

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

20 September 2021

Dear Chancellor,

FSB Submission – Autumn Budget and Spending Review 2021

We write with our formal submission to the Autumn Budget and Spending Review.

Small businesses want to turn the page after a torrid 18 months. Lockdown has been a huge personal and financial burden for so many. We want nothing more than to rebuild and recover.

However, the recovery is far from secured – and a strong recovery even less so. We would caution against reading too much into vacancy statistics. There is so much churn, the scramble by some firms to hire staff may be a short-term consequence of unlocking, and some of the pain that was postponed is still to come.

So, we urge you to take pro-growth, pro-business, pro-jobs choices that support the economic recovery. We also urge you to turn your attention to control of public spending. Without constant discipline and political challenge, public spending will grow ever more burdensome on the private sector, and the value of each pound spent by Government will wane.

We have set out here those measures we ask you to consider taking on October 27th, both at Budget and in this moment of influence for the Treasury to drive value and good outcomes through departmental spending settlements.

Primary among them are:

- Reducing the rise in employer costs expected in April, from both the increases in national insurance and an expected rise in the NLW, by increasing the employment allowance from £4,000 to £5,000.
- Removing more small businesses from the business rates system, the other major pre-profit business tax, as we approach your fundamental review. Reducing the burden of business rates is essential if ailing high streets are to recover – 54% of small businesses would not be able to survive if they didn't receive small business rates relief.
- Driving more value across Government through increased competition in public procurement; and re-asserting the primacy of value in public sector spending.
- Working across all the UK's Nations and Regions to support a vibrant business eco-system in the places most in need of levelling-up, including through the UK Shared Prosperity Fund
- Encouraging start-ups and improving employment support through an expanded Start Up Loan scheme, a rebranded New Enterprise Allowance

and programmes that work with the small firms who accounted for 9 out of 10 moves from unemployment after the last recession and can do again.

Taken together, the measures we have set out here would represent a pro-enterprise, pro-investment, pro-innovation, and pro-jobs agenda that we believe would be of serious net benefit to the public, and indeed the fiscal position.

Given the need for the private sector to grow and create jobs, we ask that you take no further measures to raise taxes on businesses. The decision to increase employer NICs and other business taxes make this the most expensive time in recent history to be in business, and more expensive than ever to create a job. We are proud that so many people have stuck by their staff and stuck with entrepreneurship, but every business and every job has a tipping point.

The highest priority must be to deliver a strong and sustainable recovery, allowing well-run businesses to survive, new businesses to scale-up and thrive, and by doing so, boost people's job security and spending power.

We would be most grateful for your consideration of the ideas in this document, and we would be keen to meet with you to discuss the perspective of UK small businesses.

Yours sincerely,



Mike Cherry OBE AIMMM FRSA
National Chair



Martin McTague
National Vice Chair, Policy & Advocacy

Tax measures

Policy measure	Purpose	Cost estimate ¹
<p>Increase the Employment Allowance by £1,000</p>	<p>Mitigate the impact on employment, pay and training of an expected rise in the NLW/NMW and the introduction of the Health and Social Care Levy/rise in Employer's NICs, by reducing the rise in an employer's total wage bill.</p> <p>In May 2021, FSB surveyed a representative sample of small employers as to how they would respond if the National Living Wage were to increase to £9.42 in April 2022.</p> <p>31% said they would raise prices; 27% absorb costs; 15% cancel/scale down plans for investing in/expanding the business; 15% recruit fewer workers; 15% reduce hours worked by staff; 12% reduce the rate of basic pay growth for the rest of the workforce; 9% cut back on training expenditure; 9% improve efficiency; 8% reduce workers through redundancies; 7% reduce other aspects of the reward package.</p> <p>Considering the rise in Employer's NICs, we would expect these figures to be worse if the question was asked today. 24% of respondents said that a NICs cut would help them retain existing staff, so it is easy to see that a NICs increase would do the opposite.</p>	<p>-£455m²</p>
<p>Increase the Small Business Rates Relief Threshold to £25,000</p>	<p>Increasing the SBRR threshold to £25,000 would bring small firms currently outside of rates relief into the relief system; allow small businesses currently under SBRR to more easily expanding under new aggregation rules; give those in manufacturing sectors scope to improve their businesses by investing in new plant and machinery without dramatically increasing their business rates liability.</p> <p>Alongside other proposals on Check Challenge Appeal and net zero investments, referenced in MHCLG section below, this would also</p>	<p>-£1,055m³</p>

	fulfil the manifesto commitment to reduce business rates via a fundamental review of the system. If HMT sought to lower the cost, this could be done by an increase to the standard multiplier, or calculations for select types of properties such as fulfilment centres.	
Extend the hospitality VAT rate reduction to five per cent until March 2022.	To support the hospitality industry in recovery from Covid.	-£1,560m ⁴
Reduce the super-deduction relief in favour of other action to encourage investment	<p>FSB does not think the super-deduction relief is driving significant change in small business investment decisions. Only 4 per cent of FSB members ranked it in the top 3 incentives that would encourage them to invest in, and expand, their businesses.</p> <p>While it remains, it should be made more relevant, for example by clarifying that it can be used for non-tangible assets. But we would favour an increased focus on other measures to encourage investment, such as reducing the impact of investment on business rates and a widening in scope of R&D tax credits to support more small innovative firms.</p>	None

All departments

Policy measure	Purpose	Cost estimate
<p>Require action in departmental settlements to increase competition in public procurement, targeting a cross-government saving equivalent to 3 per cent of 2020-21 procurement spend.</p>	<p>Drive increased competition⁵ in public sector procurement to drive savings, increase innovation and achieve greater value in public procurement, including by requiring departments to:</p> <ol style="list-style-type: none"> 1) Disaggregate any agreed procurement spending into smaller lots than similar previous procurements 2) Increase their use of Dynamic Purchasing Systems (DPS/DPS+) 3) Provide high quality feedback to unsuccessful SME tender bids 4) Comply with existing transparency requirements for advertising procurements 5) Make progress against SME Action Plans which should be updated annually 	<p>+£7,070m⁶</p>
<p>Reduce development of new regulatory 'requirements', and the existing stock, by one third; and reduce administration group costs to 2017-18 levels</p>	<p>There is a need to drive down the number of new regulatory 'requirements' - discrete actions which Government policy mandates a business takes - as well as the stock of existing regulations.</p> <p>This will help also drive down the number of teams and administration costs, which will help bear down on rising public sector costs. Civil service staff numbers have risen in every quarter since 2016, mostly at higher grades, removing skilled workers from the private sector labour market and increasing cost to the taxpayer.</p> <p>This is in line with the British Columbia Model of reducing regulation, which FSB endorses.</p>	<p>+£1,400m⁷</p>

Business, Energy and Industrial Strategy

Policy measure	Purpose	Cost estimate
<p>Introduce a 'Help to Grow Micro' programme, using a proportion of funds currently allocated to 'Help to Grow'</p>	<p>Help to Grow may struggle to reach 30,000 participants.</p> <p>Introducing a 'Help to Grow Micro', pitched specifically at the smallest, micro businesses, at a lower cost for users and focused on a less advanced set of skills, so delivered at a lower cost per participant, would enable more of the businesses who would most benefit from improvements in management to access the scheme.</p> <p>The programme could be limited to employers with less than 10, 20 or 50 employees, with 20 still focusing the programme but allowing some flexibility above the strict definition of a micro business.</p>	<p>None - prioritisation within expected spend</p>
<p>Introduce a 'Help to Green' programme for businesses most vulnerable to net zero challenges</p>	<p>Many small businesses would like to become greener and reduce their waste but some face barriers in knowledge, skills and affordability, and some work in industries most vulnerable to the transition to net zero.</p> <p>Based on Help to Grow Digital, this scheme would enable firms to spend a £5k voucher on qualifying environmental products or services.</p> <p>The voucher could, for example, be used to fund an energy audit for the relevant firm, which would advise businesses on repurposing their activity as we approach 'net zero', or helping business replace polluting equipment and materials through government vouchers.</p>	<p>-£50m⁸</p>

<p>BEIS must act to amend formal Financial Reporting Council guidance, or legislate, to give Audit Committees oversight of payment practices and report on payment practices within annual reports.</p>	<p>Late payment is one of the leading causes of business failure and action by BEIS has been repeatedly delayed despite agreement in necessary measures.</p> <p>Delivery of action on late payment is critical to establishing the UK as the best place in world to start, run and grow a business.</p>	<p>None</p>
<p>Reform the practice of automatic inclusion of university owned IP rights in academic employment contracts</p>	<p>Taking steps to dissuade universities from automatically including ownership of academic IP in employment contracts will remove barriers for academics starting a business.</p> <p>This would enable higher rates of academic entrepreneurialism and thereby increase the potential for new innovative businesses to start.</p>	<p>None</p>
<p>Allow entrepreneurial activity to account for a larger proportion of 'Impact' in UK Research Council grant funding, and increase weighting given to 'Impact' in grant assessments</p>	<p>To explicitly encourage more entrepreneurship through the greater weighting of research council grant funding criteria towards Impact, and in particular Impact in relation to entrepreneurialism.</p> <p>Grant criteria is a large driver of activity within academia, and this would encourage greater levels of entrepreneurialism.</p>	<p>None</p>
<p>Expand Start Up Loans</p>	<p>Providing an additional 5,000 new start up loans per year from current numbers, helping more people start their own businesses, including from anticipated redundancies.</p>	<p>-£65m⁹</p>
<p>Extend the Recovery Loan Guarantee (RLG) for an additional 6 months, or introduce a successor scheme</p>	<p>We anticipate that additional businesses would benefit from and afford to take out additional debt finance but may not be in a position to take this decision until after the winter months due to current uncertainty. Extending the RLG would help ensure this would be possible.</p>	<p>Unclear - limited published information to date, and differences in the options for a successor scheme, does not make costing possible.</p>
<p>Expand the BBB's regional funds to support more regions in levelling up</p>	<p>The BBB's investment funds in the Northern PowerHouse, the Midlands Engine, Cornwall and the Isles of Scilly have proved successful and could be replicated in other areas of England such</p>	<p>-£225m¹⁰</p>

	as the North East and the wider South West, as well as in the other Nations of the UK.	
Maintain the BBB Regional Angels Programme, using a proportion of funds previously allocated to the Future Fund: Breakthrough	<p>Initial signs are that the Regional Angels Programme is proving successful at developing a stronger investment eco-system in the most disadvantaged parts of the country where access to early stage capital is limited, helping to level up those areas.</p> <p>Reducing the amount available to the Future Fund: Breakthrough, in favour of continuing the Regional Angels Programme, would be beneficial while saving the taxpayer money.</p>	+£50m ¹¹

Digital, Culture, Media and Sport

Policy measure	Purpose	Cost estimate
<p>Ofcom to work with industry to encourage uptake of gigabit technology.</p>	<p>Gigabit technology will deliver clear benefits to the UK economy – even pre-pandemic, 31 per cent of businesses said poor broadband or mobile coverage was a barrier to growing their business</p> <p>However, those benefits will only be realised if they are made clear and obvious to potential customers, who ‘don’t know what they don’t know’.</p> <p>Ofcom should work with industry to develop common terminology to describe broadband services and a core set of use cases and benefits that providers, Government and industry partners can all use to encourage take-up of gigabit technology and the opportunities it can deliver.</p>	<p>Negligible</p>
<p>Continue to support the Cyber Essentials Scheme</p>	<p>Cyber crime has a large impact on small businesses, both emotionally and financially. As well as tackling the problem through law enforcement, and a proper focus on crimes against businesses, the Government should continue to support the Cyber Essential Scheme</p>	<p>Negligible</p>

Education

Policy measure	Purpose	Cost estimate
Continue the £3000 apprenticeship incentive	<p>It is critical for all businesses and the health of our future economy that individual firms continue to employ apprentices, but the number of starts has fallen considerably.</p> <p>Continuing apprenticeship incentives payments will help encourage those firms who are willing to take on an apprentice to do so, and support costs at a time when the cost of employment is increasing, there is significant fear of taking on long-term responsibility for more workers and the business environment is fragile.</p>	-£300m ¹²
Continue the £1000 incentive for T level industry placements for employers beyond July 2022	Supports the development of a successful T Level system by supporting employers to host more placements, an integral part of the potential value of T Levels. By making these accessible to smaller businesses, it should ensure these opportunities are spread right across the country, assisting with levelling up.	-£100m ¹³
Require 50 per cent of the National Skills Fund spent on employees to be spent on training for those working or running small businesses, including the self-employed	To introduce necessary discipline into NSF spending in order to ensure it is spent proportionately and does not go only to support the skills of those working in larger businesses or the public sector.	None - prioritisation within expected spend
Use 15 per cent of the National Skills Fund to support a national self-employment training scheme based on Enterprising You, one of the Treasury Skills Pilots commissioned by GMCA to help support those in self-	<p>To ensure that a proportional amount of the National Skills Fund is spent to help the self-employed, following the successful pilot, the year one evaluation of which showed 71 per cent of participants increased their profitability.</p> <p>FSB worked closely with the Government and GMCA on development of the pilot, with the Autumn Budget 2018 red book funding 'a £10 million pilot in Greater Manchester, working with</p>	None - prioritisation within expected spend

<p>employment and the gig economy, developed with FSB</p>	<p>the Federation of Small Businesses, to test what forms of government support are most effective in increasing training levels for the self-employed¹⁴, which became EnterprisingYou¹⁵.</p> <p>The pilot performed positively in evaluation and should form the basis of a national training offer.</p>	
<p>Prioritise functional, employability and digital skills within the national curriculum</p>	<p>Businesses continue to highlight numeracy, literacy and core workplace skills as requiring improvement. FSB believe key employability skills, such as teamwork and communication, should be developed and included in the national curriculum from an early age, although do not support the development of separate qualifications to demonstrate these skills.</p>	<p>None - prioritisation within expected spend</p>
<p>Ensure apprenticeships funding is sustainable, and maintain the levy in its current form</p>	<p>Although the fall in apprenticeship starts during the pandemic has made the sustainability of apprenticeship fund a less immediately pressing issue, there is still a need to ensure that small businesses are not excluded from apprenticeships funding because larger businesses have exhausted the funds on more expensive, higher apprenticeships. Small businesses tend to offer a significant number of Level 3 apprenticeships which can deliver significant employability benefits at lower cost than higher level apprenticeships.</p> <p>Moving apprenticeship funding from DEL to AME should be considered. We would not want solutions to limit the number of apprenticeships taken up by non-levy paying employers or changes in the applicability of the apprenticeship levy.</p>	<p>Dependent on the level of apprenticeship starts and solution chosen</p>

Health and Social Care

Policy measure	Purpose	Cost estimate
Introduce stricter waiting time targets and service standards in the NHS for Musculoskeletal (MSK) and Mental Health treatments	These are the two most common sources of health-related joblessness and exit from the labour market, which itself leads to poor health outcomes - reducing these should help maintain employment and health outcomes and should be prioritised. ¹⁶	None - prioritisation within expected spend
Increase the proportion of occupational health training GPs receive	Ensuring a greater proportion of GPs training relates to occupational health would alleviate the problem of outdated medical advice in relation to employment contributing to avoidable exit from the labour market and the health, social and economic costs that entails.	None - prioritisation within expected spend
Increase promotion of career routes in occupational health to health professionals	There is insufficient capacity in the occupational health workforce to meet need. Increasing promotion of career routes in occupational health would help address this problem.	None - prioritisation within expected spend

HM Revenue and Customs

Policy measure	Purpose	Cost estimate
Commit to ensuring a competitive market in MTD software	<p>There is a significant risk of businesses becoming dependent on a small pool of MTD compatible software providers. Acting to ensure that rent-seeking behaviour from these providers is limited and there is a competitive market available would relieve a large part of small business concern about the policy.</p> <p>The serious concern in the small business community that MTD will lead to reliance on a small group of providers has seemed little understood in Government historically, and often misunderstood.</p>	None
Bring the Office of Tax Simplification into the MTD process	<p>To help streamline, simplify and create greater efficiencies in tax compliance, OTS should be brought into the MTD process.</p> <p>Currently, 71 per cent of businesses believe MTD has increase the cost of tax compliance through new software, subscriptions and time learning the new processes.</p>	None
Introduce a call back option on HMRC phone lines	<p>Long waits on HMRC phone lines lead businesses to think their calls would not be answered and, as well as causing dissatisfaction, this prevents taxpayers from getting in touch as early as they otherwise would if they encounter difficulties.</p>	Negligible
Conduct a Call for Evidence on the possibility of allowing the self-employed to smooth their income tax liabilities over a three-year rolling average through the availability of tax credits	<p>Three quarters of small businesses struggle to accurately forecast their earnings each year and state that their financial security fluctuates.</p> <p>Introducing a three-year rolling average taxable income scheme for the self-employed is one way of limiting exposure to shocks to their income, if they were able to offset losses on the previous two year's gains.</p>	None

	<p>Looking backwards, where a year's income exceeds the three-year average, that effective overpayment could be considered a tax credit towards liabilities in years where income is below average, thus smoothing overall liabilities.</p> <p>A Call for Evidence would enable HMT, HMRC and external stakeholders to determine the effectiveness and considerations in this possibility.</p>	
<p>Establish a commission to consider the potential economic impact of raising the VAT allowance to £100,000 and introduce a smoothing mechanism</p>	<p>It is well acknowledged that small businesses below the VAT threshold reduce their economic activity to ensure that they do not cross this threshold and become liable to the tax, i.e. 'stop work two months early'.</p> <p>Assessing the behavioural and economic impact of removing this barrier to growth would help access the potential benefits of raising the threshold and introducing a smoothing mechanism so firms only gradually become liable for VAT.</p>	<p>Negligible</p>
<p>Relaunch the SME Brexit Support Fund</p>	<p>Ahead of the introduction of check on EU imports in January and July 2022, and with SMEs continuing to adapt to new export rules, the SME Brexit Support Fund should be relaunched to help small firms access training and support on customs, VAT, and associated matters.</p> <p>The initial scheme, which ran from March to June 2021, was negatively impacted by overly restrictive eligibility criteria, a short application period, and limited promotion. A reformed SME Brexit Support Fund could help SMEs adapt to new trading conditions and help reduce potential supply chain disruption in 2022.</p>	<p>-£20m¹⁷</p>

HM Treasury

Policy measure	Purpose	Cost estimate
<p>Launch a review on access to mortgages for the self-employed</p>	<p>To fulfil a manifesto commitment to “launch a review to explore how we can better support the self-employed. That includes improving their access to finance and credit (not least mortgages), making the tax system easier to navigate, and examining how better broadband can boost homeworking.”</p> <p>The self-employed struggle compared to other workers to gain access to mortgages, and lenders often cite regulatory barriers in being able to do so.</p> <p>The Treasury should use its convening power to bring lenders, policymakers and small businesses together to answer the challenge of how to enable more people who work for themselves to own their own home.</p>	<p>Negligible</p>

Home Office

Policy measure	Purpose	Cost estimate
Develop a business crime equivalent of the Crime Survey for England and Wales (CSEW).	<p>The current Home Office Commercial Victimization survey is limited in scope – only covering a small number of sectors and does not break data down by the size of business.</p> <p>This new survey should be developed by the Home Office, the National Business Crime Centre and the Office for National Statistics working together, including to expand on the Commercial Victimization survey to cover all forms of crimes against business.</p>	Negligible
Police forces should make the 'business crime' Single point of Contact (Spoc) position a fulltime dedicated role and professionalise it.	The National Business Crime Centre (NBCC) should be allowed to build-up its role further as the central node in a network of SPoCs across all English and Welsh forces. Ideally Spoc should be supported by a small team to help build up the capacity of each constabulary to engage with their local business community more effectively.	None - prioritisation within expected spend
Provide direct immigration support service for small and micro businesses	Government must ensure effective support, both online and over the phone, is available for small businesses. FSB suggests assigning a specific agent to a file, as soon as an application is submitted. The business owner should be able to communicate directly and get status updates from the agent.	Negligible
Reduce Visa Costs for small firms	Many small firms are priced out of accessing international talent. 48 per cent of small businesses say they cannot afford to pay current high levels of immigration fees to hire talent (around £3,000 per hire)	-£20m ¹⁸

International Trade

Policy measure	Purpose	Cost estimate
Replace the Tradeshow Access Programme (TAP) with a new programme that works for smaller businesses	<p>Replacing TAP with a new, expanded, better designed funding programme would encourage first-time exporters and help existing exporters reach new markets.</p> <p>Modelled on the Canadian CanExport programme, this would deliver funding of up to £40,000 that can be applied to directly by small businesses and can be used to support to a broad range of activities, including tradeshow attendance, marketing, and translation.</p> <p>With a budget of 40,000,000 CAD, by November 2019, the CanExport SMEs programme had provided support resulting in over CAD 600 million in new exports.</p>	-£28m ¹⁹
Expand the Export Academy to all English regions	<p>FSB members have responded positively to the Export Academy pilot run in the Midlands, North, South West and East of England. Over 1,000 businesses had signed up to participate in the pilot scheme as of March 2021.</p> <p>The Government should expand the Export Academy to all English regions, targeting all firms with export potential that would benefit from its support, focusing on micro and small businesses.</p> <p>With the Export Academy already established and populated with content, and with it delivered by existing International Trade Advisors (ITAs), additional cost would be limited.</p>	Negligible
Reduce fees for use of the Overseas Market Introduction Service (OMIS)	<p>Reliable information on markets and potential partners or distributors are vital for small firm's export journeys.</p> <p>The Overseas Market Introduction Service (OMIS) offers a useful service for business, taking advantage of the DIT overseas</p>	-£2m ²⁰

network. OMIS raises only a small amount of revenue for DIT via usage fees, which can be off-putting for smaller firms.

Reducing these fees to make OMIS more accessible could help smaller firms take the first step to exporting to new markets.

MHCLG

Policy measure	Purpose	Cost estimate
Continue to support the UK Shared Prosperity Fund	<p>Funding for the UKSPF will ramp up so that total domestic UK-wide funding will at least match receipts from EU structural funds, on average reaching around £1.5 billion per year.</p> <p>In addition, to help local areas prepare over 2021-22 for the introduction of the UKSPF, the government will provide additional UK-wide funding to support communities to pilot programmes and new approaches.</p>	Neutral – Government has previously committed to maintaining funds at this level.
Reform LEP structure, creating a “Business England” brand to level up the country	<p>FSB supports the idea that LEPs in England remain but are rebranded under a “Business England” badge with all marketing and branding run centrally.</p> <p>The central body would act to deliver big national priorities and projects, while the local branches of Business England (LEPs) would focus on delivering smaller local projects that will make a big difference in a local area.</p> <p>This would see a reduction in funding to individual LEPs, but also a reduction in responsibility at a local level.</p>	None – redistribution of existing spend and UKSPF commitment
Introduce 'Recovery Freeports' for areas with high covid economic impact	<p>'Recovery' Freeports would be a new round of freeports focused on areas that have suffered a high covid impact, for instance 'airport towns' heavily impacted by the reduction in international travel.</p> <p>This would be on a similar scale to existing and planned free ports, focused on areas with a high proportion of eligible employments furloughed, subject to a bidding system.</p> <p>It would help deliver significant support to local economies which may lag in recovery due to the concentration of particularly impacted sectors and supply chains.</p>	-£185m ²¹

<p>Introduce a specific Small Housebuilders Strategy</p>	<p>A specific Small Housebuilders Strategy would help to guide policy and ensure the National Home Building Fund is well spent.</p> <p>Small house builders typically have very different business models to large house builders, including that they are more likely to build on finance.</p> <p>A different set of policy solutions is needed to support small housebuilders, and – due to their typically different business model – this will lead to more homes being built more quickly.</p> <p>A distinct strategy to help small house builders would help to reverse the decline in the number of small house builders from 12,000 in 1998 to only 2,500 today²², and ensure the National Home Building Fund is well spent.</p>	<p>None - prioritisation within expected spend</p>
<p>Increase the Small Business Rates Relief Threshold to £25,000</p> <p>(also referenced in tax section above)</p>	<p>Increasing the SBRR threshold to £25,000 would bring small firms currently outside of rates relief into the relief system; allow small businesses currently under SBRR to consider more easily expanding under new aggregation rules; and give those in manufacturing sectors scope to improve their businesses by investing in new plant and machinery without dramatically increasing their business rates liability.</p> <p>This would also fulfil the manifesto commitment to reduce business rates via a fundamental review of the system. If HMT sought to lower the cost, this could be done by an increase to the standard multiplier, or calculations for select types of properties such as fulfilment centres.</p>	<p>-£1,055m²³</p>

<p>Consult on exempting 'Net Zero' and improvements, such as ventilation, which improve working conditions, from inclusion in a business rates assessment. This will incentivise greater investment in improving premises in line with Government's net zero and covid strategy</p>	<p>Under the current system, any and all improvements are counted towards a business rateable value. This can include the installation of air-conditioning, CCTV, fire safety equipment, disabled access equipment, solar panels and even printers.</p> <p>The introduction of an exempt list of items which businesses could introduce without fear that it could increase their business rates valuation, would enable investment which would otherwise not take place.</p>	<p>None</p>
<p>Introduce an aggregate threshold so small businesses with multiple small properties can still access Small Business Rates Relief</p>	<p>This would help make sure small businesses can access rate relief. Under current rules, once a business opens a second property or unit with a Rateable Value above £2,899, they automatically lose any small business rate relief.</p> <p>This applies even if the combined value of the two properties is below the current threshold of £12,000. In some areas of the country this is triggered by the business having a separate shed for storage, or a car parking space.</p> <p>This barrier to growth should be removed, and to turn the threshold into a more flexible allowance, meaning you can expand up to the threshold, and then pay full rates once your aggregated businesses Rateable Value is beyond the threshold.</p> <p>This will ensure rates relief is still focused on small businesses, but no longer discriminate against small businesses with multiple properties.</p>	<p>Limited, dependent on the level of the threshold</p>

<p>Improve Check, Challenge Appeal without introducing new charges on businesses</p>	<p>New proposals suggest introducing a fee for business to access their Business Rates information and even shorter deadlines for business to submit an appeal, with no deadlines for VOA responses. In addition to this, small businesses will have to access their account every year to complete an annual return and inform the VOA if any changes to the property are made.</p> <p>FSB are deeply concerned that in a drive to achieve more frequent valuations, Government is preventing small firms challenging incorrect business rates bills. It would be better to proceed without any charges for Check, Challenge, Appeal.</p>	<p>None</p>
--	--	-------------

Transport

Policy measure	Purpose	Cost estimate
Prioritise local roads within roads funding	<p>Small businesses suffer most congestion and disruption in the last mile of their journey.</p> <p>These delays form the heaviest disruption to day-to-day activity and detract from quality of life in communities across the country.</p>	None – prioritisation within expected spend
Deliver on 'Bus Back Better' promises	Local bus services are incredibly important for businesses, their employees and community life.	None - previous commitments
Work with industry to deliver flexible season tickets on the railways	Flexible season tickets are especially important for business travel, which often does not follow the pattern of a regular, weekly commute.	Dependent on solution

Work and Pensions

Policy measure	Purpose	Cost estimate
Cancel the Restart Scheme	Remove spending on a scheme which is unlikely to deliver good value for money in comparison to other interventions ²⁴ , and lacks any real-world employment or work experience element, which small employers consider to be a key determinant of employability scheme success.	+£965m ²⁵
Extend the Kickstart scheme beyond December 2021	<p>To extend the Kickstart Scheme beyond December 2021, reflecting that the original allocation is unlikely to be met by then as the scheme has been slower than expected and that many of those who would benefit from the scheme are yet to access it.</p> <p>FSB supports the Kickstart scheme and has helped deliver it, with the numbers of small businesses offering Kickstart placements currently exceeding those who can be placed. Small employers are enthusiastic.</p>	None - previously allocated
Allow claimants to exit the Work and Health Programme and other contracted provision in order to access Plan for Jobs programmes	<p>One of the eligibility criteria for WHP is that the individual must not be able to be supported by other JCP provision or programmes, this prevents those on the WHP accessing new support designed as part of the Plan for Jobs.</p> <p>This can be resolved. Eligibility for Kickstart includes a requirement that the Kickstarter cannot be on any other contracted provision, and so allowing an individual to leave the Work and Health Programme to join Kickstart would allow them to access a programme which would have a better outcome, especially helping disabled claimants.</p> <p>DWP should prevent jobseekers from being 'trapped' on contracted provision if a better opportunity is available to them.</p>	None

<p>Raise the upper age limit for disabled people claiming UC to be eligible for Kickstart</p>	<p>This would help tackle the low disability employment rate - which is lower in every age group compared to the non-disabled youth employment rate.</p> <p>Many disabled people and those with health conditions would benefit from the opportunity Kickstart offers, especially those who have never yet entered sustainable employment.</p>	<p>None - prioritisation within expected spend</p>
<p>Allow ESA claimants to access the Kickstart programme</p>	<p>Allowing those in the work-related activity group of ESA claimants to be eligible for Kickstart would help disabled people and those with serious health conditions to access the Kickstart programme.</p>	<p>None - within previously allocated spend.</p>
<p>Allow claimants to exit the Work and Health Programme and other contracted provision in order to access Plan for Jobs programmes</p>	<p>One of the eligibility criteria for WHP is that the individual must not be able to be supported by other JCP provision or programmes, this prevents those on the WHP accessing new support designed as part of the Plan for Jobs.</p> <p>This can be resolved. Eligibility for Kickstart includes a requirement that the Kickstarter cannot be on any other contracted provision, and so allowing an individual to leave the Work and Health Programme to join Kickstart would allow them to access a programme which would have a better outcome, especially helping disabled claimants.</p> <p>DWP should prevent jobseekers from being 'trapped' on contracted provision if a better opportunity is available to them.</p>	<p>None</p>
<p>Introduce an SSP rebate</p>	<p>Allowing small business to recover their SSP costs is a long-standing request of the small business community.</p> <p>An SSP rebate would increase the resilience of small firms. The safety net this would provide would not be used in every case, so the cost is limited, but it is an essential component of supporting small firms, and of helping those who encounter sickness absence.</p>	<p>-£50m²⁶</p>

	<p>Small firms disproportionately hire disabled workers, so this measure helps provide resilience to those firms, and - if prompting accompanying good practice – enables employers to take ‘best practice action’ in supporting return to work.</p> <p>This builds on Covid SSP, the limited use of which should validate the proposition FSB has consistently made that an SSP rebate should be put in place as a safety net mechanism.</p>	
Assess the Minimum Income Floor quarterly	Moving the Minimum Income Floor to assessment on a quarterly basis would more closely match the 'lumpy' nature of self-employed income, ensuring that the universal credit system works in line with its policy intention.	-£25m ²⁷
Extend the start-up period associated with the Minimum Income Floor by 12 months	It typically takes at least two years for a business to become profitable, extending the grace period for the introduction of the Minimum Income Floor would enable more people claiming universal credit to start successful businesses, and encourage more people to gain employment through entrepreneurship.	-£260m ²⁸
Introduce an Adoption Allowance for the self-employed	<p>Employees are entitled to Statutory Adoption Pay if they choose to adopt a child. However, the self-employed do not. This represents an additional barrier for the self-employed to adopt, with many adopters having to demonstrate their ability to spend a year with a new child to strengthen their application.</p> <p>Adoption can transform the lives of our most vulnerable children and give them a stable and happy home. We should be supporting and encouraging people, including the self-employed, who are interested in adoption, rather than maintaining additional barriers. Additionally, the cost of providing foster care would be reduced.</p>	-£5m ²⁹
Replace the New Enterprise Allowance with a rebranded and improved ‘Kickstart Start-Up’ scheme through additional mentors, increased weekly payments, and other support to	<p>The NEA programme has supported over 249,000 individuals to establish over 146,000 businesses. It is a vital programme supporting people in receipt of UC to set up their own businesses.</p> <p>The proportion of business starts over NEA starts had been steadily increasing since November 2014 to almost 65%, before</p>	-£20m ³¹

help the long term unemployed into starting up for themselves

seeing a significant drop in December 2019 to 47% due to the impact of COVID-19 restrictions.

Overall, since the start of the programme, the average proportion of NEA participants who were off benefit for 26 weeks continuously following their business start was around 70 per cent.

Extending the availability of the programme with mentors and supporting individuals further with increased payments would support yet more unemployed people in receipt of UC to set up their own businesses, move off UC.³⁰

This is excellent performance. Rebranding the scheme would help to promote it to more people.

¹ Costings made on a single year basis.

² This costing is based on those given in the [March 2020 Budget](#) for an increase from £3000 to £4000 and the exact cost of extending the relief further will depend on the change in employer's national insurance liabilities expected in April 2022, including due to any changes to the level of the National Living Wage.

³ Assessment made based on the total rateable value by vatable value band and sector statistics published by the VOA: [Statistics on stock and value of properties on the 2017 central and local rating lists as at 31 March 2021](#). £468m of the cost comes from properties with a rateable value £15,000-£19,999; £394m from properties with a rateable value £20,000-24,999. Based on the number of small businesses eligible for small business rates relief currently, we have made a broad, conservative assumption that 46 per cent of rateable properties in the relevant sized bands would be eligible for an expanded relief. We have included an additional cost estimate of £191m on a similar basis for properties £12,000-£15,000 (the size bands which include those currently in receipt of tapered Small Business Rates Relief, and the cost given is therefore dependent on the distribution of rateable value within those size bands).

⁴ Assessment based on the costing given in Table 2.1 of the [March 2021 Budget](#): VAT: extension to reduced rate for hospitality, accommodation and attractions.

⁵ The Institute for Government publication, [Government procurement: The scale and nature of contracting in the UK](#), stated that spending with strategic suppliers accounts for more than a third of the published procurement spend of five departments – Defra, the DWP, HMRC, the HO and the MoJ, with DWP's the largest proportional spend with Strategic Suppliers, at 67 per cent. FSB has published several reports covering public sector procurement from the perspective of better involving SMEs, including [Chain reaction: Improving the supply chain experience for small firms](#), and [Taking Off: Opening up defence procurement for small businesses](#). Improving competition in public procurement should involve increasing the number of businesses, large and small, competing fairly for Government contracts.

⁶ Costings based on [HMT Public Expenditure Statistical Analyses \(PESA\) 2021](#), at 3 per cent of projected 2021-22 gross current procurement in budgets [Table 2.2] and gross capital procurement [Table 2.3]. This document makes no suggestion of uniformity across departments in making this saving, although all departments' procurement would benefit from greater competition.

⁷ Costings based on [HMT Public Expenditure Statistical Analyses \(PESA\) 2021](#), staff costs in administration budgets in resource DEL, comparison between 2021-22 projected outturn and 2017-18 outturn. A comparison with 2020-21 outturn would lead to a higher estimated saving - over £2bn. This document makes no suggestion of uniformity across departments in making this saving.

⁸ Costing based on an assumed 30,000 businesses using a £5k voucher, with the cost spread over three years, resulting in annual cost of £50m.

⁹ Figure based on capital funding for an additional 5,000 loans of an average size of £12,500.

¹⁰ Costing based on a fund size of £75m across a further three regions.

¹¹ This saving is given on the basis that the current cost of the Regional Angels programme – assessed as around £50m per year is instead funded by money currently allocated to Future Fund: Breakthrough

¹² Costing based on providing £3000 incentive payments for 100,000 apprentices – the level of matched apprenticeship starts in 2018/19, which has since fallen, [Apprenticeships in England by industry characteristics](#)

¹³ Costing based on providing £1000 incentive payment for 100,000 placements.

¹⁴ [Autumn Budget 2018](#)

¹⁵ Public information about EnterprisingYou can be found at: <https://www.enterprising-you.co.uk/>

¹⁶ Mental health conditions and musculoskeletal conditions are the most common conditions that affect participation in work, [Improving Lives The Future of Work, Health and Disability](#)

¹⁷ This replicates the cost of the original HMRC Brexit Support Fund.

¹⁸ Figure given as a reduction of £20m in Government income from immigration fees.

¹⁹ This costing is based on the cost of the Canadian [CANExport SMEs programme](#).

²⁰ Assessment made on OMIS current usage fees.

²¹ This cost estimates replicates the funding outlined in SR20 to establish Freeport as national hubs for global trade and investment, and HMT would need to make a more detailed assessment of the exact impact. It would also depend on the number of new freeports created.

²² The APPG for Small and Micro Business [inquiry into support for small housebuilders](#) contains more detail about small housebuilders and what a strategy for small housebuilders might focus on.

²³ Assessment made based on the total rateable value by variable value band and sector statistics published by the VOA: [Statistics on stock and value of properties on the 2017 central and local rating lists as at 31 March 2021](#). £468m of the cost comes from properties

with a rateable value £15,000-£19,999; £394m from properties with a rateable value £20,000-24,999. Based on the number of small businesses eligible for small business rates relief currently, we have made a broad, conservative assumption that 46 per cent of rateable properties in the relevant sized bands would be eligible for an expanded relief. We have included an additional cost estimate of £191m on a similar basis for properties £12,000-£15,000 (the size bands which include those currently in receipt of tapered Small Business Rates Relief, and the cost given is therefore dependent on the distribution of rateable value within those size bands).

²⁴ The Government published analysis on announcement of the Restart programme, that 30% of those supported by the work programme found work after two years, compared to 23% of those in a comparison group. If that result was replicated by the Restart programme, it would represent 70,000 more people than otherwise finding work, or a spend of over £40,000 per additional person finding work. This is likely to be much lower value than other programmes, such as Kickstart.

²⁵ This cost estimate is given as a saving of one third of the £2.9bn cost of Restart set out in [SR20](#).

²⁶ This figure is given based on the cost of the Covid related SSP rebate, from [SR20](#).

²⁷ This costing is uncertain and, as above, the DWP could provide more accurate costing, through the DWP's Policy Simulation Model.

²⁸ This assessment is based off the [policy costing from Budget 2021](#). The DWP hold data to enable them to make a more certain costing.

²⁹ FSB costing.

³⁰ [NEA Statistics](#)

³¹ This costing is given as an additional £20m injection into a rebranded NEA, from current levels.