



**Local  
Leadership  
Partner**

# FSB Local Leadership

How local authorities can  
support small businesses  
and the self-employed

[www.fsb.org.uk](http://www.fsb.org.uk)

 [facebook.com/federationofsmallbusinesses](https://facebook.com/federationofsmallbusinesses)

 [@fsb\\_policy](https://twitter.com/fsb_policy)

**fsb**<sup>∞</sup>  
Federation of  
Small Businesses

# Contents

---

About us	3
About Local Leadership	3
Small businesses and the self-employed in numbers	4
FSB key priority asks	5
Working with small businesses and the self-employed	6
• Engaging with local businesses and business groups	6
• Employment and skills	8
• Net Zero / Environment	9
• Clean air zones	10
Supporting small businesses and the self-employed with growth and investment	11
• Public sector procurement	11
• Business rates	12
• Late payments	13
• Local infrastructure	14
Local Leadership summary	17



## About us

---

The Federation of Small Businesses (FSB) is a non-profit making, grassroots and non-party political business organisation that represents members in every community across the UK. Set up in 1974, we are the authoritative voice on policy issues affecting the UK's 5.5 million small businesses, micro businesses and the self-employed.

## About Local Leadership

---

Local and regional governments have a major impact on the ways in which small businesses and the self-employed operate, from business support to recovery taskforces. Support and engagement from local authorities is critical for small business to compete, grow and form part of the local community.

Small businesses are vital to local growth, yet business confidence continues to fall in an environment of rising costs and worker shortages. There are, however, many opportunities for businesses and local authorities to work together, strengthening local economies and creating a sense of place for the communities they both serve.

This document sets out a series of recommendations drawing on the experience and expertise of small businesses and the self-employed from across England, complimented by FSB's policy experts, networks of volunteers and area representatives, already engaging with local authorities daily.

It is recognised that local authorities face significant pressures to deliver a number of different services to a wide range of audiences. FSB is therefore keen to support local authorities on this, driving early and constructive engagement from the business community, to ensure that policies and plan announced are fully considered and have the best chance at succeeding. Local authorities have the power to bring key stakeholders together, and FSB representatives stand ready to be an active player in this, bringing their combined expertise and local connections.

**Find out more about how FSB works with local authorities on our [Local Government Hub](#).**

# Small businesses and the self-employed in numbers

**5.5 million**

small businesses in 2022  
(0 to 49 employees)



SMEs account for

**99.9%**

of the total  
business population

**three  
fifths**

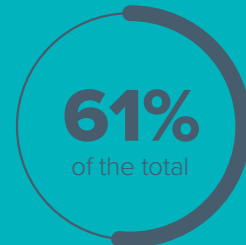
of the employment  
in the UK private sector

**around  
half**

of the turnover  
in the UK private sector

Total employment in SMEs was

**16.4 million**



Turnover was estimated at

**£2.1 trillion**



Employment in  
small businesses

**12.9 million**

With a turnover of

**£1.4 trillion**

# FSB key priority asks

As a key partners to local authorities, FSB has identified the following key priority asks to strengthen links with councils across England:



**1 Engagement with the small businesses and the self-employed** – appoint a dedicated Small Business Champion and ensure that local authority representatives meet with small businesses, the self-employed and business groups regularly and at a time convenient to them.



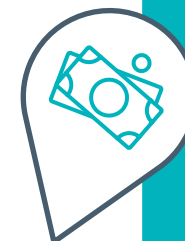
**2 Net Zero** – local authorities should set out a net zero engagement plan and should act as a point of contact for signposting businesses to better understand their role and the actions they can take in supporting net zero aims and ambitions.



**3 Employment and skills** – Ensure that the needs of small businesses and the self-employed are well understood by actively engaging them in discussions and providing opportunities for educators and businesses to work together to address local challenges.

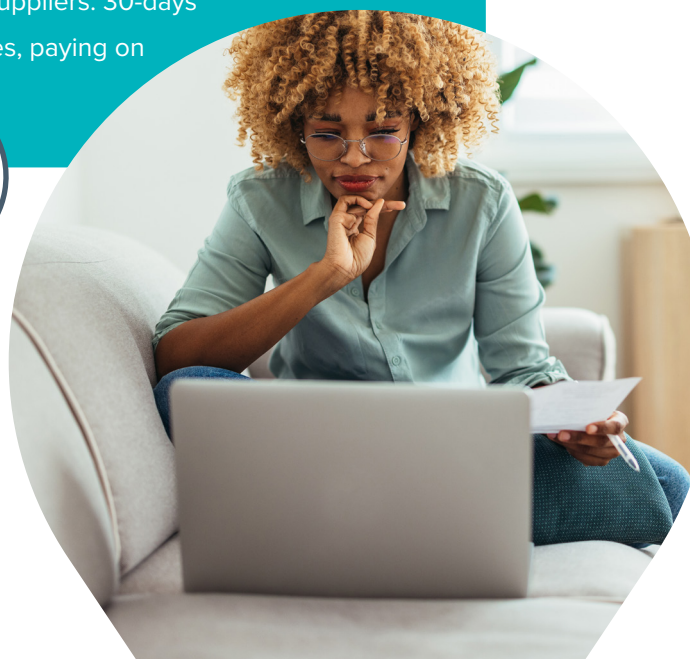


**4 Public Sector Procurement** – raise awareness of public sector procurement contracts and encourage small businesses and the self-employed to submit tenders, ensuring that the application process is clear, simple and easy to follow with feedback provided on unsuccessful applications.



**5 Business Rates** – Keep lists and data current, including properties which qualify for Small Business Rates Relief, and support eligible businesses in their applications for relief.

**6 Prompt payment** – Ensure information is regularly updated on payment practices in relation to small businesses and self-employed suppliers. 30-days payment terms are the maximum for local authorities, paying on time is critical for small businesses.



# Working with small businesses and the self-employed

---

Local authorities should always engage with and consider the views of local small businesses and the self-employed to better understand their needs and how local decision making can impact small businesses and the self-employed business operations. Engaging with all relevant stakeholders can help deliver better outcomes for all in the community.

Businesses serve the community in a number of ways from employing local residents to donating time and money to local charities and initiatives. They are uniquely placed to speak to the challenges and opportunities facing a much broader supply chain. Read our [Small Business Big Heart](#) report for more information about how small businesses and the self-employed can contribute to local communities.

## 1. Engaging local businesses and business groups

It is crucial for local authorities to work closely with small businesses and business groups when decisions are being taken at a local and regional level. Engaging organisations like FSB can ensure that views expressed are broader and more reflective of the wider local business landscape. It can also be more efficient way to hear a collective view of local small businesses and the self-employed.

Proactive and regular business engagement can also mean that strategic planning provides solutions that compliment local needs and ambitions. Engaged businesses can then better support the delivery of council ambitions and priorities of the electorate.

### Steps you can take

- Have a dedicated single point of contact acting as a **Small Business Champion** (within the cabinet) and **utilise existing business knowledge and local relationships**.
- Face-to-face contact is important for building a long-term trusting relationship with small businesses and local business groups. **Local authority representatives should meet businesses**, including those that may not have an obvious high street presence or a physical business premise, and at a time convenient to business working hours. Post-Covid, many businesses have adopted tools like Microsoft Teams and Zoom. Where appropriate, it may be more accessible to meet with businesses online.

- **Ensure public consultations are clear, simple and communicated** in good time to ensure maximum take up from the business community. Greater participation from small businesses and the self-employed can strengthen overall proposals and offer alternative perspectives.
- **Talk to and share information with neighbouring local authorities.** This means spotting opportunities for local small businesses and the self-employed to get involved in work or projects in neighbouring authorities, and encouraging the diversification of ideas. FSB is well placed to support in this, often working with numerous authorities.
- Remove red tape and needless barriers to entry by **adopting a clear strategic focus on reducing the number of regulatory requirements imposed on businesses**, with a target of one-third reduction over three years.



## 2. Employment and skills

Small businesses are struggling to find the people they need, often due to a lack of suitably skilled individuals in their region. There are numerous challenges facing employers, including difficulty finding workers with in-demand digital and technical skills, an ageing workforce, and the ‘brain drain’ affecting some areas of the UK.

Improving access to skills training and skilled people unlocks a new door and pathway for business, allowing new ideas to collaborate and productivity to increase.

Local authorities have an important role in bringing this picture together.

### Steps you can take

- **Enable small businesses to develop training plans for their staff, including supporting business owners and sole traders on their own skill sets.** Roughly half of small business employers would like to develop a training plan but say that there are too many barriers for them to implement. Local authorities could provide vouchers for small business employers to purchase external support to develop a training plan or a workforce development strategy.
- **Introduce a bus pass for young (under 25 year olds) apprentices.** Apprentices have to make frequent journeys to both their employer and their training provider. Younger apprentices often are not able to drive. Some councils already have bus passes for apprentices, which encourages more young people to undertake an apprenticeship.
- **Ensure that small businesses’ skills needs are well understood by involving them.** Despite providing high levels of employment, small businesses are often left out of debates on the local labour market. Encouraging them to be involved in the relevant discussions is highly important.
- **Support schemes that encourage greater engagement between education and business,** including Inspiring the Future, Young Enterprise and the Careers and Enterprise Company’s Enterprise Advisor Network.
- **Support local programmes which encourage apprenticeships** and work with schools and colleges to encourage young people into vocational education and training, as well as pathways into traditionally academic routes.
- **Encourage and support small firms to invest in leadership and management training** and emphasise the link between skills training and improved business productivity and competitiveness.



## 3. Net Zero / Environment

Smart businesses are critical to achieving the Government's 2050 net zero target and local authorities have a role to play in helping businesses transition to the net zero economy.

### Steps you can take

- Local authorities should **set out a net zero engagement plan** and should act as a point of contact and signposting for businesses wanting to find more information and support about net zero.
- Local authorities should **look to see how they might include commercial waste and recycling collection within existing services** for the smallest of businesses.
- **Allow small businesses access to reuse and recycling centres** – building on a permit scheme already in operation in some local authorities.
- The energy price crisis has demonstrated that promoting greater energy efficiency is vital for businesses. With government energy support reduced on 1st April, **local authorities should signpost resources and information on energy efficiency as well as grants that will help businesses make cost savings.**



## 4. Clean Air Zones

Improving air quality will require local authorities and business to work together. While small businesses are ready to play their part in tackling air pollution, local authorities need set out clear plans that make it affordable and achievable for small firms.

### Steps you can take

- Local authorities should **ensure that small businesses are fully engaged and accounted for as part of the development process for air quality action plans.** Businesses must be given fair opportunity to input and comment on local proposals and should not be deterred from city centres as a result of the new policy. Local authorities' plans should also account for businesses working across council areas to ensure that Clean Air Zones don't disadvantage businesses that fall outside the scope of their plans.
- **Local Authorities should ensure that they support, not punish, those that cannot take advantage of a scrappage scheme,** providing additional time to transition away from their older vehicles.



# Supporting small businesses and the self-employed with growth and investment

---

## 5. Public Sector Procurement

Local authorities have huge bargaining power when it comes to empowering small businesses to deliver goods and services to local communities. Doing business locally is often better value for money and helps small business to invest and grow, which in turn feeds back into the local community, supporting a circular economy.

### Steps you can take

- **Launch campaigns to raise awareness of public sector procurement contracts** and encourage small businesses and the self-employed to apply. Ensure the bidding processes and monitoring are proportionate to the size of contract.
- **Provide feedback on unsuccessful bids** to help businesses understand where they have gone wrong, or what they need to improve on for future applications.
- **Advertise all contracts, regardless of size**, especially those where no full tender is required. Where a tender process is required, this process should be simple, accessible and quick.
- **Pay promptly**, at most within 30 days, without charging small businesses or the self-employer for the privilege.
- **Make it easier for small organisations to come together to bid in consortia or in partnership**, through the provision of information and practical advice.
- **Adopt a “tell us once” system**, where potential suppliers can bid for different contracts by passporting the same regularly used information across bids, such as accreditations.
- **Regularly monitor spend with small businesses and the self-employed and payment performance**, to set targets for growth and ensure that these targets and requirements are being met in the future.



## 6. Business rates

Business rates are often one of the most expensive outgoing small businesses have. FSB believes business rates should be reformed, as they are an unfair tax which does not take into account profit, turnover or ability to pay. FSB recognise rates comprise a significant income for the national and local governments, and so any reforms have to be carefully considered.

Identifying first-time rate payers and providing them support is key to avoid unnecessary misunderstandings of a complex system. Supporting these businesses early in navigating the system and receiving reliefs they are entitled to provides more small businesses with confidence to invest and grow.

### Steps you can take

- **Keep lists and data up to date**, including properties which qualify for Small Business Rates Relief. Good data is critically important for both the collection of rates and should grants need to be paid out to those in receipt of rates relief. Knowing who the business owner is, and how to contact them can be critical.
- **Support eligible businesses to apply for Small Business Rate Relief** and other available reliefs. Time and resource spent in ensuring records are accurate and identifying businesses which may be eligible for reliefs early will ensure small businesses in local high streets thrive.
- **Encourage colleagues in Westminster to increase the small business rates relief threshold** and to **introduce a new large business multiplier for properties with a rateable value above £500,000**, encouraging small businesses and the self-employed to invest more in the local economy.
- **Campaign for day nurseries to be exempt from Business Rates**, especially given their location in comparatively high-cost premises in residential areas.
- **Provide support for any business looking to appeal against their valuation.**

## 7. Prompt payments

Public authorities locally and nationally can have a considerable impact on small businesses and the wider supply chain by keeping to their payment terms and closing small business invoices as soon as possible.

Currently, local authorities who do pay small businesses promptly will understand that they derive benefits from doing so. These benefits will include supporting their local economies and facilitating smoother delivery of their contracts. If a local authority is thinking commercially, they'll see the benefit to the authority of prompt payment in ensuring an effective supply chain.

Local authorities that are poor payers may not realise the economic and supply-chain benefits. A payment performance league table for all local authorities should be published with the best and worst performers receiving financial reward or penalty. This way all local authorities have a strong incentive to pay promptly, alongside regular audits of the prompt payment code.

### Steps you can take

- **Keep robust data on small businesses and local authority payment performance.**  
Prompt payment can only be improved when organisations can identify who their small suppliers are and what payment terms and conditions they are offered.
- **Publicise the 30-day maximum payment terms in public contracts frequently.**  
Empowering small businesses in knowing their rights in relation to public payment terms.
- **Compelling larger tier 1 and 2 suppliers to local authorities to pass prompt payment practice through the supply chain.**
- **Signing up to the Prompt Payment Code** and ensuring compliance is checked annually.
- **Reviewing Duty to Report payment performance data** before partnering with larger suppliers ensuring good payment practice.



## 8. Local infrastructure

### a) Transport and parking

Poor transport connectivity can leave areas isolated and cause significant delays to travel time. Local authorities should develop future transport solutions and interventions that tackle rural mobility issues, improve connectivity and accessibility, increase low-carbon travel options and deliver more integrated transport services – in particular in rural and remote areas where the car is often the only means of transport.

For many local businesses, parking is a critical issue. Not only does adequate parking allow businesses to function, but it also provides a critical role for the public, enabling them to visit small businesses and forming community cohesion.

#### Steps you can take

- Where possible, **invest in 'park and ride' or 'park and rail' schemes** to reduce congestion.
- Seek to **maximise the number of easy access on-street (short stay) parking spaces**, and recognise the value for shoppers and businesses in free, short-stay bays (including better understanding disabled parking)
- Businesses on high streets and in pedestrianised zones still require access to their business premise. **Local authorities should ensure adequate access to business premises by offering special permits for high street parking** in pedestrianised zones.
- Take-up of electric vehicles remains low among small businesses due to a lack of available alternatives as well as an adequate charging infrastructure. **Local authorities can encourage zero or low emission transport methods by providing EV charging points** and ensuring chargepoints are working.
- **Local authorities should work together on rural transport schemes** to ensure that projects cover a wider catchment area. Local authorities should be able to merge funds to deliver on cross-border transport improvement plans.
- **Incentivise footfall by offering free or subsidised access to public transport on key dates** and points in the year.

## b) Potholes and roadworks

Small businesses are overwhelmingly reliant on roads. Good local roads are critical to improving access to high streets, improving footfall and easing deliveries. However, small businesses and the self-employed continue to be concerned about roadworks and potholes as they cause direct and indirect damage to small businesses.

While road works are viewed a necessary step to maintain the quality of the road network. The dissatisfaction with road works comes if works are not adequately advertised, causing disruption and confusion to businesses.

### Steps you can take

- Local authorities to **ensure that roads are properly maintained, and potholes are repaired** as soon as possible. Local Authorities should also implement preventative maintenance to prevent potholes.
- Local authorities should **improve communication with plenty of time for businesses to prepare** as well as about the length of anticipated disruption.



## c) Planning

Planning is integral to economic development and growth. Local authority planning departments hold the key to creating vibrant high streets and small business ecosystems in their local area, but planning requirements and law are consistently identified by FSB members as a major barrier to their development. Whether it is change of use, improvements to their premises, the creation of storage facilities, or availability of commercial premises. Post-pandemic changes in planning have introduced a paradigm shift, granting more flexibility to businesses and enabling them to diversify their offering to local people.

### Steps you can take

- Process applications for change of use, improvements to premises and new developments at the earliest opportunity.
- Within local development plans ensure there is a range of affordable and flexible local business premises available, both to encourage new enterprises and to allow existing businesses to grow.
- Councils should lead by example by offering affordable rates on council-owned premises to small businesses and the self-employed for industrial and/or business units.
- Improve the planning application process for small housing developments by resourcing departments and enabling small businesses and the self-employed to provide much needed homes in the community.
- Work with and encourage new entrants and landowners to release small pockets of developable land. Identifying small sites is key to the development of dynamic small developers in local areas, and is key in delivering new homes and commercial spaces.





## Local leadership summary

---

FSB recognises the significant role local authorities play in creating locality that works for all, where the local community is actively involved and influencing discussions and outcomes. Small businesses and the self-employed can contribute enormously to these efforts, as a direct contributor to local economies, providing employment opportunities and delivering goods and services to residents and other businesses also operating in the community.

The opportunities and challenges outlined in this document have been identified by FSB volunteers, staff and policy experts, from their years of engagement with businesses and local governments. They have gone further by developing actionable steps for local authorities to adopt to better support and work with small businesses and the self-employed.

As highlighted in this document, from appointing Small Business Champions to raising awareness of public sector procurement contracts open for tender, local authority collaboration with small businesses, the self-employed and business groups, can be instrumental in creating circular economies that deliver for all stakeholders.

Our local, regional and national teams stand ready to support local authorities in strengthening their links with local businesses.

**As experts in business, The Federation of Small Businesses (FSB) offer our members a wide range of vital business services including advice, financial expertise, support and a powerful voice in government. Our mission is to help smaller businesses achieve their ambitions.**

Established over 40 years ago to help our members succeed in business, we are a non-profit making and non-party political organisation that's led by our members, for our members.

Members get an exclusive package of great value business services including advice, financial products and support. These cover a wide range of benefits such as tax, legal and HR, local networking groups, business banking and mentoring.

We don't only provide fantastic membership benefits - FSB is also the UK's leading business campaigner, focused on delivering change which supports smaller businesses to grow and succeed. Our lobbying arm starts with the work of our team in Westminster which focuses on UK and English policy issues. Further to this, our expert teams in Glasgow, Cardiff and Belfast work with governments, elected members and decision-makers in Scotland, Wales and Northern Ireland.

[www.fsb.org.uk](http://www.fsb.org.uk)

 [facebook.com/federationofsmallbusinesses](https://facebook.com/federationofsmallbusinesses)

 [@fsb\\_policy](https://twitter.com/fsb_policy)

**If you require this document in an alternative format  
please email [accessibility@fsb.org.uk](mailto:accessibility@fsb.org.uk)**

**fsb<sup>03</sup>**  
**Federation of  
Small Businesses**

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 the Federation of Small Businesses (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 the 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.