3 million, including those based in Northern Ireland.

However, because it is a devolved issue, only businesses in England can draw down funding for apprenticeships from the levy pot. In this context the UK Government should:

- Ensure that additional funds for the NI block grant as a result of the Apprenticeship Levy are used for enhancing skills; and
- Explore how businesses in Northern Ireland can access funds from the Apprenticeship Fund for skills training.

Childcare

The importance of providing affordable and flexible childcare is not specific to Northern Ireland, but we are the only part of the UK without a Childcare Strategy. Northern Ireland has some of the highest levels of economic inactivity; of the women here who are not in work nor seeking employment around a third attribute their inactivity to 'caring for family and home'. This suggests that proper investment in childcare could help unlock some of that potential, increasing female participation in the workplace and entrepreneurship. In order to make progress on this issue we would recommend that the UK Government:

- Draws on practice from elsewhere in the UK, to remove unfair burdens from independent childcare providers, such as non-domestic rates; and
- Engages with Northern Ireland political parties and the newly established All Party Working Group on Early Education and Childcare to see if consensus can be found on a new, properly funded Childcare Strategy, which can be progressed at Westminster.

High Streets and Rates

Rates are a devolved issue, with responsibility for administering them sitting with the Northern Ireland Executive. While we support and respect this position, it should be noted that the Northern Ireland regional rate has been set at Westminster in recent years when the Executive has not been sitting. Due to enhanced relief given to businesses in England since 2015, the Northern Ireland Block Grant will this year receive £106 million in additional funding. However, this funding has been used on other 'pressures' in the public sector in Northern Ireland. Regardless of whoever sets future budgets we recommend that:

- Money received from additional support for business should be ring-fenced for that purpose, by taking steps such as embedding and enhancing the existing Small Business Rate Relief scheme; and
- Councils in Northern Ireland should be able to access the High Streets and Stronger Towns Funds to drive improvements locally.

UK WIDE ISSUES

ECONOMY

Taxation

Pledge never to single out self-employed people for any tax rises.

- Cut the 'Jobs Tax' by uprating the Employment Allowance so that, once again, no small business employing up to four people on the National Living Wage should have to pay any Employer National Insurance Contributions (NICs).
- Delay the implementation of IR35 requirements in the private sector until such time as the impact on the public sector is properly understood.
- Rule out any stealth tax rises on either fuel duty or on the Insurance Premium Tax.
- Simplify the support available for innovative new firms by making the R&D tax credit system more accessible and open to small businesses.

Payment and contracts

- End the scourge of late payment once and for all; hold Boards accountable for poor payment; empower the Small Business Commissioner; and ban late payers from all public procurement. Large businesses must act to improve poor treatment in their supply chains.
- Help small businesses enforce contracts and resolve disputes, cutting the time it takes to go through the courts and promote alternative ways of resolving disputes without resorting to litigation.
- Give small and micro businesses the same protection that individual consumers receive in regulated markets such as energy, and protecting them from rip-off fees.

Access to finance, cash and bank branches

Boost access to finance for all small businesses, especially for women and ethnic minority entrepreneurs, and make full use of new models of alternative finance.

Build on the British Business Bank's regional programmes with the ambition of supporting diverse small businesses across all regions.

Clamp down on the unfair charges and costs faced by small businesses accepting card payments.

Ensure free access to cash machines, especially in rural areas, and help communities suffering from bank branch closures.

Make effective redress available to small business owners through the Financial Ombudsman Service or the Business Banking Resolution Service.

Use the Business Finance Charter effectively to increase transparency and competition among finance providers and inform small businesses better about their borrowing options.

Cut unnecessary red tape

- Cut unnecessary red tape by introducing the British Columbia model of regulatory reform to reduce the number of regulatory requirements businesses face by a third; and introduce a new Office of Regulatory Reform.
- Prevent small businesses from being dragged into VAT administration by raising the threshold in line with inflation, and introducing a phased system for those businesses who need to pay VAT for the first time in line with the proposal from the Office of Tax Simplification.
- Non-VAT registered businesses should not be compulsorily included in the Making Tax Digital programme, and the scope of the programme should not be extended to other taxes for at least the next 2-3 years. Any extension should be on the basis of evidence collected during this time.
- There should be no retrospective taxation and no re-opening of closed tax years except where deliberate fraud is detected.

SELF-EMPLOYMENT

Help more people to start and run their own businesses – and give self-employed people a fair deal

One in seven people in work, work for themselves. We believe this is a great thing. Self-employment gives many opportunities for people to have more control over their own lives, and for us all to benefit from the dynamism that this self-control allows.

At the same time, the self-employed have always been at the back of the queue when it comes to Government policy. With the number of self-employed people now equal to the number working in the public sector, it is clear this situation can no longer be justified. The nature of self-employment means solutions that work for employees do not always work for self-employed people. The next Government should set aside time, effort and resources to right this wrong.

Aiming for entrepreneurship

- Set an explicit goal of encouraging more people to start their own business, particularly women and ethnic minority entrepreneurs.
- Commit to supporting the Start-up loans scheme for the duration of the next Parliament.

Training and support

- Help self-employed people learn new skills by giving tax relief on training, such as for digital skills, currently only available for employees.
- Expand digital training programmes, as FSB has been doing through our joint work with Facebook and Google.

Maternity, Paternity and Adoption

- Introduce adoption and paternity allowances for the self-employed, so self-employed people have support when they become parent, similar to that available to employees.
- Uprate the maternity allowance offered to self-employed people so it is at least level with the most basic support employees are entitled to through Statutory Maternity Pay.

Make Universal Credit fair for self-employed people

- Support self-employment as a route into work by extending the start-up period, reflecting the reality that it takes more than one year to start a viable business.
- Assess the Minimum Income Floor on a quarterly basis, so the system works for those who don't get paid every month in arrears.
- Welfare reform mitigations, previously introduced by the Northern Ireland Assembly with cross-party support, are due to run out in March 2020. The UK Government should engage with Northern Ireland parties to establish a means of extending the mitigations to avoid unnecessary hardship and damage to communities and the economy.

Self-employed people deserve mortgages and pensions too

- Demand the banks act so self-employed and small business owners are able to get a mortgage as easily as those they employ.
- Ensure the self-employed are assisted to access pensions where take-up is now far below the levels of those who are auto-enrolled.
- Introduce a pension 'dashboard' so that individuals can better track, plan and monitor to prepare for retirement.

Introduce a self-employment legislative lock

- Pledge to ensure that for any measure brought forward to help employees in the next Parliament, a corresponding action to help self-employed people will be introduced. This need not, and often cannot, be exactly the same action, but is necessary to ensure that the needs of self-employed people are no longer forgotten.



FSB member Emma Heathcote-James, The Little Soap Company.

EMPLOYMENT

Create high skill, high wage jobs for all

The majority of people in work in the UK are employed by smaller businesses. Small businesses are also overwhelmingly the route back into employment for those who are unemployed. Without a focus on helping small businesses to employ more people, with improved skills, few of the economic challenges facing the UK will be met.

Small businesses have been at the heart of the UK's recent relative success in increasing employment. This success should never be taken for granted. We need to make it easy for firms to take on more staff, sustain their existing staff, and access the training they and their staff need to grow their business.

Support for job creation

- Back smaller businesses who create jobs by pledging to drive down the non-wage costs of their workforce and uprate the employment allowance to respond to the rising cost of employment.
- Support small employers who help people back into work by introducing a National Insurance Holiday for firms who take on individuals who are furthest from the labour market, and help communities who face significant disadvantages. Groups that should be prioritised for help include those with disabilities, care leavers, ex-offenders and the long- term unemployed.

Leadership and management

- Starting, running and growing a business isn't easy – the next Government should make it an explicit aim to provide sufficient training in leadership and management in small businesses to close the UK's productivity gap.

Retraining

- Retraining needs to be centre stage if small businesses are going to adapt and thrive in the future. The next Government must help all workers and business owners to retrain in new skills, especially digital skills, and support should be prioritised for those most in need first.

Health and wellbeing at work

- Introduce a new sick pay rebate for firms supporting their employees through a period of poor health.
- Fund the roll out of additional occupational health provision to support self- employed people and small businesses.
- Focus on helping self-employed people, small business owners and everyone they employ to look after their mental health. We need to tackle stigma and improve outcomes by providing services and support for those who are struggling with their mental health, including how it affects people in the workplace.

Pensions

- Despite some administrative difficulties and costs, auto-enrolment has been a welcome success in helping more people save into a pension. We would like the next Government to focus on making the scheme as easy as possible for small employers to use and to rely on proven 'nudge' measures rather than cost increases to expand the effectiveness of this scheme.

BREXIT

Small businesses and Brexit

As we saw within the population as a whole, there was a diverse range of opinions among small business owners in relation to the Brexit referendum. With this in mind, we have since worked with all political parties to make sure that the small business voice is heard respectfully by those in power.

We now appeal to politicians, parties and people of all perspectives to treat each other with respect and reasonableness as we debate Brexit.

There are challenges and opportunities around Brexit; however there are so many domestic priorities that have been eclipsed as Brexit has dominated our political life. These issues need urgent attention in order to secure jobs, growth and prosperity. That is why this manifesto is called 'Back to Business'.

On the question of Brexit, we have focused on the practicalities and always come back to evidence:

- We have opposed a 'no-deal' Brexit, due to the dire consequences that small businesses would face. 75% of small businesses in Northern Ireland expect their business would be harmed;
- We cannot see continued delay with businesses in limbo for months and years, not knowing the future of our economic environment; small business confidence has now been in negative territory for an unprecedented five consecutive quarters; and
- For any Brexit deal to work for small businesses, it must be based on Transition, Trade and Talent - a full, significant transition period; frictionless trade; and protecting access for small businesses to skills through improvements to 'settled status', and a future immigration system that is fully responsive to the needs of the local economy.

Transition

Throughout the EU exit process so far, we have insisted that any deal must include a proper transition period so small businesses can prepare for any changes to the rules with which they will have to comply on a day-to-day basis. An appropriate transition period will also enable the new UK-EU Joint Committee to ensure trading arrangements between Northern Ireland and Great Britain are as frictionless as possible, so that they don't add additional complexity and cost for firms. An effective transition is essential, as we do not believe more than one set of rule changes for small businesses is desirable.

We believe that by working both domestically and internationally, the next UK Government can improve the regulatory environment for small firms. However, where any changes to regulations are made, including as a result of any Brexit deal, the Government should manage this process in a way that it is as simple as possible for firms to implement.

The transition period must be long enough to ensure that small firms have adequate time to prepare. The dates of any transition period should be considered in light of a longer than previously agreed timetable for achieving a Brexit deal.

Trade

Over a fifth of FSB members are exporters, and one in three either export and/or import. A future Brexit deal must make sure that the UK has international trading arrangements that work well for small firms.

This means tackling both tariff and non-tariff barriers with overseas markets, and removing, wherever possible, any barriers to trade. The next UK Government must take account of the relative difficulty small businesses have compared to larger businesses in managing complex rules and regulations.

We would also like the next Government to focus on doubling the number of small business exporters. Due to the number of small businesses who do not export but have done so before or would consider doing so in future, we believe that setting a target to double the number of exporters is a realistic objective that deserves Government support.

The UK Government should work closely with the Northern Ireland Civil Service to ensure that small businesses in Northern Ireland are supported through any changes which are made, and that they are not left to pick up the bill for any additional administrative burdens created by changes to trading arrangements.

Talent

Regardless of the content of any future Brexit deal, it is crucial that the UK's immigration system is open to talent from overseas. A lack of access to skilled labour is consistently cited by small businesses as one of the top barriers to growth.

Equally, any new system must work for those who want to start businesses in the UK as well as those who seek employment. We must ensure that the UK remains an open, attractive place for entrepreneurs from across the world to invest and start or run a business.

The current system for employing people from outside of the EU is costly, complex and inaccessible for a large proportion of small businesses. It is vital that the faults in this system are not allowed to continue to restrict access to talent from overseas, especially in relation to any changes to immigration from the EU27. A reformed system must not leave the burden solely on small firms to deal with complex bureaucracy in order to access overseas talent, nor place high arbitrary wage floors on employers. It is simply not good enough for the UK as a whole to adopt an immigration policy that doesn't work for Scotland, Wales or Northern Ireland.

The question of encouraging talent does not just relate to workers from overseas. One crucial aspect of any Brexit deal is the question of what the UK does next with important business support schemes, in addition to the need to establish and promote financial institutions that will support small businesses to grow. FSB's view is that these schemes are very important, particularly for productivity growth, but many aspects of how such schemes are run could be improved. We would like the next Government to prioritise high quality business support, including reforming any programmes that currently make use of EU funding. Business support has huge potential for increasing the success of small businesses across the UK. To that end, proposals for a Shared Prosperity Fund should seek to maintain levels of funding to devolved nations and ensure they have responsibility for setting priorities for the funding.



#FSBbacktobusiness

fsb.org.uk

45 fsb⁸⁸
YEARS OF SUPPORTING
SMALL BUSINESSES
1974 - 2019

Produced by
FSB Northern Ireland
Cathedral Chambers
143 Royal Avenue Belfast
BT1 1FH

Telephone: 028 90 32 6035

Website: www.fsb.org.uk/NI

This manifesto is the result of extensive dialogue with FSB's small business and self-employed members across England, Scotland, Wales and Northern Ireland.

#FSBbacktobusiness

© Federation of Small Businesses, 2019.

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without prior permission of FSB. While every effort has been made to ensure the accuracy of the facts and data contained in this publication, no responsibility can be accepted by FSB for errors or omissions or their consequences. Articles that appear in the report are written in general terms only. They are not intended to be a comprehensive statement of the issues raised and should not be relied upon for any specific purposes. Readers should seek appropriate professional advice regarding the application to their specific circumstances of the issues raised in any article.

This report can be downloaded from FSB website at www.fsb.org.uk/ni

Published November 2019.