


A manifesto for small businesses and the self-employed

GENERAL ELECTION 2024 | Federation of Small Businesses



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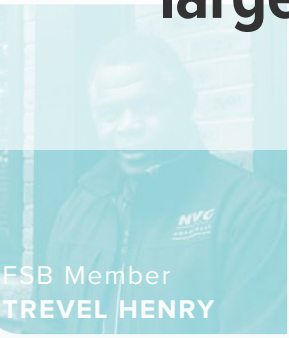
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“ Small firms employ **16.7 million people** – 60 per cent of the private sector workforce – which means that around a **third of the electorate own or work in an SME.**”



“ There are **5.5 million small businesses in the UK**, the owners of which are a **large, motivated and shrewd section of the electorate.**”

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Who we are

The Federation of Small Businesses (FSB) is the UK's grassroots business organisation. We are a cross-party non-profit body that represents small business and self-employed members in every nation and region. In 2024, FSB celebrates 50 years of being the authoritative voice on issues affecting the UK's 5.5 million small businesses, microbusinesses and the self-employed.

FSB is the UK's largest business group and leading business campaigner, focused on achieving change which supports smaller businesses to grow and succeed. We also provide our members with a wide range of vital business services, helping them to start, run, and grow successful businesses through high quality protection and support. This includes 24/7 legal support, financial expertise, training and events, debt recovery and employment/HR advice.

Our local, national and international activism helps shape policy decisions that have a direct impact on the day-to-day running of smaller businesses. We work for their interests through research and engagement with our members and by effective campaigning - influencing those in power through policy analysis, public affairs, media and public relations activity. Our advocacy work starts with our expert external affairs team in Westminster, which focuses on UK and England policy issues, the UK Government, Parliament and media and communications engagement. Further to this, our teams in Glasgow, Cardiff and Belfast work with governments, elected representatives and media in Scotland, Wales and Northern Ireland.

Supporting millions of small business owners



Foreword

From housebuilders to hairdressers, from fintech start-ups to fish and chip shops and from early years providers to adult social care providers, small businesses and the self-employed are at the heart of both our economy and our communities in every part of the UK.

They are the innovators, the risk-takers, and the dedicated hands-on professionals who, with the right support and policy framework, have the capacity to drive economic growth and future prosperity.

This General Election provides a perfect opportunity for those seeking political office to put forward a compelling pro-small business offer, to support growth, jobs and a brighter economic future.

There are 5.5 million small businesses in the UK, the owners of which are a large, motivated and shrewd section of the electorate. Small firms employ 16.7 million people – 60 per cent of the private sector workforce – which means that around a third of the electorate own or work in an SME.

In this manifesto we present a comprehensive package of recommendations to create the conditions for growth now and in the future; as well as a vision for high streets and town centres; ways to better promote jobs and skills; and a plan to remove barriers holding back more inclusive entrepreneurship. Many of these measures do not involve additional spending.

There are a host of policy areas where legislative action is required to improve the operating environment for small businesses. We therefore call on all of those competing to form the next Government to commit to a Small Business Act.

The next UK Government should work in constructive partnership with governments in Scotland, Northern Ireland and Wales to support all SMEs across the UK. SMEs in these areas should clearly see governments at different levels working together to complement each other's work in supporting business.

The UK's millions of entrepreneurs are very used to having to create a compelling offer to outpace their competitors. In this election, they are looking to those seeking their votes to do the same.



Tina McKenzie MBE

National Vice Chair and Policy and Advocacy Chair
Federation of Small Businesses



Create a Small Business Act

There are a host of policy areas where legislative action is required to improve the operating environment for small businesses, including:

- Drive late payment out of the UK economy
- Improve standards of service from bodies like HMRC
- Protect entrepreneurs from losing their homes if their business fails
- Protections to ensure utility providers and energy companies treat small business customers fairly
- More protections for small businesses and the self-employed against fraud, cybercrime, and theft
- Measures to improve the way insurance works for small businesses
- Increase the involvement of small businesses in taxpayer-funded projects through a statutory SME public procurement target

Five pillars

1. Foundations for growth

The right tax environment, properly functioning infrastructure and utilities markets, rules that support people to invest in their businesses and the ability to operate are all firmly within the government's power. Providing stability and these key foundations for growth are part of the basics the next Government must get right consistently over the next five years if all our small businesses are to have the conditions necessary to generate growth.

2. Future economic expansion

The UK needs radical improvements in growth – it is only achievable by harnessing the potential of every small business in the UK and those yet to be founded. Whether it is developing products and services not yet conceived of, adopting emerging technologies, exporting across the world or building the homes the UK desperately needs, the progress we need will not be possible unless small businesses can take the lead.

3. High streets and town centres

Our high streets and town centres are at the very heart of our communities, they make the places we live what they are, and are central to whether we feel positive about our local towns, neighbourhoods, cities and suburbs. High streets are changing, but with the right policy mix, including the next UK Government working as appropriate with devolved governments, we can make sure our high streets are a source of pride and economic vitality, not just now, but for years into the future.

4. Jobs and skills

Small businesses are incredibly proud of their role in providing employment opportunities, yet politics is too often reactive and lacks focus on how this success can be sustained and enhanced. Politicians taken by surprise by the recent rise in inactivity need to do more to listen to small businesses about upcoming labour market challenges, and act now to overcome the difficult labour market conditions the UK is set to face over the coming years.

5. Inclusive entrepreneurship

The UK is famous for its entrepreneurial spirit, but if we are to truly be successful, we must develop an inclusive ecosystem for our current and future business owners. Implementing policies which minimise barriers to entrepreneurship for under-served and under-represented groups should be at the centre of any government's business strategy.

Foundations for growth

The right tax environment, properly functioning infrastructure and utilities markets, rules that support people to invest in their businesses and the ability to operate are all firmly within the government's power. Providing stability and these key foundations for growth are part of the basics the next Government must get right consistently over the next five years if all our small businesses are to have the conditions necessary to generate growth.



Tax

Tax is one of the most direct ways in which Government impacts on small businesses. How much businesses are taxed, and what small business activity is taxed, has a direct impact on the costs of running a business and the decisions small firms make on investment, employment and ultimately on growth.

The next Government should:

- Fundamentally reform business rates in England to help small businesses in all sectors, including by increasing the small business rates relief threshold to £25,000; removing disincentives to expand into further properties and moving revaluations to an annual cycle.
- Increase and automatically uprate the Employment Allowance annually in line with any increases to the National Living Wage, to prevent stealth tax rises on employers as wages increase and to support small business employment.
- Increase the threshold for the small profits rate of corporation tax to its previous level of £250,000, and commit to no increase in the small profits rate over the course of the Parliament.
- Rule out increases of tax for all those who work for themselves, including tax on dividends for directors of limited companies and national insurance for the self-employed.
- Maintain Entrepreneurs' (Business Asset Disposal) Relief at least to the level of the previous lifetime allowance for pensions, reflecting that many small business owners plan to use their business to fund retirement.
- Increase the VAT threshold to £100,000 and then uprate the threshold in line with inflation, removing a major barrier for growth for small businesses and recent start-ups, and introduce a smoothing mechanism for businesses growing above this threshold.
- Maintain tax reliefs that support small firms, recognising that the tax system is the most effective method of providing predictable and strategically important support to small firms.
- Work with the Stormont Executive to find an innovative mechanism to fund the devolution of corporation tax powers so that Northern Ireland can cut the tax rate and play a leading part in attracting international investment to the UK.
- Introduce a new UK tourist tax-free shopping scheme to show the country is open for business, attract more high-spending overseas visitors and drive growth in our tourism, retail and hospitality sectors – taking into account specific issues around VAT in Northern Ireland.
- Maintain the National Insurance holiday for employing Armed Forces veterans for the lifetime of the Parliament and introduce National Insurance Holiday schemes for others that can suffer poor labour market outcomes, including those already out of work for more than six months.
- Set HMRC a target to reduce business tax compliance costs by 30 per cent within three years and expand the remit of the Regulatory Policy Committee to cover tax administration and business interactions with HMRC.

Paying businesses on time

Cashflow is absolutely critical for all small businesses, but too often small businesses are simply not paid promptly – or sometimes at all – for their work. Ending the scourge of late payment must be a priority for the next Government, signalling a proper understanding of the challenges small business owners face.

The next Government should:

- Give audit committees of large companies oversight of payment practices and mandate that payment performance and improvement is reported on in the firm's annual report.
- Publicly commit to limiting maximum payment terms to small suppliers in law to 30 days by the end of the Parliament if payment practices do not significantly improve.
- End poor payment across all public procurement, by barring poor payers from contracting with any public authority, including devolved and local government and non-departmental government bodies.
- Deliver legislative changes needed to increase the powers and resources of the Small Business Commissioner to independently investigate poor payment practices and to be able to receive referred cases and investigations from parliament and third parties with information received anonymously.
- Make it easier for small businesses to use court processes by increasing the limit in the small claims track to £25,000.
- Establish a business disputes resolution portal to help small businesses triage and resolve disputes more cheaply and at an early stage, signposting small businesses to relevant legal resources and services such as FSB's legal advice.

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Energy and the drive to net zero

The last few years have demonstrated that the energy market is simply not fit for purpose when it comes to serving small business customers. The energy market is a prerequisite for small businesses' ability to function and greater consumer protection must be established for small firms.

The next Government should:

- Provide greater protection for all small businesses in the energy market and extend the 14-day cooling off period available to domestic customers to all microbusinesses.
- Deliver on proposals to increase the number of small firms able to access the Energy Ombudsman by increasing the size limit to firms with 50 or fewer employees and increasing the usage threshold fivefold.
- Commit to introduce Third Party Intermediaries regulation into the energy market to eliminate unethical practices in the sector and improve trust in the sector.
- Apply the lessons from the impact of 'Open Banking' on the finance sector to the energy market so small businesses can access fair, competitive, open pricing.

- Extend the current Business Energy Advice Service Pilot and associated energy efficiency grants into a national scheme, enabling small firms across the UK to benefit from the 'Help to Green' scheme.
- Reduce the threshold for energy efficiency and decarbonisation projects eligible for the Industrial Energy Transformation Fund, and any similar schemes, from £100,000 to £20,000 to support valuable smaller scale projects.
- Establish a taskforce of suppliers, small business landlords and business groups to agree on how to cut energy use in rented premises, and what changes to the law on commercial tenancies are needed to prevent commercial leases from blocking low carbon improvements.

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Investment and access to finance

Far too little focus is placed on the practical reasons which dissuade small businesses from investing in their business, from treatment by the banks and the amount of finance available, to the overuse of personal guarantees. Fundamentally, the next Government must make investing in a business the most attractive investment decision anyone can make.

The next Government should:

- Commit to reducing the use of unnecessary personal guarantees in small business lending, recognising the chilling effect the overuse of personal guarantees has on small business willingness to invest.
- Close the current loopholes in consumer protections on loans to individuals, including so that the FCA Consumer Duty covers personal guarantees given by directors of limited companies in an individual capacity.
- Expand the eligibility of the threshold for the Financial Ombudsman Service (FOS) to include businesses who are excluded by virtue of their turnover but do not have the legal resources, costs, or time to handle banking disputes.
- Scrap the current plan to remove the SME supporting factor in Basel 3.1 standards, so banks and other lenders don't have to hold unreasonable amounts of capital against SME lending.
- Act to increase the proportion of pension funds invested in small businesses, including by enabling small business owners holding funds in self-invested personal pensions (SIPPs) to invest in other small businesses, capitalising on their expertise and willingness to support fellow small businesses.
- Maintain the Growth Guarantee Scheme to provide continuity for lenders and to support SMEs which are looking to grow.
- Commit to support the development of Open Finance solutions for SMEs, including making Government data available, with business owners' consent, to improve financial decision-making.
- Require banks to give customers clear reasons when accounts are suspended or closed, and make sure the FCA collects and publishes quarterly data on the number of bank account closures, the reasons and the demographics of those impacted.

Insurance

Reliable, affordable insurance would be of huge benefit to small businesses – but is too rarely available. The availability of affordable and adequate insurance is increasingly becoming a barrier to small businesses. Small firms need a system through which insurance is easier to obtain and more cost-effective.

The next Government should:

- Act to increase transparency for small business customers in the insurance market, including consulting on how to increase transparency in more insurance products so small businesses are better able to compare the value of competing products.
- Launch a market review into professional indemnity insurance (PII) and consult on proposed remedies to poor experience of the PII Market.
- Learn the lessons from the pandemic to agree with the insurance industry the conditions under which a Government announcement or action would trigger a joint Government-insurance industry response, and the interaction between Government support and business interruption insurance claims.

Transport

Small businesses need to be able to travel and move goods in order to function. That requires an efficient and reliable transport network, which means Government must focus on delivering large transport projects quickly and, just as importantly, doing local projects at all.

The next Government should:

- Maintain the current fuel duty cut and freeze, to keep prices at the pump stable for small businesses who rely disproportionately on road transport, especially in rural areas. Prioritise investment in the secondary and local road network in addition to the strategic network, such as motorways, when allocating funds for road developments.
- Overhaul national pothole funding in England to focus on local highway maintenance so all local authorities are properly spending all monies available to tackle the pothole problem.
- Unblock the planning system to speed up the delivery of strategically important major and minor infrastructure projects.
- Introduce a targeted rural transport strategy to fundamentally improve the transport options available to rural businesses and communities.
- Allow small businesses operating in and around clean air or low emission zones to receive their charges back in the form of grants for the purchase of a zero-emission vehicle.
- Support the development of a comprehensive charging and rapid charging infrastructure to enable the transition to zero-emission vehicles, including in town centres, high streets and remote areas.

- Set high standards on the railways for all those travelling for business or work, focusing on customer-centric improvements for a more reliable, affordable and usable railways service, as well as integrated ticketing systems so they better match business need.
- Implement disruption mitigation action plans and financial support where small businesses will be disrupted by construction works or development on public roads for six weeks or more.

Broadband and mobile

Infrastructure is no longer limited to the physical. We cannot expect people to effectively run their business without being able to get online or pick up the phone. The next Government's ambition on digital infrastructure must scale at least as fast as demand.

The next Government should:

- Modernise the Universal Service Obligation (USO) to increase minimum requirements to 25Mbps download speed and to 5Mbps upload speed, so that the USO keeps pace with small businesses operational needs.
- Make current Ofcom voluntary codes of practice for broadband providers compulsory and introduce effective compensation schemes for business contracts to complement domestic compensation schemes.
- Commit to a public target for every community, including rural and coastal communities, to have a good mobile phone signal, and to close the mobile coverage gap between UK nations over the Parliamentary term.

Crime

Crime has huge impacts on small businesses, both financially and through wider impacts on wellbeing of business owners and their staff, and on business revenue and reputation which affects their ability to grow and innovate. It is both an economic and human imperative to better protect small businesses from crime.

The next Government should:

- Introduce a clear strategy for tackling fraud attacks against small businesses and mandate that police forces across England and Wales report regularly on crimes against small businesses.
- Introduce a single online portal to allow business complainants to submit witness statements and simple evidence such as CCTV images directly to the police online, to help enable swift action against organised crime offenders and improve data collection used for crime prevention.

Future economic expansion

The UK needs radical improvements in growth – it is only achievable by harnessing the potential of every small business in the UK and those yet to be founded. Whether it is developing products and services not yet conceived of, adopting emerging technologies, exporting across the world or building the homes the UK desperately needs, the progress we need will not be possible unless small businesses can take the lead.



Business support and industrial strategy

There is so much talk about productivity but too often that does not lead to action on the ground. In every nation, region and local community across the UK, scores of people are keen to set up a business, invest and grow. What we need is for every nation, region and local community across the UK to have a plan to help them do so.

The next Government should:

- Make sure business support, such as that provided by the UK Shared Prosperity Fund matches, or exceeds, those funds previously received under European Structural and Investment (ESI) funding, and that the UK keeps pace with similar EU funding schemes.
- Return decision making on shared prosperity funds to the devolved national government level to ensure better regional economic strategy when funding projects.
- Establish Business England as a single public-facing brand and co-ordination body for all business support across England, learning lessons from international examples such as the US Small Business Administration, in order to help small businesses better navigate the business support offer and to promote high standards in the support offered to small firms.
- Provide the highest level of funding for growth hubs to date, so this successful model of small business tailored support can achieve its full potential.
- Introduce digital audit vouchers to enable more small firms to effectively use data and technology and implement a UK-wide Digital Boost Development Grant Fund, based on the example of the successful scheme in Scotland.
- Roll out the successful Made Smarter model used in manufacturing to additional sectors in the economy, focused on enabling small businesses to adopt innovation and technology, including AI.
- Introduce a business support service specifically for small businesses under threat of closure or insolvency to explore alternative options and courses of action.
- Back the British Business Bank with additional long-term public funding designed to leverage in more private finance and grant more flexibility to deliver on regional growth, net zero and innovation, and track where money is allocated in terms of size, protected characteristics and geography of small businesses.

Increasing international trade

The growth opportunities from increasing international trade are huge. Revolutionising small business' ability to trade is the best route to do this. SMEs that export are more likely to grow faster, be more resilient in times of economic difficulty. Increasing the numbers who can choose to export should be a central priority for the next Government, as should building stronger trade relations with the UK's major trade partners, including the EU and the USA.

The next Government should:

- Mainstream trade and customs policy across Government to create a ‘think small first’, pro-export environment, so all departments with a bearing on trade are working to an agreed shared strategy.
- Deliver an effective and small-business friendly single trade window – an online portal that will bring in a ‘once and done’ approach to Government collection of the data which traders need to provide to export or import.
- Bring forward plans for a next-generation export development grant or tax relief scheme, learning from successful international examples such as those deployed in Australia for decades.
- Invest in on-the-ground resources such as to improve customs training and capacity for Border Force officials to improve efficiency and maintain the flow of goods crossing the borders.
- Utilise the scheduled review of the UK/EU Trade and Co-operation Agreement in 2026 to negotiate removal of the requirement to appoint an intermediary to use the EU Import One Stop Shop (IOS) for VAT; to create a mutual recognition agreement for conformity assessment; and a mutual recognition of professional qualifications in key sectors.

Tech adoption

The pace of adoption of new technologies is one of the key drivers of growth, rising productivity and a strong economy, but is too often overlooked in Government policy making. There must be more focus on enabling small firms to use new ideas and technologies as they emerge.

The next Government should:

- Spend the equivalent of at least 10 per cent of the overall research and development (R&D) budget on the diffusion and adoption of new innovations, recognising that technology adoption is crucial to productivity growth.
- Introduce a modernisation and diversification tax relief scheme based on the structure of the R&D scheme, to support small businesses adopting technology or processes new to their firm.
- Develop an automation fund for small businesses looking for technological solutions to deliver products and services where access to labour is challenging.

Research and development

Cutting edge small firms are the powerhouse of innovation, research and development. Never more so than now. The old conception of advancements mostly being made by large firms has been turned on its head. Nevertheless, innovation is fraught with risk, and the policy environment needs to improve to sustain and improve small business success.

The next Government should:

- Commit to a target that at least half of all direct Government funding of private R&D goes to SMEs so R&D funding is more proportionate to small businesses' role in both the economy and in innovation.
- Commission an independent review, staffed by both academics and industry representatives, such as the Startup Coalition, on the impact of recent changes made to R&D tax relief levels.
- Enforce tougher rules on large businesses which receive a high level of Government support designed to encourage R&D, requiring prompt payment and fair treatment of smaller suppliers.
- Improve the process for first time patent applicants, including through accelerated handling and more support to demystify the process.
- Request the Law Commission conduct a review into the emerging use of Artificial Intelligence (AI) and its impact on Intellectual Property (IP).

University spin-outs

Much innovation takes place well away from universities, but the UK's academic sector is nevertheless an important source of future businesses. There is much that can be done to make it easier for those working in the sector to take the plunge and set up strong businesses of the future.

The next Government should:

- Change UK Research Council 'impact' rules to increase the weight given to entrepreneurial activity when assessing grant applications.
- Prevent universities from dissuading spin-outs through an over-zealous approach to IP rights in relation to their academic staff.
- Require universities to provide up-front clarity on IP ownership before conducting joint R&D activity with businesses.

New homes and planning

Small housebuilders are key to achieving ambitious housebuilding targets and essential to the infrastructure we need. However, small construction firms' unique needs are not being met by current Government policy. Economic growth and the ability to have a home are being negatively impacted as a result.

The next Government should:

- Introduce a Small Housebuilders Strategy as it will not be possible to build enough homes without the contribution of small construction firms.

- Introduce a Brownfield Development Relief to help reduce cost and risk of building on these sites, using the successful model of Land Remediation Relief.
- Permit small construction businesses to pay the Community Infrastructure Levy (CIL) due on any project at the end of the process upon sale, rather than up-front, reducing SME financing costs.
- Establish a comprehensive database of available public land for development and joint-venture opportunities to help small construction businesses identify future projects as soon as they become available.
- Reduce the maximum amount of retention payment funds that can be held to two per cent of total project value and increase the use of project bank accounts in construction.
- Provide an annual, independent assessment of the number of investment decisions dissuaded due to the planning process and adopt a target to reduce this by at least one third over the course of the Parliament.

Improving the regulatory environment

No business would survive if its customers simply found it too hard to interact with. The Government must make a systematic attempt to improve the experience of small businesses in regulatory interactions. While businesses understand the benefits of some quality regulation, many struggle with the cumulative burden of regulation and the cost and time of meeting so many requirements.

The next Government should:

- Focus on reducing the number of individual steps or individual regulatory requirements small businesses must take to comply with regulations as a whole, in order to minimise the burden of compliance with legitimate regulatory goals.
- Set a target of reducing individual regulatory requirements encountered by small businesses by a third within three years and publish departmental progress towards this in a league table.
- Take a proportionate approach to regulatory enforcement with a focus on education and support rather than penalties, reserving penalties for the most severe cases where a firm has acted in bad faith.
- Task individual departments with mapping the regulatory requirements placed on small firms within departmental areas of responsibility and conduct a cross-government user experience review.
- Exempt SMEs from any new regulatory requirements unless there is a compelling case for their inclusion. Where SMEs are included in new regulations, regulators should clearly outline the minimum steps that are needed to comply to avoid gold-plating.
- Complete a small and microbusiness impact assessment at the beginning of any process creating new regulatory requirements on small businesses and allow at least a six-month grace period for all new, non-safety critical, regulatory requirements.

- Review how to support regulators and HMRC to effectively use AI tools in order to improve their customers' experience and to reduce the volume of regulatory requirements facing SMEs.
- Review HMRC's compliance activities with a view to removing any heavy-handed, aggressive, or inconsistent approach to compliance, so HMRC's customer services ambitions are applied to compliance operations.

Better public procurement

Breaking open public procurement is good for the taxpayer, good for public services, and good for the economy. The public sector is not well served by being so closed to the innovation, value and quality that small businesses offer, and needs to learn the lessons from private sector supply chains stuffed full of small firms. From a headline target to simply giving quality feedback to those who try and bid with small firms, a large amount of progress is possible.

The next Government should:

- Recommit to a 33 per cent SME statutory procurement target and drive all late payers out of government supply chains.
- Require that high quality feedback is given across all public procurement processes to unsuccessful bidders, so those businesses are more likely to succeed in future.
- Expand Project Bank Accounts to be a default option for appropriate public sector contracts and not just those in the construction sector.
- Work constructively with devolved nations to ensure better procurement across the UK, so every nation can benefit from more open public sector supply chains.
- To support moves to increase LGBT+ supplier diversity in public procurement as well as in UK corporates.

High streets and town centres

Our high streets and town centres are at the very heart of our communities, they make the places we live what they are, and are central to whether we feel positive about our local towns, neighbourhoods, cities and suburbs. High streets are changing, but with the right policy mix, including the next UK Government working as appropriate with devolved governments, we can make sure our high streets are a source of pride and economic vitality, not just now, but for years into the future.



Improving the high street experience

A big part of making sure that high streets are fit for the future is making sure that the experience of using a local high street is high quality. As unique public and commercial spaces, that means making sure they are family-friendly, accessible, and, quite simply, places people want to visit.

The next Government should:

- Establish a dedicated fund for local authorities to support the reintroduction, regeneration, and operation of modern public toilets with baby changing facilities.
- Enable family-friendly high street service locations that offer public or private creche facilities, family support, and other community services.
- Expand further the Changing Places toilets network to make high streets more accessible for disabled customers, workers and business owners.
- Coordinate with Business Improvement Districts (BIDs), tourism boards, and Local Visitor Economy Partnerships (LVEPs) to provide free Wi-Fi coverage in priority high street areas and develop community-specific online marketplaces to showcase local businesses.

Investment

High streets and town centres are currently in a transformation phase. There is a necessity for investing in these areas and creating the environment necessary for them, including existing and future high streets businesses, to thrive and keep pace in a changing world.

The next Government should:

- Create specialised funds to support pop-ups, markets, and temporary use initiatives for first-time businesses.
- Create a consistent and objective database of priority areas and use this to direct all future levelling up funding, the Towns Funds and UKSPF funding to local authorities.
- Support high street businesses in developing and enhancing their websites, marketing strategies, and e-commerce operations.

Parking and transport

More affordable and accessible parking options, improved bus transport links and the incorporation of forward-thinking infrastructure can all help increase footfall and make high streets more attractive and accessible for local people to visit. Small businesses see better approaches to transport as key for the future of high streets.

The next Government should:

- Introduce a 'High Street Hop' scheme, providing free bus fares on key routes through high streets to boost footfall and increase spend.
- Mandate that all public parking fees and fines do not increase by more than the annual Consumer Price Index (CPI) and complete the update to the Private Parking Code of Practice by 2025 to deliver fairer private parking charges.
- Create comprehensive high street car parking plans with a new target for the number of EV charging stations in high street areas in cities, towns and rural communities.

Access to cash

Access to, and the ability to deposit, cash remains a vital part of the payments mix for many small businesses and their customers. The infrastructure necessary for using and taking cash is crucial to maintain competition in the payments system and enable businesses to meet consumer demand.

The next Government should:

- Accelerate the roll-out of banking hubs which are open throughout the week and have full deposit facilities.
- Deliver on the National Payments Vision to include cash as a vital part of the ongoing payments landscape, including both cash deposit and withdrawal, and complete a new digital currency to increase payment options.

Jobs and skills

Small businesses are incredibly proud of their role in providing employment opportunities, yet politics is too often reactive and lacks focus on how this success can be sustained and enhanced. Politicians taken by surprise by the recent rise in inactivity need to do more to listen to small businesses about upcoming labour market challenges, and act now to overcome the difficult labour market conditions the UK is set to face over the coming years.



Employment costs

The cost of employment has risen considerably over the last few years. Small firms have been reacting to difficult economic conditions with characteristic resilience, but Government needs to reduce the rising policy costs limiting small firms' ability to provide more, higher paying jobs.

The next Government should:

- Task the Low Pay Commission with considering the full range of employment costs when setting the National Living Wage and the responsibility to recommend tax and other policy changes which would support positive employment outcomes.
- Avoid any new or increased charge levies on small business payrolls and additional Government policy costs, such as increased employer auto-enrolment contributions, within the next Parliament, while cutting employment costs through reducing Employer National Insurance Contributions.

Apprentices

Small businesses see apprenticeships as a crucial element in skills policy and will be opposed to policies that reduce the number of apprenticeships. Current co-investment levels are crucial, as is reform in the way the curriculum is designed so small businesses can return to employing the high number of apprentices they took on when the modern system was introduced.

The next Government should:

- Commit to maintaining current levels of co-investment in training costs for SME apprenticeships across the whole of the next Parliament.
- Set a cross-government target to increase the number of SME apprenticeships in each year of the Parliament.
- Re-introduce a £3,000 incentive for SMEs hiring an apprentice under-25-years-old to increase the number of young people starting their careers with high quality vocational qualifications.
- Maintain child benefit for under-20s undertaking an apprenticeship to ensure parity of support for apprenticeships and those undertaking A-levels and other education courses.
- Introduce a free bus-pass scheme for all under-25s undertaking an apprenticeship to facilitate travel to work and promote apprentice schemes.
- Reform the design process for apprenticeships to better meet the needs of SMEs, reforming the formulation of trailblazer groups and setting minimum standards for consultation with SMEs on curriculum content.
- Develop new apprenticeship standards to meet emerging demand, such as in the basic use of AI, including at Level 2.

Skills

The skills system needs to be nimble, developing as fast as the demand for different skills is changing. Developing the skills of the entire workforce is a necessary feature of economic growth. Too often too slow, and with too much of the system failing to match economic demand, the UK's skills system needs to evolve.

The next Government should:

- Expand the Skills Bootcamps model both as a rapid response to short-term skills challenges, and for long-term strategic economic needs, such as improved line management.
- Increase the accessibility of the Help to Grow Management scheme and maintain the programme over the life of the Parliament now the programme is established.
- Use the Greater Manchester Enterprising You programme as a model for a national scheme to help the self-employed improve and develop skills.

Health and the labour market

Too many people with disabilities and poor health are locked out of the labour market. Small employers disproportionately employ people in this group, but more is needed, especially to help those who haven't worked for a long time to get the opportunity to get into work. The next Government must work in partnership with small employers or the rise in health-related non-participation in the labour market will only grow.

The next Government should:

- Introduce a 'Kickstart'-style scheme to help people who have faced difficulty joining the labour market due to their health.
- Implement a full Statutory Sick Pay rebate for small employers, who disproportionately recruit those with long-term health conditions and should be supported in doing so.
- Make disability employment a cross-departmental outcome metric in the Treasury's Priority Outcomes targets and increase the level of internal scrutiny of Equality Impact Assessments.
- Make health and medical treatment easier to manage alongside work, including by introducing stricter waiting time targets and service standards in the NHS for musculoskeletal and mental health treatment.
- Systematically review the NHS's approach to conditions which can have severe impact on individuals' ability to achieve their work and business aspirations, and deliver improvements to treatments of these conditions, such as with the recent commitment to roll out fracture liaison services to help those with osteoporosis.
- Review NICE clinical guidance on the conditions most likely to lead to negative employment outcomes, including to ensure better co-ordination between the health system and employment support.

- Smooth the transition from education to employment, including through joining up careers guidance and disability support and making sure disabled children access work experience.
- Establish an independent commission on the future of social care, including the needs of small businesses in the sector who are facing enormous challenges, especially on costs.

Childcare

Childcare businesses are struggling enormously to meet demand with the low levels of funding for so-called ‘free hours’ not covering their costs. At the same time, far too many parents cannot find the childcare they need to manage both childcare and work. It is time for government to work constructively with the childcare sector to fix these issues.

The next Government should:

- Scrap business rates for independent childcare providers in England, mirroring the discount that is already in place in Scotland and Wales.
- Establish sustainable and fair funding rates that accurately reflect the actual cost of providing childcare hours for providers.
- Bring down the cost of mandatory training required by childcare professionals including free courses in paediatric first aid and safeguarding.
- Act to maximise use of the workplace nursery scheme for SMEs across the UK to help more small businesses who provide childcare for their employees.
- Increase the maximum amount claimable for tax-free childcare from £2,000 to £3,000, and base properly funded childcare hours on the need to cover 48 rather than 38 weeks, reflecting the need to support parents working outside of term-time.

Immigration

We need to complement domestic action on skills shortages and employment gaps, with an openness to talent from around the world. Reducing the cost of the immigration system and piloting specific visas will help small employers to meet specific staff needs and grow their businesses.

The next Government should:

- Cap overall visa and related costs per relevant member of staff at £1,000 for small and microbusinesses.
- Pilot a remote visa to benefit remote areas, such as the Highlands in Scotland, in line with the Migration Advisory Committee recommendation.
- Seek to agree more youth mobility schemes with additional countries and the EU, allowing more people to work in the UK up to the age of 35.
- Consider a specific EU visa pilot for Northern Ireland, given it shares an open land border with an EU country.

Work experience

Early experience of the workplace is incredibly important for demonstrating to children the wide variety of work on offer and provide a positive introduction to the workplace. Small employers are keen to work with schools and see work experience in England revitalised as an important feature of every young person's education.

The next Government should:

- Re-introduce universal school-age work experience at Key Stage 4 to support young people to have an early, positive introduction to the workplace.
- Include employability skills in the curriculum from an early stage and monitor and publish the results of students' competencies in these employability skills.
- Build on last year's Ofsted independent review of careers guidance to ensure effective careers advice and exposure to a wide variety of local employers, as well as the opportunities for entrepreneurship.
- Provide funding for combined authorities to deliver small business careers fairs directed towards young people considering vocational routes to help give them access to local small business employers.

Inclusive entrepreneurship

The UK is famous for its entrepreneurial spirit, but if we are to truly be successful, we must develop an inclusive ecosystem for our current and future business owners. Implementing policies which minimise barriers to entrepreneurship for under-served and under-represented groups should be at the centre of any government's business strategy.



Start-ups and entrepreneurs

Being your own boss can bring enormous benefits – not just to individuals but to the whole economy. It is essential that Government backs those who work for themselves and fosters the correct environment for the next generation of entrepreneurs. Policy must account for the huge proportion of the workforce that strike out on their own and help more to do the same.

The next Government should:

- Resist harmful suggestions to limit the freedoms of genuinely self-employed workers through changes to employment status so more people can join the UK's great tradition and spirit of entrepreneurship.
- Expand start-up loans to provide at least an additional 5,000 new start-up loans each year to help more people become founders.
- Double the trading allowance to help more people have a smooth start to their side-hustle activity, promoting greater levels of entrepreneurial activity.

Pensions and mortgages

Too many people who work for themselves struggle both with saving for retirement and getting the mortgage they need to own their own home. It is imperative that entrepreneurship is compatible both with home ownership and a high standard of living in retirement.

The next Government should:

- Legislate for an enhanced version of the Lifetime ISA to enable more of the self-employed to save for their retirement, including by giving the self-employed more freedom to use savings to deal with financial shocks.
- Make annual allowance rules work better for business owners with fluctuating incomes by extending how long people can carry forward their allowance.
- Commit to a clear and measurable target to improve the experience of those working for themselves obtaining a mortgage and resolve any market failures that mean too many people face a choice between home ownership and starting a business.
- Convene a coalition of the willing in the banking sector so that the self-employed and small business owners can get a mortgage as easily as those they employ.

Women entrepreneurs

The UK economy would be so much richer if more women were able to start their own businesses. Hundreds of thousands of extra businesses and billions of pounds extra for the UK economy is part of the prize if the UK can remove the barriers that hold too many women back from starting up on their own. There has been progress, but so much more is possible.

The next Government should:

- Create a Women's Business Centre in England, as the Scottish Government has committed to fund, with consequential for the devolved nations from funding.
- Set ambitious targets for investment allocations to women-owned businesses from all government-led schemes, reporting on the diversity of applications considered.
- Increase Maternity Allowance payments in the first six weeks and bring it more in line with Statutory Maternity Pay (SMP).

Disabled enterprise

The disabled enterprise gap has not received as much attention as the disabled employment gap, to the loss of the UK economy. Everybody should be supported to start a business but isn't currently. Closing the disabled enterprise gap is an essential part of not just improving disabled employment but generating hundreds of thousands of new businesses and the jobs they in turn provide.

The next Government should:

- Commit to a headline target of 100,000 new disabled entrepreneurs by 2027, and 250,000 more by 2030, in order to close the disabled enterprise gap.
- Introduce condition-specific 'Pathways to Entrepreneurship' strategies, to address the differing barriers faced by disabled entrepreneurs with different conditions.
- Publicise Access to Work at each point of contact between entrepreneurs and Government – including through primary care settings and HMRC.
- Direct business support services to integrate their offer into existing disabled networks, to counter the underuse of business support by disabled entrepreneurs.
- Seize on the opportunity provided by the recent commitment to a Disability Finance Code resulting from the Lilac Review, and use the new data generated to revolutionise disabled access to finance.

Ethnic minority businesses

The entrepreneurial ambition of ethnic minorities has played a crucial role in our communities and economy, with ethnic minority businesses contributing a £25 billion to the UK economy. Yet this enormous economic contribution is almost totally unmeasured in official statistics despite support for ethnic minority businesses being an essential feature of support for future entrepreneurs.

The next Government should:

- Require UK banks to disclose annually the proportion of applications and successful applications for finance from ethnic minority business owners.
- Make sure the Companies House registration process and the Office of National Statistics survey work are both collecting more data on the ethnicity of UK businesses owners.
- Conduct a comprehensive and regular national level study of ethnic minority entrepreneurship and require each relevant government department to bring forward proposed policy changes in response.
- Task the Government's trade networks with specifically supporting ethnic minority business owners including making the most of all our potential diaspora trading networks.

The benefits system

Someone choosing to employ you is not the only way to get a job, there is also the option of starting up for yourselves. So many business owners have taken this route when they are out of work, but this is neither supported nor encouraged by the current benefits system and, too often, by Job Centre Plus. Helping people to start up for themselves must be an essential feature of the UK's out of work support.

The next Government should:

- Create a refreshed New Enterprise Allowance (NEA) to help those who are not in work to gain employment through working for themselves.
- Fix Universal Credit's negative treatment of the self-employed by amending the minimum income floor (MIF) to increase the start-up period from 12 months and to apply the MIF on a quarterly or annual basis.

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