



A Report by the
All Party Parliamentary
Small Business Group

Breaking Down the Barriers to Entrepreneurship



Federation of Small Businesses
The UK's Leading Business Organisation

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Executive Summary

- The inquiry concluded that the Government should consider expanding the National Insurance Contributions (NICs) holiday scheme to help more businesses who aspire to grow, but need help during what has undoubtedly been a challenging time for business (paragraph 9).
- The Government needs to reinvigorate the marketing programme to ensure that many more businesses become aware of the scheme (paragraph 10).
- Continued monitoring of the Enterprise Finance Guarantee should ensure that it is making a difference by helping entrepreneurs who are unable to access finance to do so. The inquiry is anxious, however, that no major changes be made to the scheme without full consultation (paragraph 12).
- The Government should set an example by ensuring, in so far as it is able, that all those supplying goods and services to the public sector, and especially local authorities, sign up to the Prompt Payment Code and its principles. However, it is recognised that, on its own, the Code cannot be expected to ensure the compliance of all companies in paying all their suppliers on time. It may be necessary to consider alternative solutions (paragraph 15).
- Requiring six months unemployment before becoming eligible for the New Enterprise Allowance is too long and risks compromising the success of the programme. The inquiry concluded that the allowance should be paid equivalent to full-time Jobseekers' Allowance for up to one year, combined with appropriate loan guarantees of up to £2,000 (paragraph 20).
- The moratorium for micro-businesses arose from concerns that regulation often impacts disproportionately on small firms. A moratorium, by definition, is time-limited, and the need for arrangements to follow it should be considered. Matters to be explored for the longer-term should be actioned by the Better Regulation Executive to help lessen the impact of unnecessarily burdensome regulation on micro-businesses. This may include a more detailed evaluation in Regulatory Impact Assessments and consideration of special measures to assist micro-businesses (paragraph 23).
- The inquiry endorsed the Government's proposed reforms to the employment tribunal procedure. However, it urges Government to do more to lessen the 'blackmail culture', which has become widespread among those employees who believe that the burden placed on employers, by the tribunal process, makes them more vulnerable to a quick 'pay off' solution (paragraph 26).
- As well as taking forward measures contained in the consultations currently being undertaken, the Government should continue to seek ways to simplify employment law especially for small businesses (paragraph 30).
- The Government should allow Work Trials to be available to all suitable candidates on request, wherever this is practicable (paragraph 34).



- The Government should seriously consider the reintroduction of the Graduate Internship Scheme to ensure greater opportunities for graduates to get business experience and build on their skills, as well as assisting them to secure long-term employment (paragraph 36).
- The Government should consider how best entrepreneurial spirit can be incorporated into the school curriculum. Encouraging closer links between schools and local businesses should be welcomed and strengthened (paragraph 41).
- It is vital that Local Enterprise Partnerships (LEPs) are fully involved in the creation and promotion of job-related training, and they should work with local employers as well as skills and training providers in order that communities have the necessary skills to serve the needs of their local economy (paragraph 46).
- Making the United Kingdom a more entrepreneurial society will take some time: policy instruments are one vehicle that the Government can use, but the non-financial benefits of running a business also merit promotion (paragraph 51).
- The role of mentoring should be recognised as being of considerable value for those starting new businesses, particularly from groups who have experienced traditional difficulties in making these enterprises a success, or those who have specific needs which can be addressed through this vehicle (paragraph 54).
- The impact of worthwhile initiatives is undermined by lack of awareness among the small business community, and by regular 'rebranding' exercises. The Government should address these concerns and consider how better support and advice are enhanced by way of extended reach (paragraph 57).
- The banking system as a whole is clearly not working in the interests of small businesses, and the inquiry urges banks to re-consider ways in which they support small businesses and take decisions on lending. Banks should be encouraged to instigate a greater degree of local decision-making through the employment of better trained staff, more conversant with the local business environment (paragraph 60).
- The Government should immediately adopt and implement the Breedon recommendations to bolster alternative sources of finance and ensure a more diverse and innovative lending environment for small firms (paragraph 65).
- The Government should consider how the functions of the Small Business Administration, as operated in the United States, could best be delivered in a United Kingdom context (paragraph 67).
- Further to measures announced in the Budget, the Government should continue to seek ways to simplify the tax system and reduce the compliance burden for the smallest businesses (paragraph 70).
- The Government should continue to focus on improving exporting prospects for the UK's micro and small businesses, particularly by providing and publicising targeted support for first time exporters (paragraph 73).

- The Government should ensure that Jobcentre Plus (and its devolved equivalents) build relationships with existing women's networks and promote mentoring as part of continuing discussions about employment for women (paragraph 75).
- The Government should acknowledge the value of older mentors to provide a support network for older entrepreneurs (paragraph 78).
- All government employment agencies should be made more aware of the opportunities provided through self-employment and new business creation and they should be especially attuned to the needs of the disabled in this respect. Furthermore, the government should ensure that skilled and sympathetic advice is available and forthcoming at all points of first contact and that specialist staff training on the required entrepreneurial and business creation opportunities should be provided to meet this need (paragraph 83).
- Ensuring adequate support for those who leave the armed forces with an interest in creating a small business should be a priority. Current provision is badly signposted and poorly coordinated. The Government needs to consider the wider resettled package offered to those who leave the armed forces, and ensure that it gives them the opportunity to build a new career, including those who might wish to start their own business. The resettlement process should seek to provide rewarding career paths for those who served their country in the armed forces (paragraph 87).



1 Introduction

1. The Government's ambition is to re-balance the economy in favour of growth on the back of sustainable public finances and a confident approach to exports. Any effort to take forward this agenda across the various sectors and regions in the United Kingdom will require a renewed confidence in enterprise, and on that basis the All-Party Parliamentary Small Business Group (APPSBG) considered it timely to examine the issues that are facing entrepreneurs in this country.
2. This inquiry, launched in December 2011 by the APPSBG, considered the role of entrepreneurs in driving economic growth. In doing so, it was concluded appropriate to examine the support available as well as barriers to enterprise.
3. This inquiry asked specifically for evidence on current government policies and how they were contributing to business success. It also sought respondents' views on broader issues on whether the education system supported entrepreneurialism, the availability of mentoring and access to finance. The inquiry asked for evidence on barriers affecting specific groups of entrepreneurs including women, young people, older people, disabled people, unemployed people and ex-service personnel.
4. This inquiry endeavoured to identify what worked well and how these initiatives could be developed and expanded. The key question addressed was; what barriers exist which serve to prevent potential entrepreneurs from starting and growing their businesses and how these could be removed or overcome.

2 Government Policies

5. The ability of the Government to affect the climate in which small businesses operate is considerable: various policies, strategies and initiatives have been devised and designed to assist the wider macro-objectives that Ministers have set. Too often however, the voice of small businesses has been drowned out by larger interests with a more powerful reach.
6. The inquiry determined to examine some of these policy issues in order to assess both shortcomings and success, and believed this to be a sensible starting point for deciding how best to configure future policy.

National Insurance Contributions Holiday Scheme

7. The National Insurance Contributions (NICs) holiday scheme has been considered useful by those businesses that have been aware of and able to access it. However, take-up has been lower than originally envisaged. Initial Government estimates indicated that up to 400,000 firms would take part in the scheme, creating 800,000 jobs. However during the first 13 months of the operation of the scheme, only 10,000 businesses took part; claiming tax breaks for just 12,400 jobs created. Ministers should ask why their initial target for the scheme has failed to materialise. These findings raise questions as to whether the scheme should be expanded in the hope of creating more jobs.
8. The Federation of Small Businesses (FSB) suggested to the inquiry that, the scheme should be extended to existing micro-businesses currently employing up to four members of staff, removing the need to pay Employers National Insurance for up to three new employees. The effect would be to stimulate employment growth in the micro-business environment, and could provide impetus to the scheme.
9. The inquiry concluded that the Government should consider expanding the NICs holiday scheme to help more businesses who aspire to grow, but need help during what has undoubtedly been a challenging time for business.
10. It is also suggested that the Government needs to reinvigorate the marketing programme to ensure that many more businesses become aware of the scheme.

Enterprise Finance Guarantee

11. The Enterprise Finance Guarantee aims to help businesses with good business plans and the ability to grow, but who lack security. Nearly £1.5 million has been drawn down in loans to these businesses in the period to the end of 2011. The amount lent through this scheme has however fallen. The National Enterprise Network report anecdotal evidence of demands for personal guarantees which are being made in such a way that detracts from the schemes appeal.



12. Continued monitoring of the Enterprise Finance Guarantee should ensure that it is making a difference by helping entrepreneurs who are unable to access finance to do so. The inquiry is anxious, however, that no major changes be made to the scheme without full consultation.

Prompt Payment Code

13. The Prompt Payment Code is a positive initiative encouraging a culture of prompt payment. Several responses to the inquiry suggested that, as there is no adequate enforcement of the Code, small businesses remain concerned about alienating larger customers. In consequence, the scheme has been less successful than envisaged at commencement.
14. In its written evidence, the FSB suggested that Government should do more to encourage large businesses to sign up to the Code, and pay their suppliers in good time. According to their 'Voice of Small Business' survey, "the vast majority (73 per cent) of small businesses experienced late payment for supplied goods and services within the last twelve months"¹. The same survey found that around two-fifths of those experiencing late payment claimed that 31 per cent or more of their invoices are paid late, while a fifth claim over half are paid late. Around 70 per cent state the incidence of late payment has increased over the last 12 months.
15. The Government should set an example by ensuring, in so far as it is able, that all those supplying goods and services to the public sector, and especially local authorities, sign up to the Prompt Payment Code and its principles. However, it is recognised that, on its own, the Code cannot be expected to ensure the compliance of all companies in paying all their suppliers on time. It may be necessary to consider alternative solutions.

New Enterprise Allowance Scheme

16. The New Enterprise Allowance Scheme (NEAS) aims to provide assistance for those making the transition from unemployment to self-employment, but the Scheme has some flaws which the inquiry considered as a priority to be addressed.
17. One of these concerns is the requirement for people to have been unemployed for six months before they can access the Scheme. In its written evidence, the National Enterprise Network state:

"One of the significant weaknesses of the programme is that it only supports people who have been unemployed for six months or more, which is not the greatest springboard for starting a new business where motivation and financial resources are dwindling."
18. It is noted that people who become self-employed during the first six months of unemployment are more likely to have an enterprise which survives two years after start-up, than those who remain unemployed for longer².

1 FSB 'Voice of Small Business' Member Survey, February 2012

2 New Deal of the Mind, Make a Job, Don't Take a Job: Building the Creative Society (2011)

19. Karen Freyer, speaking for New Deal of the Mind, points out that the new scheme has skewed incentives, providing only the Jobseekers' Allowance financial equivalent for the first three months, and half of that amount for the subsequent three months. She questioned why anyone would choose the New Enterprise Allowance over Jobseekers' Allowance. Nick Bunting of the Princes Initiative for Mature Enterprise (PRIME) endorsed this view.
20. Requiring six months unemployment before becoming eligible for the New Enterprise Allowance is too long and risks compromising the success of the programme. The inquiry concluded that the allowance should be paid equivalent to full-time Jobseekers' Allowance for up to one year, combined with appropriate loan guarantees of up to £2,000.

Moratorium on legislation for micro-businesses

21. In April 2011 the Government announced that for the subsequent three years micro-businesses (defined as those with fewer than 10 employees) and start-ups would be exempt from new domestic regulations.
22. The principle of less regulation is welcomed, as many micro-businesses find it disproportionately burdensome to achieve compliance compared with larger businesses possessing greater resources. However, some businesses note that the temporary exemption has not been applied to some major pieces of regulation.
23. The moratorium for micro-businesses arose from concerns that regulation often impacts disproportionately on small firms. A moratorium, by definition, is time-limited, and the need for arrangements to follow it should be considered. Among matters to be explored for the longer-term should be actioned by the Better Regulation Executive to help lessen the impact of unnecessarily burdensome regulation on micro-businesses. This may include a more detailed evaluation in Regulatory Impact Assessments and consideration of special measures to assist micro-businesses.

Changes to the tribunal procedure

24. Tribunals should always be regarded as the last resort for the resolution of disputes, and anything which reduces the number of vexatious claims should be welcomed. The inquiry agreed with the Government's decision to charge fees to those seeking to make a claim.
25. While existing arrangements for tribunals can present very real difficulties for business owners, the perceived risk of being taken to a tribunal was cited by a number of respondents as a reason for not taking on new staff. This is damaging to the prospects for growth and should be a concern for policy-makers.
26. The inquiry endorsed the Government's proposed reforms to the employment tribunal procedure. However, it urges Government to do more to lessen the 'blackmail culture', which has become widespread among those employees who believe that the burden placed on employers by the tribunal process makes them more vulnerable to a quick 'pay off' solution.



Employment law

27. Employment regulation has been cited frequently throughout the inquiry as a major difficulty for start-ups, with many businesses choosing not to take on their first employee in consequence. Given the need to grow the economy and increase employment, it is essential that the Government look for ways to reduce the risk of taking on an employee, including tackling the perceived difficulties of increased employment. In many cases, the amount of time taken up by legal processes for a small business can be as damaging as the cost.
28. The Professional Contractors Group (PCG) warn that, for freelancers, “the juxtaposition of complex employment and tax laws, which can at times appear to conflict with one another, corrodes certainty for freelancers and leaves them unsure of their employment status”. This lack of clarity “can also discourage investment and entrepreneurialism”.
29. The inquiry has already welcomed the Government's attempts to reform the employment tribunal system and other consultations, on other measures, to simplify employment law and make it easier for small businesses to take on staff represent a positive start.
30. **As well as taking forward measures contained in the consultations currently being undertaken, the Government should continue to seek ways to simplify employment law especially for small businesses.**

Work Trials

31. Twenty-three per cent of FSB members reported the wider use of Work Trials as an incentive to take on an additional member of staff. Research conducted by Business Link has shown that nearly half of all jobs beginning with a Work Trial have led to the candidate being offered a permanent job.
32. The National Enterprise Network suggested that Work Trials, as currently constituted, are “unlikely to be well-structured or designed to build on any learning opportunities.” In contrast, Mike Cherry, National Policy Chairman of the FSB, argued that shorter work trials are a good way for employers and employees to research their mutual compatibility, especially in sectors such as manufacturing.
33. One particular concern raised with regard to Work Trials is that they are not available automatically to everyone receiving Jobseekers' Allowance. This restriction may make it harder for people to get back into work quickly.
34. **The Government should allow Work Trials to be available to all suitable candidates on request, wherever this is practicable.**

Graduate Internship Scheme

35. The previous Graduate Internship Scheme was scrapped in March 2011. It had supported paid internships in small businesses for 8,500 graduates. According to research conducted by the Higher Education Funding Council for England (HEFCE), 28 per cent of graduates

secured long-term employment with their internship employer, with a further 18 per cent securing other long-term employment. This indicates that it was a useful tool for helping young people into work, as well as giving them the skills to help them to set up their own businesses.

36. The Government should seriously consider the reintroduction of the Graduate Internship Scheme to ensure greater opportunities for graduates to get business experience and build on their skills, as well as assisting them to secure long-term employment.



3 Education and Training

Schools

37. Most inquiry respondents indicated that they believe schools are not currently providing the skills that students need to be 'employment-ready' on leaving or equipped to consider starting their own business. Catherine Marchant of Young Enterprise and Fatima Hassan of the Institute of Chartered Accountants in England and Wales (ICAEW) told the inquiry of the importance of early intervention with children, to encourage learning about entrepreneurial activities at a young age. Professor Phil Harris of the University of Chester cited New Zealand as an example where schools are invited to enter pupils to compete to develop the best business plan; involving children as young as seven and eight years old being taught the rudimentary skills necessary in the production of business plans.
38. Max Benson of everywoman noted that, the biggest problem in arranging mentors (inspirational business women) for their 'Modern Muse' scheme was resistance from schools. In written evidence, everywoman stated that entrepreneurial and business skills should be included in the curriculum, supported and brought to life by real-life entrepreneurs.
39. The Government is currently consulting on removing the work-related learning component from Key Stage 4 (for those in school aged 14-16). Some witnesses believe that this would be a mistake, and could impact negatively on future entrepreneurship in the UK by removing opportunities for pupils to learn about the world of work. For example, Young Enterprise were concerned that Professor Alison Wolf, whose report led to this consultation, deemed work-related learning the same as work experience.
40. Young Enterprise cited evidence that many companies value work-related learning, stating that "companies have told us [Young Enterprise] repeatedly that young people need much more (than good academic qualifications) to meet the demands of the twenty-first century economy."
41. **The Government should consider how best entrepreneurial spirit can be incorporated into the school curriculum. Encouraging closer links between schools and local businesses should be welcomed and strengthened.**

Careers advice

42. Several witnesses argued that careers advice was often directed towards higher education admissions, and that the benefits of self-employment should be more fully highlighted. Young Enterprise noted that careers advice often overlooked routes to success which did not involve university entrance. They stressed the importance of providing students with real-life case studies, demonstrating opportunities available through entrepreneurial activity and apprenticeship, in order to widen choice.

Universities

43. Universities have a proud record of contributing to, and promoting, entrepreneurialism, not least through extensive programmes of market-focused research and development.
44. The University of East London (UEL) has run a number of projects designed to encourage entrepreneurial aspirations, including the 'E-Factor', a competition incentivising students to set up real businesses. It is estimated that since the opening of their 'Knowledge Dock' in 2007, at least 2,500 students have gone into self-employment with support from the University.

Apprenticeships and skills

45. ICAEW recommend that Local Enterprise Partnerships (LEPs), as business-driven organisations, should wish to “work with employers and skills providers within the LEP area to increase employer demand for job-related training. Part of this effort should involve identifying how barriers to access can be overcome.”
46. It is vital that LEPs are fully involved in the creation and promotion of job-related training, and they should work with local employers as well as skills and training providers in order that communities have the necessary skills to serve the needs of their local economy.

Creating an 'Entrepreneurial Culture'

47. The Global Entrepreneurship and Development Index identifies the UK as being in the bottom quarter globally for the number of people who perceive entrepreneurship to be a good career choice.
48. Despite increased focus on entrepreneurs in recent years, the coverage has tended to centre on unrepresentative examples and focused almost exclusively on potential financial rewards, rather than the wider picture. The National Enterprise Network is eager to stress the personal benefits which motivate entrepreneurs, such as “freedom, self-directedness, self-actualisation” but observe that “the more common media image is based only on the financial rewards”.
49. Several witnesses argued the need to accept failure as a natural part of the business cycle and should be embraced rather than stigmatised. Max Benson of everywoman pointed out that when articles about success stories appear, they tend not to focus on the difficulties or hurdles that the entrepreneur will have to overcome to create a successful enterprise. Dawn Whiteley of the National Enterprise Network pointed out that a business that has ceased trading is not the same as an enterprise that has failed, leaving financial distress in its wake. She argued that much more should be done to highlight successful businesses, but also recognised those successful entrepreneurs who encountered failure on the path to success.
50. Around 400,000 new businesses start each year and a similar number cease trading. ICAEW note that “this churn is good for the UK economy because it generates fresh



competition and the constant stream of new entrants generally serves to keep established players competitive.”

51. Making the United Kingdom a more entrepreneurial society will take some time: policy instruments are one vehicle that the Government can use, but the non-financial benefits of running a business also merit promotion.

4 Mentoring and Advice

Mentoring schemes

52. Peer mentoring is a well-established practice in many industries and professions. Having access to the advice that a mentor can pass on is extremely valuable. This can be particularly true for groups who face additional barriers. Everywoman has run a successful campaign, 'Modern Muse', which seeks to engage young women in the world of entrepreneurship and matching female mentors to female business owners.
53. The Government has launched *Mentorsme*, a programme designed to help connect mentors with small businesses. This is to be welcomed, and will enable entrepreneurs to get the advice they need when starting up.
54. **The role of mentoring should be recognised as of considerable value for those starting new businesses, particularly from groups who have experienced traditional difficulties in making these enterprises a success, or those who have specific needs which can be addressed through this vehicle.**
55. Several witnesses were concerned about the disparate nature of support and advice available for start-ups from the Government and corporate bodies. Several witnesses had not heard of the Government's 'Business in You' campaign, which aims to highlight support and advice available from Government, for those who work with start-ups.
56. More effort needs to be made to ensure that there are sources of advice and support for those entrepreneurs setting up a business. To some extent this was provided by Business Link. Several respondents and witnesses believe the Government's decision no longer to provide direct support through Business Link was wrong, although others argued that Business Link reached too few businesses to warrant continuation.
57. **The impact of worthwhile initiatives is undermined by lack of awareness among the small business community, and by regular 'rebranding' exercises. The Government should address these concerns and consider how better support and advice are enhanced by way of extended reach.**



5 Access to Finance

Banks

58. The relationship between banks and businesses has clearly changed significantly following the onset of the recession. Banks increasingly tend not to lend to businesses without asset backing and this especially impacts upon SMEs and specifically deters business start-ups.
59. We received numerous reports of entrepreneurs visiting banks to be met by staff unable or unwilling to take decisions, or who were restricted by a set of criteria that overruled discretion. Research, published by ICAEW in January 2011, suggested that local relationship managers were regarded by many small businesses as 'box-tickers' who referred all decisions to 'centralised credit committees' by way of completed "matrix" responses.
60. **The banking system as a whole is clearly not working in the interests of small businesses, and the inquiry urges banks to re-consider ways in which they support small businesses and take decisions on lending. Banks should be encouraged to instigate a greater degree of local decision making through the employment of better trained staff, more conversant with the local business environment.**
61. The report of the Independent Commission on Banking (ICB) made a number of recommendations which, if adopted, should increase the level of competition within the banking sector. This is to be welcomed, particularly if it stimulates more effective lending to the small business market and the creation of greater entrepreneurial activity.

Non-bank models

62. For many of the major high street banks, micro and small business lending is not a core, or profitable, part of their business model. In consequence, structural reform of the banking system is unlikely to provide the complete answer. Alternative, non-bank models should be considered.
63. The Community Re-investment Act in the United States allows for disclosure of how much money stays in a local bank, and where capital flows from lenders to communities. This has resulted in a major expansion in the number of Community Development Finance Initiatives (CDFIs) which allow banks to meet social lending objectives. There is a CDFI sector operating in the UK, but it is significantly less mature, and its expansion could improve opportunities for a wider spectrum of businesses with enhanced financial support.
64. The Government set up a task force, led by Tim Breedon, to look at the issue of access to finance for small businesses. His report made a number of recommendations, including the establishment of a business finance advice network, opening up access to capital markets' financing for smaller companies and encouraging large businesses to support smaller companies by reinforcing prompt payment practices. In addition, increasing awareness of alternative financing through the creation of a single brand and a single business support agency to deliver the of small business finance programmes, was also recommended.

65. The Government should immediately adopt and implement the Breedon recommendations to bolster alternative sources of finance and ensure a more diverse and innovative lending environment for small firms.
66. The FSB's proposal to create a Small Business Administration (SBA), based upon the model operated in the United States, would provide a single focus for all policy areas affecting small businesses to replace the current disparate arrangements. This would operate in five core areas: access to finance, business advice, exporting, procurement and co-ordinating the distribution of funds to small businesses at times of special need. It would act as an advocate on small business issues.
67. The Government should consider how the functions of the Small Business Administration, as operated in the United States, could best be delivered in a United Kingdom context.



6 Taxation

Simplification

68. Many small businesses find navigating the tax system especially difficult, particularly those with start-ups and freelancers. As PCG, the representative body for freelancers, state in their written evidence: "if businesses are to flourish, they need certainty in their tax affairs". The Government's announcement in the Budget that small businesses will be able to file tax returns on a cash basis of up to £77,000 will be a simplification that is well received.
69. Perversely, small businesses have tended to pay proportionately higher tax than larger businesses and tax increases can be detrimental to small businesses in the same way that targeted tax decreases can stimulate growth. PCG point out the complexity of IR35 legislation.
70. Further to measures announced in the Budget, the Government should continue to seek ways to simplify the tax system and reduce the compliance burden for the smallest businesses.

7 Exports

71. Exports are vital to the UK economy, with 23 per cent of small businesses saying they export³. There has been a renewed impetus from Government on the importance of encouraging small businesses to export, as a path to economic growth. Work is also being done to extend the reach of UK Trade & Investment (UKTI) and, more recently, additional promises were made for more support in the form of developing regional support to small businesses through UK Export Finance.
72. The Engineering Industries' Association argue that much of UKTI's £300 million budget "is (spent on) overheads and unnecessary expenditure and would be better spent in direct support of exporters."
73. The Government should continue to focus on improving exporting prospects for the UK's micro and small businesses, particularly by providing and publicising targeted support for first time exporters.



8 The Barriers to Entrepreneurship

Female entrepreneurs

74. Research by the Department for Business, Innovation and Skills has found that only 29 per cent of entrepreneurs are women. Furthermore, if the start-up rate for women equalled that of men, 150,000 additional start-ups would be created each year.
75. The Government should ensure that Jobcentre Plus (and its devolved equivalents) build relationships with existing women's networks and promote mentoring as part of continuing discussions about employment for women.

Mature entrepreneurs (aged fifty or over)

76. PRIME argues that the most significant barriers for mature entrepreneurs is access to finance (62 per cent compared with 50 per cent of 31 to 49 year olds and 41 per cent of 18 to 30 year olds) and lack of skills (18 per cent compared with almost 12 per cent of 31 to 49 year olds and nine per cent of 18 to 30 year olds)⁴.
77. Additionally, PRIME point out that there is no specific category for workers aged between 50 and 64, (as there are for young people who are defined as being aged between 16 and 24) and whatever support is available tends to be targeted at younger people within the labour market. In oral evidence, Nick Bunting of PRIME pointed out the similarities between those youngsters not in education, employment or training (NEETs) and those aged over 50 in a similar situation.
78. The Government should acknowledge the value of older mentors to provide a support network for older entrepreneurs.

Unemployed and disabled entrepreneurs and Jobcentre Plus

79. Unemployed people can be potential candidates for self-employment, and securing their return to a form of employment is critical to narrowing the productivity gap in the economy.
80. Jobcentre Plus staff do not appear to appreciate self-employment as a viable option for those without employment. Too often the opportunities afforded through self-employment are ignored. National Enterprise Network suggested that "Jobcentre staff need to be trained in the relevance and value of self-employment and become much more receptive to referring their clients to the support available."
81. Disabled people wishing to start their own business identified particular barriers around accessibility to finance and even prejudice when seeking help. Leonard Cheshire Disability asserts that 24 per cent of their network in employment were self-employed, of whom 45 per cent chose to become self-employed because they could not find alternative employment

4 Global Entrepreneurship Monitor, Global and UK project Adult Population Survey 2005-2010, conducted by Aston University

82. The attitudes faced by disabled people in jobcentre plus offices, mirrors the experience of the wider unemployed with regard to entrepreneurial advice and an obvious opportunity is being missed.
83. All government employment agencies should be made more aware of the opportunities provided through self-employment and new business creation and they should be especially attuned to the needs of the disabled in this respect. Furthermore, the government should ensure that skilled and sympathetic advice is available and forthcoming at all points of first contact and that specialist staff training on the required entrepreneurial and business creation opportunities should be provided to meet this need.

Former members of the armed forces

84. Former members of the armed forces have transferable skills that can help them run successful businesses and the public perception is, as Heropreneurs point out, that "armed forces personnel are the very definition of disciplined and self-motivated people who get the job done"
85. Despite these skills and positivity resettlement can present a huge challenge. Heropreneurs noted that "those leaving the armed forces face a more uncertain future with many having skills that few civilians really understand".
86. Richard Morris of Heropreneurs told the inquiry that it was harder to support people leaving the armed forces, because of the Career Transition Partnership (CTP) contract. He added that he believed CTP was not sufficiently flexible, and the organisation had been reluctant to engage with other groups as a consequence of the contract they have with the Ministry of Defence.
87. Ensuring adequate support for those who leave the armed forces with an interest in creating a small business should be a priority. Current provision is badly signposted and poorly coordinated. The Government needs to consider the wider resettled package offered to those who leave the armed forces, and ensure that it gives them the opportunity to build a new career, including those who might wish to start their own business. The resettlement process should seek to provide rewarding career paths for those who served their country in the armed forces.



9 Conclusions

Our enquiry led us to four overwhelming conclusions. Firstly, the culture throughout the whole of our public sector knows little of entrepreneurialism and self-employment and consequently fails to understand the opportunity provided as a career path, whether in schools, job centres or other careers advice outlets. Consequently their importance is rarely mentioned and their achievements are rarely celebrated.

A fundamental shift in cultural understanding is urgently required. The need to establish and reinforce that understanding throughout the whole of the public sector is vital if the Government is to achieve its goal of a prosperous society based on diminishing unemployment with greater opportunity for all.

Secondly, it is clear that specific groups in our society face more challenging circumstances than many when attempting to create a new business. Those special challenges need to be more fully understood if we are to provide the support and advice needed to develop the skills and confidence they require.

Sadly, we did not find any evidence to suggest that the Government, or indeed wider society, was aware of those challenges, let alone attempting to deal with them.

Thirdly, access to finance remains a recurring, almost overwhelming barrier when it comes to creating an ever-growing entrepreneurial sector capable of making an even greater contribution to Britain's wealth-producing sector.

The way in which the banks lend to small businesses has changed significantly over recent years, leading to the conclusion that alternative approaches need to be created by both Government and the financial services sector. We need to make bank finance more 'friendly' to business, especially to new business creators, whilst at the same time developing and promoting non-bank alternatives, for those potential entrepreneurs who struggle to access finance from the conventional financial services sector.

Finally, our admiration for the depth and breadth of our nation's entrepreneurial spirit has increased enormously.

Napoleon intended to insult our national spirit when he described us as a nation of shopkeepers. We saw it as a compliment.

Many of those shopkeepers were entrepreneurs who went on to develop businesses which lasted for generations and our enquiry found that spirit remains in abundance.

We need to supply the help and support to allow that spirit to generate an ever more robust entrepreneurial sector. The benefits are self-evident. We simply need the will to do it.

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