



# BACK TO BUSINESS

FSB GENERAL ELECTION MANIFESTO 2019

#FSBbacktobusiness

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**45** fsb<sup>83</sup>  
YEARS OF SUPPORTING  
SMALL BUSINESSES  
1974 - 2019

# ABOUT US

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The Federation of Small Businesses (FSB) is the UK'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 UK's leading business campaigner, focused on delivering change that supports smaller businesses to grow and succeed.


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# BACK TO BUSINESS

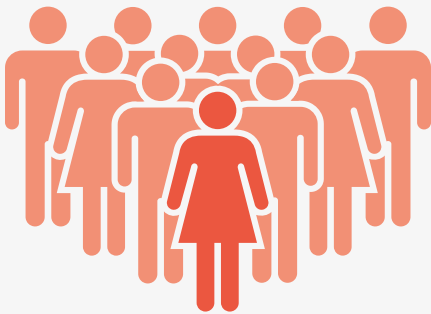
FSB GENERAL ELECTION MANIFESTO 2019



Get small businesses  
**PAID ON TIME**



Reform  
**BUSINESS RATES**



Reduce  
**THE JOBS TAX**



Help the self-employed with  
**PENSIONS AND MORTGAGES**



Make  
**APPRENTICESHIPS WORK**



Fair access to  
**BROADBAND AND MOBILE**  
across the UK

FSB member Rayeesa Asghar-Sandys,  
Spiced by Rayeesa.



# FOREWORD

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There are on average more than 25,000 people in each constituency who work in a small business, 7,000 of whom are self-employed.

For the last three years, the interminable uncertainty around Brexit has dragged focus, attention and imagination from the task of how to help these small businesses – how to help them survive, to grow, to create more jobs, and to improve our communities.

At this General Election, we are asking everyone who is standing for election to the Westminster Parliament to get ‘Back to Business’, and help all of these small businesses to thrive. There are a host of pressing domestic challenges that the next Government must resolve.

The UK could and should be the best place in the world to start, run and grow a business. Yet small business confidence has been in negative territory for five consecutive quarters, holding back investment, recruitment, and exports.

A Government on the side of small business could and should turn this tide, starting by resolving the long standing frustrations holding small firms back: the scourge of late payments, the outdated, regressive business rates system and the taxes levied on the already high cost of employment that make it harder to either employ more people or raise wages.

But we want Government to go further than this. The self-employed – now one in seven of the workforce – have long been last on the list, and are often treated as second-class citizens when they encounter public services, try to save or get a mortgage, or when they start a family. The next Government should declare this era to be at an end. We want to see bold new steps to help the self-employed.

For small businesses, their teams can feel like a family. Creating high skill, high wage jobs is personal for us; and we are proud that the overwhelming majority of those who start work from unemployment or economic inactivity do so in the small business community. With the right support, we could do more to create jobs, reach those furthest from work, recruit apprentices and improve mental health at work.

Our organisation has members in every nation and region of the UK. In so many places, there are particular challenges that need tackling – whether in our high streets, our rural or coastal areas, and our towns, cities and villages. We believe in driving prosperity in all our local communities, and that a Government getting ‘Back to Business’ would help.

The Brexit debate is important, and ever since the referendum we have set out what small businesses need in any Brexit deal. But this election presents the chance to go beyond Brexit, and get ‘Back to Business’.



**Mike Cherry OBE**  
National Chairman,  
Federation of Small Businesses



**Martin McTague,**  
Policy and Advocacy Chairman,  
Federation of Small Businesses

# ECONOMY

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## 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 operating costs are so high that a small business cannot take on another employee; 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 individuals spend more time on paperwork than on running their business, then small businesses, everyone they employ, and the UK as a whole loses out. The next Government can and should fix these problems. When it does so, it should ensure there is certainty, consistency and predictability for businesses.

## The next Government should:

### Tax

- Fundamentally reform business rates, first by removing more small businesses from the system altogether and enhancing and making permanent the retail discount.
- Cut the Jobs Tax by uprating the Employment Allowance so once again no small businesses employing four people on the National Living Wage pay any Employer NICs.
- Pledge never to single out the self-employed for any tax rises, recognising and rewarding the risk inherent in self-employment, particularly in relation to Class IV National Insurance Contributions and dividend taxation for incorporated businesses.
- Delay the implementation of IR35 requirements in the private sector before the impact on the public sector is properly understood.
- Rule out any stealth tax rises on fuel duty or the Insurance Premium Tax, and maintain a sensible system of Entrepreneur's Relief.

### Payment and contracts

- End the scourge of late payment once and for all, hold Boards accountable for poor payment by making the audit committee of every large business responsible for payment practices, empower the Small Business Commissioner and ban late payers from all public sector procurement.
- Help small businesses enforce contracts and resolve commercial disputes, cutting the time it takes to go through the civil 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 like energy, protecting them from rip-off fees.

### Access to finance, cash and bank branches

- Boost access to external finance – including alternative finance – for all small businesses, especially for women and ethnic minority entrepreneurs.
- Build on the British Business Bank's regional programmes with the ambition of supporting diverse small businesses across the UK.
- Clamp down 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. Every community needs access to banking provision and Government needs to take an innovative approach to make sure that happens.
- Make effective redress available to small businesses 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 process requirements businesses face and introduce a new Office of Regulatory Reform. The British Columbia model succeeded in cutting regulatory process requirements by more than its one third target.
- Prevent small businesses from being dragged into VAT administration by raising the threshold in line with inflation, introducing a tapered system for phasing in those businesses who are just above the VAT threshold 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 for the foreseeable future, and the scope of the programme should not be extended to other taxes for at least the next two to three years. Any extension should be on the basis of evidence collected during this time.
- There should be no retrospective taxation, such as the loan charge, and no re-opening of closed tax years except where deliberate fraud is detected.

Employee of FSB member Kaymet.



# SELF-EMPLOYMENT

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

One in seven people in work, work for themselves. We believe this is great for the UK, our economy and our society. 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 freedom 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 the self-employed. The next Government should set aside time, effort and resource to right this wrong.

### **The next Government should:**

#### **Aiming for entrepreneurship**

- Set an explicit goal of encouraging more people to start their own business, particularly women and ethnic minority entrepreneurs.
- Encourage more school pupils and college and university students to consider a career in a small business or to start out on their own through enterprise education and careers guidance.
- Commit to supporting the Start-Up Loans scheme for the duration of the next parliament, as well as the New Enterprise Allowance, to help people to go from unemployment to being their own boss.

#### **Training and support**

- Help the self-employed learn new skills by giving tax relief on training in new skills, such as digital skills, currently only available for employees.
- Expand digital training programmes, as FSB has been doing with our partnerships with Facebook and Google.
- Focus the mid-life MOT on the self-employed.

#### **Maternity, paternity and adoption**

- Introduce an adoption allowance for the self-employed so the self-employed have support when they adopt as employees do.
- Uprate the Maternity Allowance offered to the self-employed so it is at least level with the most basic support employees are entitled to through Statutory Maternity Pay. A Paternity Allowance should also be introduced.

#### **Make Universal Credit fair for the self-employed**

- 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.





FSB member Julianne Ponan,  
Creative Nature.

### The self-employed deserve mortgages and pensions too

- Demand the banks act so that the 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 and savings where take-up is now far below the levels of those who are auto-enrolled.
- Deliver the 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 the self-employed should be introduced. This need not, and often cannot, be the same action. But this measure is necessary to ensure that the needs of the self-employed are no longer forgotten.

# JOBS

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## Create high skill, high wage jobs for all:

The majority of people in work in the UK work for a smaller business. Small business is also overwhelmingly the route back into employment for those who are unemployed. Without focusing on helping small firms 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 businesses.

## The next Government should:

### Support for job creation

- Back small businesses that create jobs by pledging to drive down the non-wage cost of employment and uprate the Employment Allowance to respond to the rising cost of employment.
- Ensure that the Low Pay Commission maintains its vital independent role in setting the wage floor. It should be free to deviate from a political trajectory, if economic and labour market conditions warrant it to do so.
- Support small employers who help get people into work by introducing an Employers National Insurance holiday for firms that take on individuals who are furthest from the labour market and help communities that 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 have a major focus on providing sufficient training in leadership and management in small businesses to close the UK's productivity gap.

### Apprenticeships and T Levels

- Support high quality technical education by providing proper funding for apprenticeships in small businesses and fixing the apprenticeship funding system in the long-term so that, for example, level 2 and 3 apprenticeships offered by non-levy paying employers can continue.
- Act to ensure that small businesses can offer high quality T Level placements to train the next generation, covering at least some of the costs of small businesses that host these placements. A fund should provide direct support to small business employers providing work placements. This should be similar in scope and size to the fund that has been set up for training providers.

### Adult retraining

- Put retraining centre stage so that small businesses can adapt and thrive in the future. If no one is to be left behind, 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. Any national retraining schemes should be designed with small business in mind. Small businesses and the self-employed, as well as trade unions and larger businesses, must be involved in the design of the schemes.

## Health and wellbeing at work

- Introduce a new sick pay rebate for firms supporting their employees through a period of ill-health.
- Roll out additional occupational health provision to support the self-employed and small businesses.
- Focus on helping the self-employed, small businesses and everyone they employ to look after their mental health. We need to not only tackle stigma, but improve outcomes, services and support for those who are struggling with their mental health, including how it affects people at work. We are working with Heads Together to help make that happen.

## Pensions

- Help employers with auto-enrolment. The policy has been a success in helping move people to save for their retirement. However, it has so far proved administratively difficult and costly. 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.

## Childcare

- Make sure the sector can deliver the 30 hours free childcare, and other childcare support, so it remains on offer for parents. The cost of providing childcare has increased in many areas, outstripping available funding.
- Improve the usability of the childcare service website and the customer service support available to parents and carers to register for childcare entitlements.
- Back the small childcare businesses that enable more people to work; in particular by providing support in the form of 100% business rate relief in England, as has already been done in Scotland and Wales.

## Veterans

- Encourage and support more Armed Forces veterans to start their own businesses. We are working with X-Forces Enterprise to help make this happen.
- Help make sure small employers are benefitting from taking on veterans, by ensuring there is a simplified way of understanding and recognising the equivalence between military skills and civilian qualifications.
- Make financial support available for those military service leavers in need of further training and qualifications to achieve their post-military ambitions.
- Introduce a financial incentive for smaller employers to recruit more military service leavers, in the form of a one-year holiday from Employer National Insurance Contributions.



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

# COMMUNITIES AND INFRASTRUCTURE

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## Drive prosperity across every area of the UK:

Where we shop, where we eat and where we work are all parts of what make our individual communities the place we call home. In many places, there are particular challenges which threaten these small businesses, whether on the high street, in our rural or coastal areas, or in towns and villages across the UK. The Government must help small businesses in these areas in particular.

The greatest challenges facing our country – including the need to move to a zero-carbon economy and provide good public services – must be faced with the needs, opportunities and challenges facing small businesses firmly in mind. Only by working with small businesses can we meet the common challenges we all face.

## The next Government should:

### A future for our high streets

- Remove barriers to growth in the business rates system, take out more small businesses from the system altogether, and increase and expand current retailers' support so it is on a permanent footing, and make sure this helps the food and drink sector too. Areas with high property values need extra support from increased reliefs, in order for small business in these areas to benefit.
- Fix the Check Challenge Appeal system for small business rates because it simply does not work for small businesses. If businesses are to have any confidence that their business rates bills are fair, then they must be able to challenge incorrect calculations and errors without fear of penalty and within a system that wants to eradicate errors, not hide them.
- Commit to the Towns Fund providing investment for Scotland, Wales and Northern Ireland.
- Increase car parking availability, make sure more spaces are offered free of charge, especially at key times of the year, and increase buses and green modes of transport so more people can easily access the high street.
- Make sure that the planning system, local banking services and the public realm are attracting people to our town centres. Consider introducing Enterprise Zones into areas that most need support.

### High quality infrastructure

- Focus on the local transport system as much as national projects – spending on local roads should be double its current rate and all local transport spending should be ring-fenced. In addition, local roads should be included within the scope of the new roads fund.
- Ongoing road maintenance, rather than piecemeal funding, should be prioritised to prevent future surface defects becoming potholes.
- Implement the Williams Review recommendations and support both passenger and rail freight enhancements. Provide funding for better quality public bus services, particularly in our rural communities.
- Give certainty to long-term infrastructure projects, committing to build the airport capacity; local, regional and high speed rail and energy infrastructure we need. Devolve Air Passenger Duty to Wales to support the development of new international trade and tourism routes.
- Reverse chronic underinvestment in rail infrastructure in Wales by committing to the electrification of the South Wales mainline to Swansea and investing in Growth Track 360 in North Wales.



FSB members Naomi Murray and Alan Murray, Botanica Health.

### Broadband and mobile

- Give small businesses the broadband connections they need, with full fibre, or at least gigabit connectivity to all premises by 2025 and all businesses to have download speeds of more than 10 Mbps by the end of 2021, irrespective of whether or not they have asked to be connected under the Universal Service Obligation.
- Ensure every community, including rural and coastal communities, has a good mobile phone signal; close the mobile coverage gap between UK nations over the parliamentary term; facilitate a shared rural network, including to increase coverage in the worst served regions; deliver the 4G and 5G spectrum auctions on time and ring-fence the money raised to be spent on infrastructure programmes.

### Make small businesses part of the solution to major challenges

- Commit to bring forward a small house builders strategy to reverse the decline in the number of small house builders from 12,000 in 1998 to only 2,500 today. Affordable housing is a must for firms looking to live and recruit in areas with high property values, and rural areas.
- Solve the care crisis. Small businesses are a key part of the delivery of adult social care, and the quality of adult social care is key to so many who work in and run small businesses. These services must be properly funded and designed with small businesses in mind.
- Ensure public services can use small business innovation by splitting up big public sector contracts, moving from closed framework agreements to dynamic purchasing systems in public procurement and ending late payment across all public sector supply chains once and for all, aiming for more than a third of public sector procurement to be with small businesses by 2022. This target should not be extended again.

## Tackling the climate crisis and building the zero-carbon economy

- Set clear and certain environmental targets, policies and incentives to help small businesses know what they need to do in sufficient time to build a zero-carbon economy.
- FSB recognises the significant damage that air pollution does to people and the environment. Small firms want to play their part in transitioning to a cleaner, healthier environment, but must be empowered to be part of the solution. As Clean Air Zones and Low Emission Zones are rolled out across the UK, many small firms will need time and support to adapt and change the way they operate, particularly those tied into lease agreements as a result of encouragement from previous governments.
- Small businesses, particularly in rural and coastal communities, need assistance to access insurance and protection from flooding and environmental damage.

## Policing

- Combat business crime which costs the small business community more than £15 billion a year, wrecks livelihoods and ruins lives. Fifty per cent of small businesses have been a victim of crime in the last two years. The next Government must ensure proper measures are taken forward to tackle both cyber and traditional crimes carried out against small businesses promptly, sensitively and effectively.
- Ensure the number of police per 100,000 of the population be brought closer to the European average of 352 per 100,000 of the population. This should come alongside further considerations toward refining the police funding formula.
- Introduce a code of practice which sets out a performance framework for police and crime commissioners (PCCs). This could include good practice benchmarks on engagement with the local business community.

## Innovation, exports and local industrial strategies

- Create new export vouchers to assist firms with the costs of exporting to a new market for the first time. Work at every level, including with international bodies such as the World Trade Organisation, to make trade easier for small firms. The Government should review and build on the GREAT campaign to better promote the UK around the world.
- Simplify the support available for innovative new firms by making the R&D tax credit system more accessible and open to small businesses.
- Prioritise high quality business support and a well-run Shared Prosperity Fund to boost regional growth.
- Make sure local industrial strategies have a proper focus on helping the self-employed and micro businesses: addressing their skills needs through Skills Advisory Panels; delivering leadership and management training to small business owners and ensuring that Local Enterprise Partnerships adequately address the needs of small firms.

Employee of FSB member Kaymet.



# BREXIT

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## **Small businesses and Brexit:**

Like the UK population, small businesses and FSB members were split on the Brexit referendum question in 2016, with many voting for remain and many voting for leave.

With two major groups in our membership, we have since worked with all political parties to make sure 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 and given many simply do not have the resources to cope or re-orient to new markets in time.
- We cannot see continued delay with businesses in limbo for months and years, not knowing the future of our trading environment – small business confidence has now been in negative territory for an unprecedented five straight quarters.
- For any Brexit deal to work for small businesses, it must be based on transition, trade and talent – a full significant transition period; as frictionless trade as possible; maintaining a good relationship with the EU as our nearest and biggest trading bloc; ensuring better trading arrangements with major and emerging markets; making sure the UK is open to entrepreneurs from overseas; protecting small business access to skills through improvements to the settled status scheme and a future immigration system that works well for small businesses.

Further detail on these areas are below.

## **Transition**

Throughout the EU exit process so far we have been clear that any deal must include a proper transition period so small businesses can prepare in advance for any changes to the rules with which they have to comply with on a day-to-day basis. 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 such a way that it is as simple as possible for firms to manage.

A transition must be long enough 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.

A proper transition period will enable the UK-EU Joint Committee the time needed to ensure trading arrangements between Northern Ireland and Great Britain are as frictionless as possible, in both directions, so that additional complexity for small businesses is kept to an absolute minimum.



## Trade

Over a fifth of FSB members are exporters, and in total 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 Government must take account of the relative difficulty small businesses have compared to larger businesses in managing complex rules and regulations. Any change in our trading arrangements should be accompanied by Brexit vouchers, to provide support to firms especially affected by new procedures or who need to adapt to new markets.

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 before or would consider doing so in future, we believe that doubling the number of exporters is a realistic objective that deserves Government support.

We need to see significant focus on operations at all our borders, not least Dover/Calais but also for the new Government to work closely with FSB Northern Ireland and the business community there. We also stand by our sister organisation in Gibraltar, the Gibraltar Federation of Small Businesses (GFSB), for future arrangements that protect the future of the small business community there, too.

## Talent

Regardless of the content of any future Brexit deal, it is crucial in any case that the UK's immigration system is open to talent from overseas. Poor '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 the UK remains an open, attractive place for entrepreneurs from across the world to invest and to 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 rely solely on individual businesses to deal with complex bureaucracy in order to access overseas talent, nor place high arbitrary wage floors on employers. UK immigration policy must be made to work for Scotland, Wales and Northern Ireland as well as England.

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 these 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 devolved nations have responsibility for setting priorities for the funding.



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

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