



2016 SBA Fact Sheet

United Kingdom

Key points

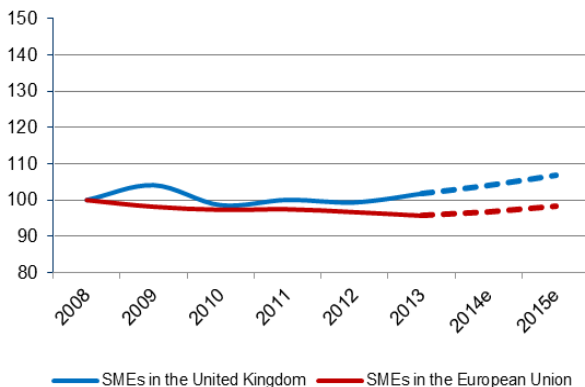
Past & future SME performance¹: The United Kingdom continues to have one of the most vibrant SME sectors in the entire EU. It has fully recovered from the financial crisis and continues to perform strongly. SME value added increased substantially during 2008-2015. SME employment is estimated to have expanded by almost 7 % during that period.

Implementing the Small Business Act for Europe (SBA): The United Kingdom’s competitive SBA profile reflects the country’s SME-friendly environment. In almost half of the SBA policy domains, the country belongs to the EU frontrunners. These include ‘Second chance’, ‘Responsive administration’, Access to finance and Skills & innovation. There are also areas with room for further improvement, most notably in State & aid public procurement and Environment. However, even in these sectors, the weaknesses are confined to very specific policy issues. The United Kingdom has seen a considerable improvement of conditions in the majority of SBA areas since 2008. This progress was fuelled by the comprehensive policy support offered to SMEs since 2008.

SME policy priorities: The United Kingdom has implemented almost all SBA recommendations. Spearheaded by a number of landmark policy initiatives in priority areas such as Access to finance, ‘Responsive administration’ and Skills & innovation, recent governments have been busy improving the conditions for SMEs in practically all areas of the SBA. Government continued its active business support strategy, led by the Small Business, Enterprise and Employment Act of 2015 and the ‘Exporting is GREAT’ initiative. Challenges and future SBA policy priorities are located in policy areas which received less policy attention. In particular, the economy-wide skills shortage in the UK needs to be addressed. Other challenges include broadening SME participation in public tenders, e.g. by facilitating access to remedies, reducing contract enforcement costs and increasing SMEs’ uptake of resource-efficiency measures and green products. Finally, further efforts are needed to help more SMEs to become exporters, especially to extra-EU markets.

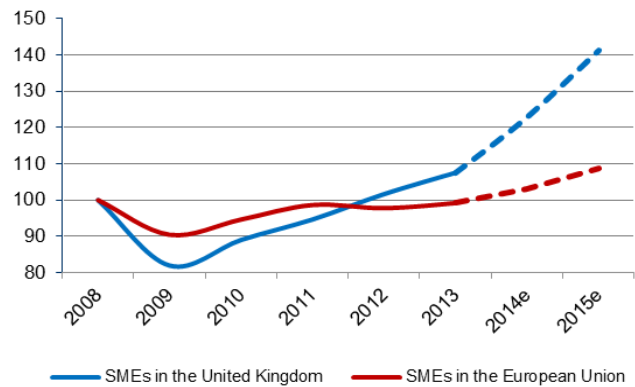
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2014 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2014 onwards)



About the SBA fact sheets

The Small Business Act for Europe (SBA) is the EU’s flagship policy initiative to support small and medium-sized enterprises (SMEs). It comprises a set of policy measures organised around 10 principles ranging from Entrepreneurship and ‘Responsive administration’ to Internationalisation. To improve the governance of the SBA, the 2011 review of it called for better monitoring. Published annually, the SBA fact sheets aim to improve the understanding of recent trends and national policies affecting SMEs. Since 2011, each EU Member State has appointed a high-ranking government official as its national SME envoy. SME envoys spearhead the implementation of the SBA agenda in their countries.

Table of Contents

Key points	1
1. SMEs — basic figures.....	2
2. SBA profile	4
3. SBA principles.....	6
3.0 'Think Small First'	6
3.1 Entrepreneurship.....	7
3.2 'Second chance'	8
3.3 'Responsive administration'	9
3.4 State aid & public procurement	10
3.5 Access to finance.....	11
3.6 Single market	13
3.7 Skills & innovation	14
3.8 Environment.....	15
3.9 Internationalisation	16
4. Interesting initiative.....	18

1. SMEs — basic figures

Class size	Number of enterprises			Number of persons employed			Value added		
	United Kingdom		EU-28	United Kingdom		EU-28	United Kingdom		EU-28
	Number	Share	Share	Number	Share	Share	Billion €	Share	Share
Micro	1 669 315	88.9 %	92.8 %	3 379 276	17.9 %	29.5 %	282.0	20.1 %	21.2 %
Small	174 264	9.3 %	6.0 %	3 680 902	19.5 %	20.2 %	220.2	15.7 %	18.0 %
Medium-sized	27 939	1.5 %	1.0 %	3 056 084	16.2 %	17.0 %	229.2	16.3 %	18.2 %
SMEs	1 871 518	99.7 %	99.8 %	10 116 262	53.6 %	66.8 %	731.3	52.1 %	57.4 %
Large	6 212	0.3 %	0.2 %	8 761 200	46.4 %	33.2 %	673.4	47.9 %	42.6 %
Total	1 877 730	100.0 %	100.0 %	18 877 462	100.0 %	100.0 %	1 404.7	100.0 %	100.0 %

These are estimates for 2015 produced by DIW Econ, based on 2008-2013 figures from the Structural Business Statistics Database (Eurostat). The data cover the 'non-financial business economy', which includes industry, construction, trade, and services (NACE Rev. 2 sections B to J, L, M and N), but not enterprises in agriculture, forestry and fisheries and the largely non-market service sectors such as education and health. The advantage of using Eurostat data is that the statistics are harmonised and comparable across countries. The disadvantage is that for some countries the data may be different from those published by national authorities.

Large companies have a greater importance in the United Kingdom than in the rest of the EU. This is mainly a statistical phenomenon, as firms with a turnover of less than GBP 82 000 are not included in the Companies Register, whereas in the rest of the EU the turnover threshold for registration is significantly lower. Nevertheless, SMEs generate approximately half of total value added and are responsible for slightly more than half of total employment in the 'non-financial business economy'. Due to the under-representation of the smallest SMEs, the proportion of value added generated by SMEs is around 5 percentage points lower than the EU average. In terms of employment, the share of SMEs is more than 10 percentage points below the EU average.

The United Kingdom has fully recovered from the financial crisis and continues to perform strongly. Value added in the 'non-financial business economy' as a whole grew by about a third in 2008-2015. Employment in 2015 was 2 % higher than in 2008. SMEs outperformed large companies in the 'non-financial business economy'. SME value added increased by more than 40 % and SME employment by 7 %.²

Administrative services have grown at a remarkable pace, with value added almost doubling in 2010-2015 and employment growing by more than 10 %. The strong demand from public authorities for temporary workers is an important factor behind this increase.³ This is likely to have driven growth for temporary employment agencies. A further factor is growth in the travel

agencies sector, which has been driven both by an increase in travel abroad from the UK and greater investment in technology.⁴

The *construction* industry also performed strongly, with an increase in SME value added of approximately 55 % since 2010, although employment stagnated over the period 2010-2015. The growth of the *construction* sector, which was adversely affected by the housing market crash prior to 2010, has been driven primarily by strong growth in private sector orders, especially for housing.⁵ In addition, the government has implemented new policies to facilitate the planning process for new construction projects. However, these policies have still to come into full effect.⁶

SMEs in the *wholesale and retail trade* are another growth driver, with an increase in value added of more than 40 % since 2010. The strong performance of the entire sector is related to a number of structural changes in the industry. Firstly, the extension of broadband services and increased take-up of mobile devices has led to strong growth in internet sales, which by May 2015 accounted for 12 % of all retail spending.⁷ The second contributing factor is the increasing use of other innovations, such as self-service checkouts.⁸ Such labour-saving technology improvements may explain why SME employment, which increased by only 3 %, has not grown as much as value added. A further factor is a shift among larger retailers towards sourcing from local suppliers, which should disproportionately benefit SMEs.⁹

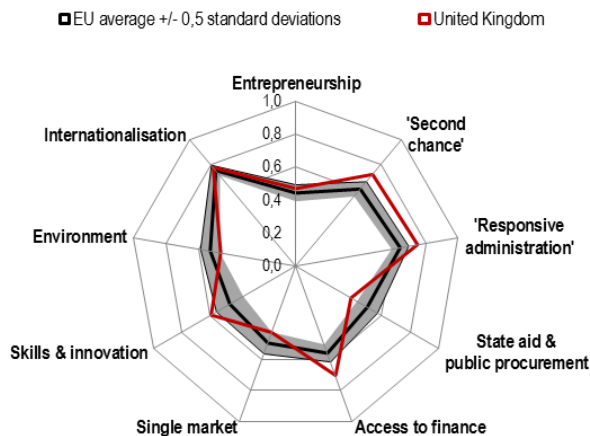
In 2010-2015, SMEs in *manufacturing industry* grew by slightly less than 30 % in value added and by around 2 % in employment. However, SME employment remains 5 % below the level in 2008 and SMEs in most other sectors of the 'non-financial business economy' have grown more strongly than the *manufacturing industry*. The difficulty of recruiting skilled workers may have hindered growth. Another factor is the challenging business environment for producers of materials, such as steel and chemicals.¹⁰

351 000 new companies were registered in 2014, 5 000 more than the previous year.¹¹ The number of company de-registrations increased by 10 %. New registrations outnumbered de-registrations by 105 000 in 2014, the second largest margin since the series began in 2001, the largest margin of 108 000 being recorded in 2013. 2011 was the first year since 2008 that the business registration rate exceeded the business de-registration rate. In 2014, the registration rate was 14 %, while the business de-registration rate was 10 %.¹² In 2014, the largest number of registrations were for London-based companies (89 000). This was also true for business de-registrations (53 000). Throughout the UK, registrations outnumbered de-registrations.

The de-registration rate was broadly the same in all UK regions: 9-11 percentage points. There was greater variation in the

registration rate: 9 % in Northern Ireland compared with 18 % in London. Most other regions had registration rates of around 14 %. The highest rate of company registrations was in *administrative services*, at 22 %. Survival rates have been consistently lower in recent years than before the financial crisis.¹³ More than half of new businesses do not survive beyond 5 years. In a poll of entrepreneurs, the top three reasons given for this failure were the tax system, lack of bank lending, and the cost of running a business.¹⁴ However, in summary, the clear trend of recent years in the UK economy is an upturn in company registration overall.

2. SBA profile¹⁵



The United Kingdom's profile reflects the country's very business-friendly environment. Specific strengths are the areas of 'Second chance', 'Responsive administration', Access to finance and Skills & innovation. In all of these areas the United Kingdom belongs to the absolute top performers in the EU. The profile is, however, less strong than in the previous year. State aid & public procurement and Environment are the only SBA areas where the United Kingdom trails the EU average. In each case, the reasons for the relatively weak performance are very specific policy issues. In the case of public procurement, it is the low proportion of SMEs involved in public tendering, while in Environment there was a steep fall in the share of SMEs receiving public support for investment in resource-efficiency. The SBA areas in which conditions have improved most since 2008 are Entrepreneurship, Single market and 'Responsive administration'.

Overall, the UK has made substantial progress in implementing the SBA. Government measures since 2008 have addressed all 10 SBA areas to varying degrees. Some areas such as 'Second chance', Single market and Environment have been the focus of relatively few measures as these SBA principles are already well established in the UK and they have therefore not been a policy priority for government. Other areas, such as Access to finance, 'Responsive administration' and Skills & innovation have been important priorities for government since 2008 and have therefore been the focus of a considerable number of policy measures. The government has focused most particularly on Access to finance since 2008. More measures have been implemented in this SBA area than any other. Measures have provided, for example, a range of financial and fiscal incentives, as well as much-needed funding programmes, finance schemes

and mechanisms, such as the British Business Bank, to encourage lending to SMEs. The British Business Bank has recently launched the first phase of its 'Help to Grow' programme which is intended to provide financing to small firms with the potential to grow quickly.¹⁶

All but one of the SBA-related policy measures announced between 2014 and the end of first quarter of 2015 have been adopted. The Regional Finance Initiative is the only measure that has not been implemented in the reference period for this fact sheet, though regional lending is being delivered by the British Business Bank.

In the reference period for this fact sheet (2015 to the end of the first quarter of 2016), the UK implemented a total of 14 new policy measures, addressing 7 out of the 10 policy areas under the SBA. However, one of those measures — the Small Business, Enterprise and Employment Act (SBEE) 2015 — contains 20 additional sets of measures that impact the SBA — the number of measures implemented in 2015 actually rises to 33, addressing 8 out of the 10 SBA policy areas. Single market and Environment are the only SBA areas not to be the target of measures in 2015. Overall, the stakeholders acknowledge that the progress in implementing the SBA has been substantial. Furthermore, the SBEE also contains a larger number of measures that are delivering benefits, but which do not fit into the policy areas of the SBA.

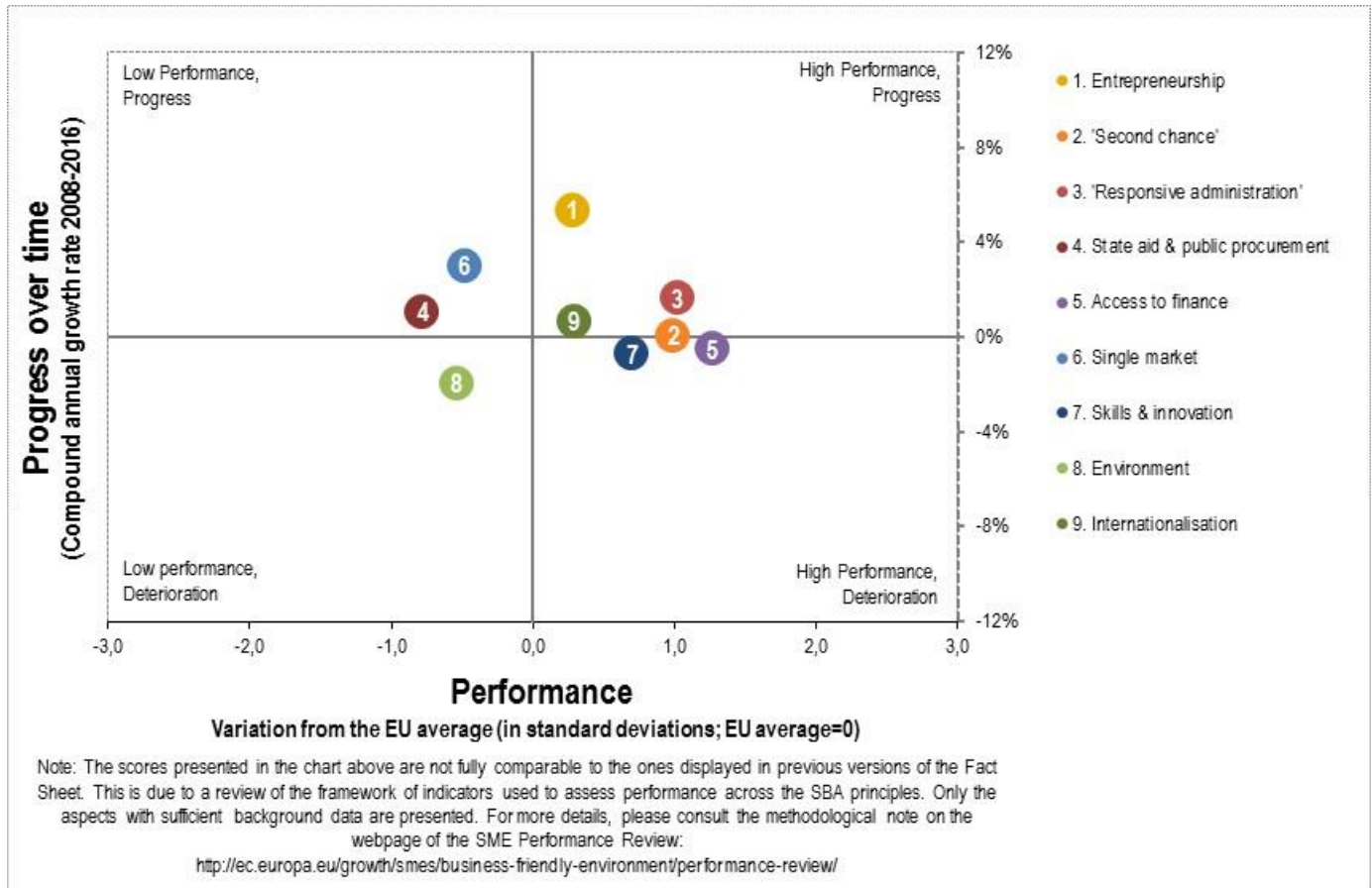
The most significant progress made in this reference period, in terms of the number of measures implemented, was in Access to finance, with six measures implemented and a further seven introduced through the SBEE. Significant progress has also been made in both 'Think Small First' (implementation of the SBEE) and 'Responsive administration' (one key measure introduced, plus a further four through the SBEE).

The most significant initiative introduced in this reporting period has been the SBEE, the UK's first 'Small Business Act'. Though it introduces a very broad number of measures that impact seven SBA areas, its most important objectives are to: establish deregulation targets ('one-in, two-out'); require transparent reporting on new regulatory burdens on business; require the regular review of all new legislation to assess its impact on small business and avoid unnecessary burdens; establish statutory definitions for the terms 'small business' and 'micro business'; and empower the Competition and Markets Authority (CMA) to make recommendations on the impact on competition of legislative proposals. The SBEE enshrines 'think small first' into UK law.

The UK Government has not adopted a specific SBA implementation strategy, although the new SBEE comes — de

facto — very close of being one. From 2013 to 2015, the previous government used its 'Industrial strategy to help the UK economy and business to compete and grow' as the main vehicle for introducing SBA-related measures.

SBA performance of United Kingdom: state of play and development from 2008 to 2016¹⁷



3. SBA principles¹⁸

3.0 'Think Small First'

The 'Think Small First' principle is intended as a guiding principle for all policy- and law-making activities. It requires policymakers to take SME interests into account at the early stages of the policy-making process. The principle also calls for newly designed legislation, administrative rules and procedures to be made simple and easy to apply.

All of the key elements of the 'Think Small First' principle are well established in the UK, following implementation of a 'Think Small First' process over a decade ago. It is standard practice for new legislation to be subject to regulatory impact assessments, SME consultations, the 'SME test' to assess SME impact and common commencement dates.

Since 2010, the UK Government has placed significant focus and effort on regulation reform in order to reduce the burden of bureaucracy and its impact on business. Between 2010 and 2015, the government made good on its pledge to reduce the overall burden of domestic regulation and save businesses GBP 2.2 billion by cutting regulation.¹⁹ This was achieved in two ways. Firstly, the 'one-in, one-out' approach, which was doubled to 'one-in, two-out' in 2013, was introduced to require departments to find GBP 1 (and GBP 2 from 2013) of regulatory savings for every GBP 1 of new regulatory cost. Secondly, the government introduced the Red Tape Challenge to review over 21 000²⁰ regulations and rules to identify at least 3 000²¹ that could be scrapped or improved upon. This target was achieved by January 2014. Once fully implemented, the Red Tape Challenge reforms are expected to deliver savings to business of over GBP 850 million per year.

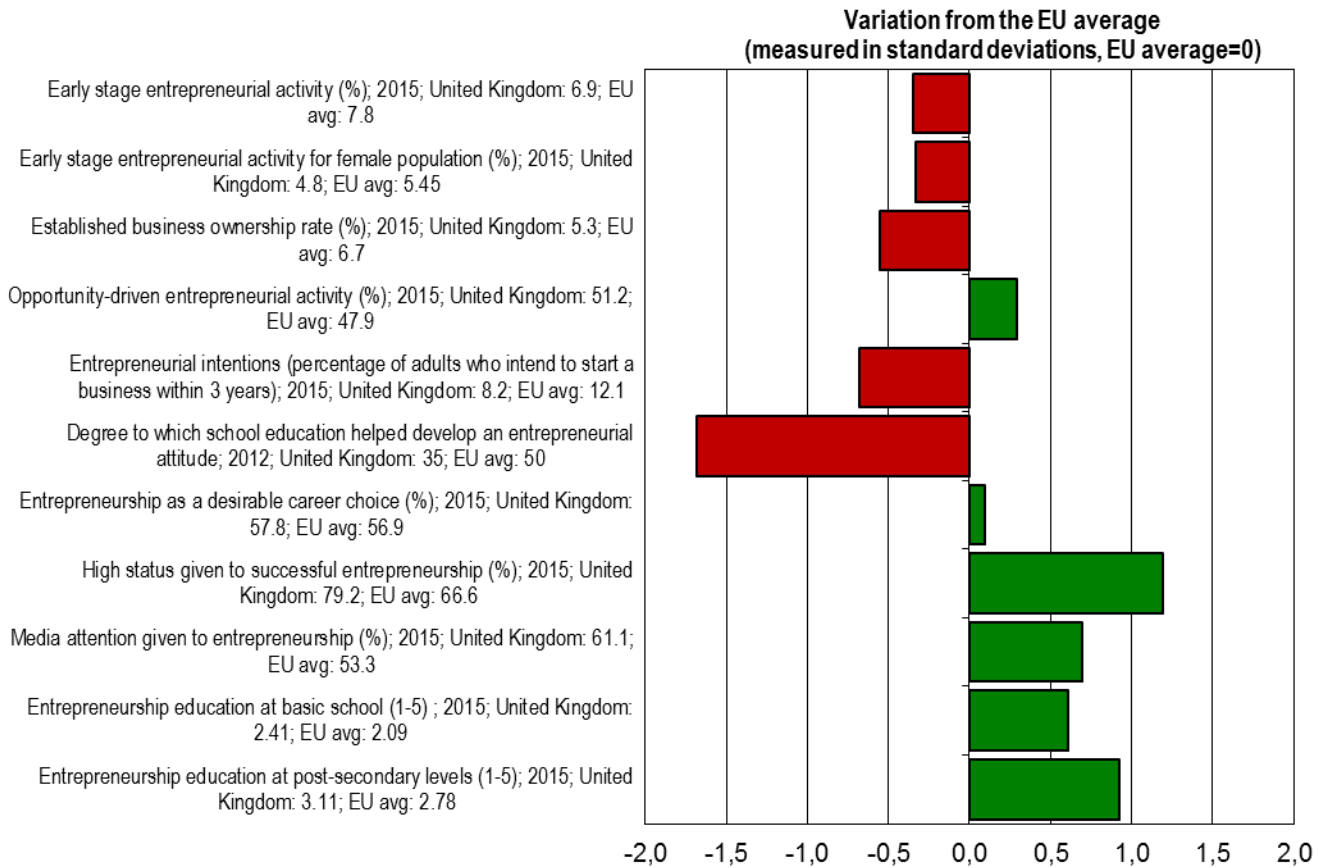
Other measures in recent years have included exemptions from new regulations for small and micro businesses and an initiative to ensure that tax strategies are better aligned with small business lifecycles.

This reporting period has seen the introduction of a very substantial piece of legislation that entrenches key 'Think Small First' principles into UK law. Described by the small business community as landmark legislation and the UK's first 'Small Business Act', the Small Business, Enterprise and Employment Act 2015²² introduces a broad swathe of measures that impact nearly all SBA areas, but most significantly 'Think Small First'.

Under this new Act, there is a provision to ensure that all new regulations affecting business are reviewed regularly with a view to their effectiveness and necessity. The review is also to prevent businesses being subjected to unnecessary burdens. The Act enshrines the fundamental principles of the 'one-in, two-out' system in law. This includes a requirement to set a target for the economic impact of new regulation on business (the Business Impact Target). It also contains a requirement to regularly report on progress against the target and a requirement for transparent reporting on new regulatory burdens on business. Finally, the Act makes it mandatory to have estimates of the economic impact of new regulations verified by an independent body. The Act empowers the Competition and Markets Authority (CMA) to make recommendations on the impact of legislative proposals on competition, which it must then publish. The Act also creates statutory definitions for the terms 'small business' and 'micro business'. These measures represent a concerted effort to place the needs of small business at the heart of the legislative process.

Despite this considerable progress, there remains room for improvement in the application and effectiveness of some of the principles in this area. Most importantly, the government should focus on encouraging greater SME engagement with, and involvement in, the policy-making and legislative process. This would help to ensure that new legislation is more closely aligned with the needs and realities of small business.

3.1 Entrepreneurship



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

The overall performance in this area was in line with the EU average. This remained unchanged from last year. In terms of individual indicators, there were some notable developments. Firstly, all indicators of entrepreneurial activity — including early stage entrepreneurial activity, the business ownership rate, entrepreneurial intentions and opportunity-driven entrepreneurial activity — dropped in value. While some volatility can be expected in these indicators, a simultaneous decline in all of them is remarkable. Given the substantial policy efforts in recent years to support entrepreneurship, this appears, at first sight, disappointing. However, it may point to the effect of a buoyant economy, which offers potential entrepreneurs more attractive career options in existing firms. The second interesting development concerns the new indicators on the degree to which entrepreneurship was integrated in school curricula. Both indicators show the United Kingdom ranking well above the EU average. At the same time, the assessment of how much school education has contributed to developing an entrepreneurial attitude was rather negative. Given that assessment of the current adult population refers to their school experience some years (if not decades) ago, this is not necessarily a judgment on the current design of the school curricula with a view to entrepreneurship. However, it is an interesting observation and

may suggest a need to review the effectiveness of the teaching of this subject in schools. Overall, conditions in this area have improved considerably since 2008, by much more than the EU average.

Since 2008, the government has implemented a range of measures to help entrepreneurs, start-ups and small firms to grow. Altogether, they contributed to the significantly improved conditions for entrepreneurship. The 2010 New Enterprise Allowance scheme is an example of a key financial incentive measure. Business support programmes, tools and services have also been introduced, such as the 2012 Growth Accelerator, the 2014 'My Business' support tool to help SMEs to quickly locate the support they need, and the 2014 Business Growth Service (BGS). The remit of the BGS included the popular Growth Accelerator programme, which provided coaching, mentoring and match funding services to businesses.

In November 2015, the government announced its decision to wind down the national delivery of the Business Growth Service, including the Growth Accelerator and the Manufacturing Advisory Service.²³ The move is part of a 17% cut in the business, innovation and skills budget, following the Chancellor's Spending

Review settlement. Entrepreneurs have expressed their dismay at the closure of the BGS.²⁴ Figures on the BGS website show that the service has engaged with over 18 000 businesses, has helped SMEs raise over GBP 100 million in finance and has a 94 % approval rating from businesses that have used it.²⁵

The government argues that support for business is best done at local level. It now intends to provide local growth hubs with an additional GBP 12 million in 2016/2017 and in 2017/2018 to enable local enterprise partnerships to support small businesses and help them to scale up.²⁶ The finance elements of the BGS will likely be taken on by the new Help to Grow programme recently launched by the British Business Bank.

In this reporting period, one new measure was implemented, following its announcement in the previous reporting period. To support and boost the number of home-based entrepreneurs, the government introduced new legislation in 2015 to make it easier for people to run a business from a rented home without undermining tenancy agreements. New rules and guidance have also been published to help entrepreneurs to launch and develop their business and to make it clear that, in the majority of cases, home-based businesses do not need planning permission and are exempt from business rates.

3.2 'Second chance'

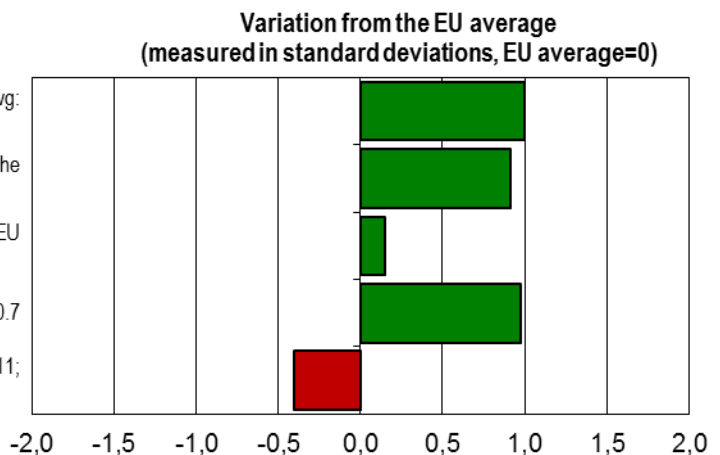
Time to resolve insolvency (in years); 2016; United Kingdom: 1; EU avg: 1.97

Cost of resolving insolvency (cost of recovering debt as percentage of the debtor's estate); 2016; United Kingdom: 6; EU avg: 10.25

Degree of support for a second chance (%); 2012; United Kingdom: 83; EU avg: 82

Fear of failure rate (%); 2015; United Kingdom: 34.9; EU avg: 40.7

Strength of insolvency framework index (0-16); 2016; United Kingdom: 11; EU avg: 11.82



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

'Second chance' means ensuring that honest entrepreneurs who have gone bankrupt get a second chance quickly. As last year, the United Kingdom scores well above the EU average in this area. It continues to be one of the forerunners in the EU. The main reason is the short and cost-effective insolvency procedure. Related to this, the United Kingdom features a relatively low fear-of-failure level among its adult population. There still seems to be room for improvement as regards the insolvency framework, though, given that its average score is low. The particular areas affected are the commencement of proceedings, management of debtors' assets, the reorganisation of proceedings and appropriate participation of creditors.

Still, as one of Europe's leading proponents of 'Second chance' principles, the UK has a well-established insolvency framework based on the Insolvency Act 1986. Laws such as the Insolvency Act 2000, the Enterprise Act 2002, Insolvency Amendment Rules 2008, and more recently, the Small Business, Enterprise and Employment Act 2015 (SBEE), have steadily improved the framework. Insolvency law ensures that 'honest' entrepreneurs get a second chance quickly, and as a result, this area was not a key focus of policy makers in recent years and no significant measures were implemented between 2008 and 2014.

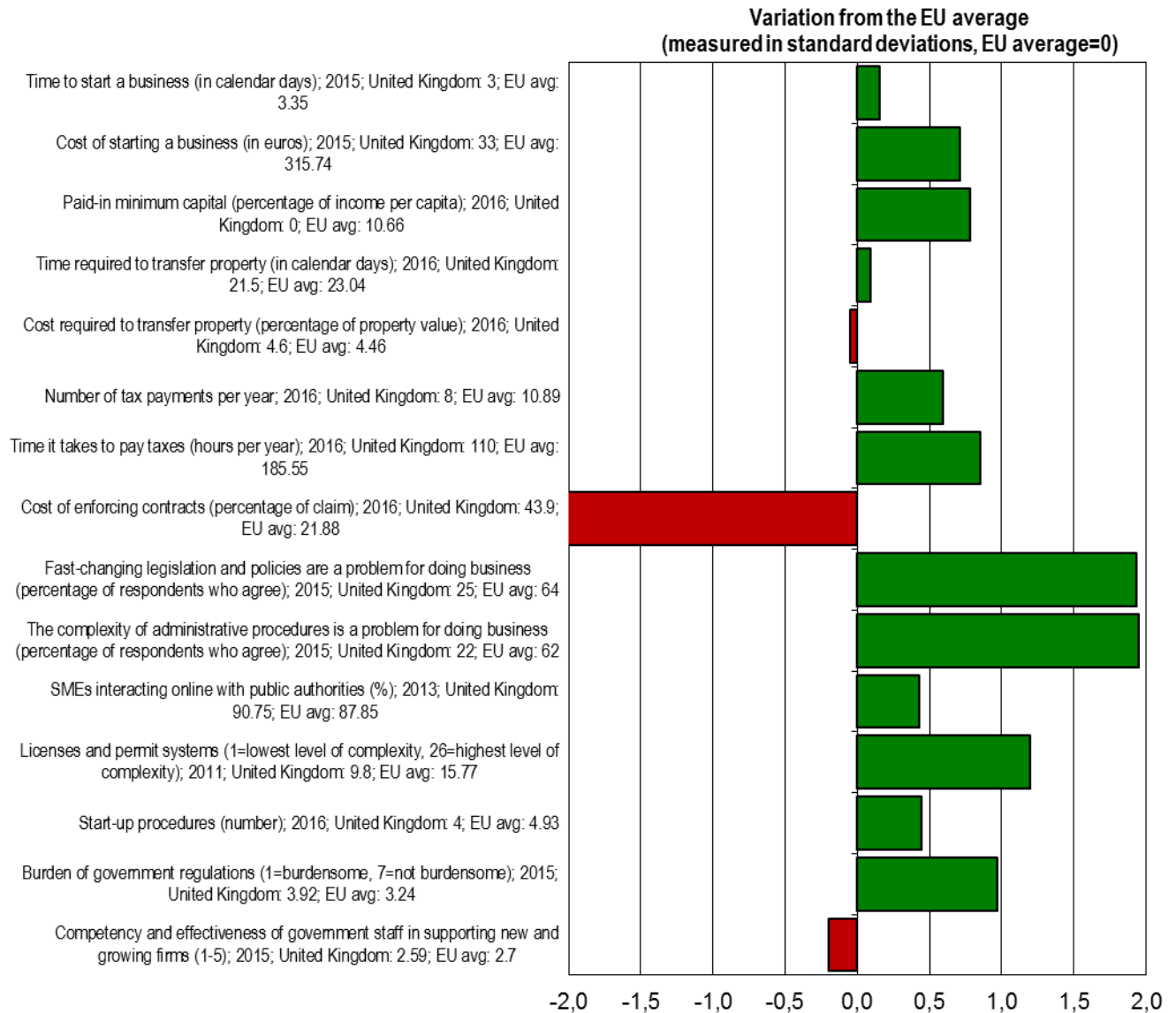
In this reporting period, the SBEE, implemented by the Department for Business, Innovation and Skills (BIS), introduced three new insolvency measures to improve 'Second chance':

- A modernised insolvency framework. This has introduced new decision-making processes that encourage creditor engagement, and removed burdens that add no value for them. For example, physical meetings are not required in every case, and creditors with no further interest in the insolvency can opt out of receiving routine correspondence and reports from the office holder.²⁷
- Stronger regulation of insolvency practitioners, to deal effectively and efficiently with poor performance and abuse and provide greater confidence in the profession.
- A power to prohibit 'pre-packaged' administration sales to connected parties if certain criteria are not met, for use if non-legislative voluntary solutions do not have the desired effect. This will give unsecured creditors and other affected stakeholders greater confidence that a pre-pack administration represents the best outcome for them. A pre-

packaged (or 'pre-pack') sale is an arrangement where the sale of all or part of a company's business or assets is

negotiated with a purchaser prior to the appointment of an administrator.

3.3 'Responsive administration'



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

'Responsive administration' means public administration being responsive to the needs of SMEs. The United Kingdom remains in the EU frontrunner group when it comes to creating a business-friendly administrative environment. The United Kingdom features the highest degree of satisfaction among the business community with the general administrative environment. No more than a quarter of businesses think that fast-changing legislation is a problem. An equally low share regard administrative procedures as being too complex. Over time, the level of satisfaction has even increased. The areas with room for improvement are very limited. The costs of enforcing contracts

are the highest in the entire EU. From 2015 to 2016, they even increased further, from 39 % of the claim in question to 43 %. The time and cost involved in transferring property have remained unchanged, but are still level with the EU average.

The business-friendly environment is the result of targeted policy initiatives. Recent years have seen a concerted effort to make the UK an even better environment for business, with a focus on measures to reduce the burden and cost of administration. A prominent example is the Red Tape Challenge, now called the Red Tape Review. The Red Tape Challenge

delivered over GBP 1.2 billion in savings to UK businesses by removing over 3 000 regulations; its successor includes a government commitment to deliver GBP 10 billion savings to business by 2020 by reducing the burden of legislation and its implementation.

Substantial progress was made in 2015. ‘Responsive administration’ is the main focus of a set of measures designed to bring the EU’s new accounting directive into UK law.

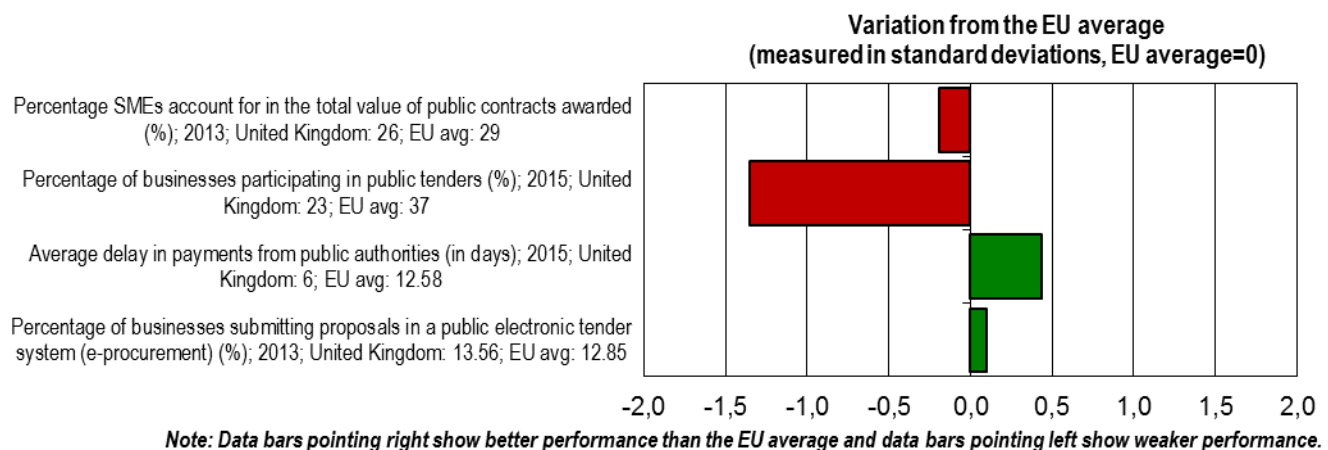
The new measures are ensuring that medium-sized and small businesses now face less accounting paperwork. Companies can now prepare and file simpler and less detailed accounts with Companies House, allowing them to save time and money. The changes in accounting rules are expected to help an estimated 11 000 medium-sized businesses to make savings of up to GBP 8 million a year. In a second phase of implementation, an additional 4 000 businesses will be given access to a lighter-touch financial reporting framework, including around 400 non-limited businesses in the UK and around 3 500 micro businesses, with the introduction of the new micro businesses regime.

Additionally, the Small Business, Enterprise and Employment Act 2015 (SBEA) is delivering four measures that impact this SBA area:

- A more streamlined process to incorporate a new company and register for tax purposes.
- A review of business appeals procedures by a new Small Business Appeals Champion, ensuring that businesses have a user-friendly way of challenging decisions by non-economic regulators.
- A requirement that the financial services Independent Complaints Commissioner produce an annual report on its investigations. This will make complaints handling by the regulators more transparent and improve the quality of scrutiny.²⁸
- Simplification of the current filing requirements for companies, removing duplication and complexity. This will also improve the accuracy and integrity of the public companies register by making it quicker and easier to remove inaccurate information.

Only one of the components of this SBA principle has not yet been implemented. Companies are not yet able to provide their information only once (except for updating).

3.4 State aid & public procurement



As last year, the United Kingdom scores below the EU average. This is mainly due to the low rate of business participation in public tenders. This may be related to comparatively difficult access to remedies due to excessive legal costs. As regards all other aspects in this domain, the United Kingdom’s performance is level with the EU average. In particular, reduced payment deadlines by public authorities are benefiting SMEs. In general, the trend in this area is positive. Even the problematic area of business participation in public tenders is on the up. While this share was only 20 % in 2013, it rose to 23 % in 2015.

The positive trend may be a sign that the policy measures in support of SME participation are having an effect. Between 2010 and 2015, the previous government achieved its objective of procuring 25 % of goods and services by value from SMEs, and the new government has pledged to increase that percentage to 33 %²⁹ in the current parliament (2015-2020). These aims are supposed to be achieved by streamlining the procurement process and making it more open to all businesses, irrespective of size. According to the government this approach would help to uphold the EU principle of non-discrimination while improving small business access to public contracts.

A number of important measures has been implemented, some of them under Small Business, Enterprise and Employment Act 2015 (SBEA):

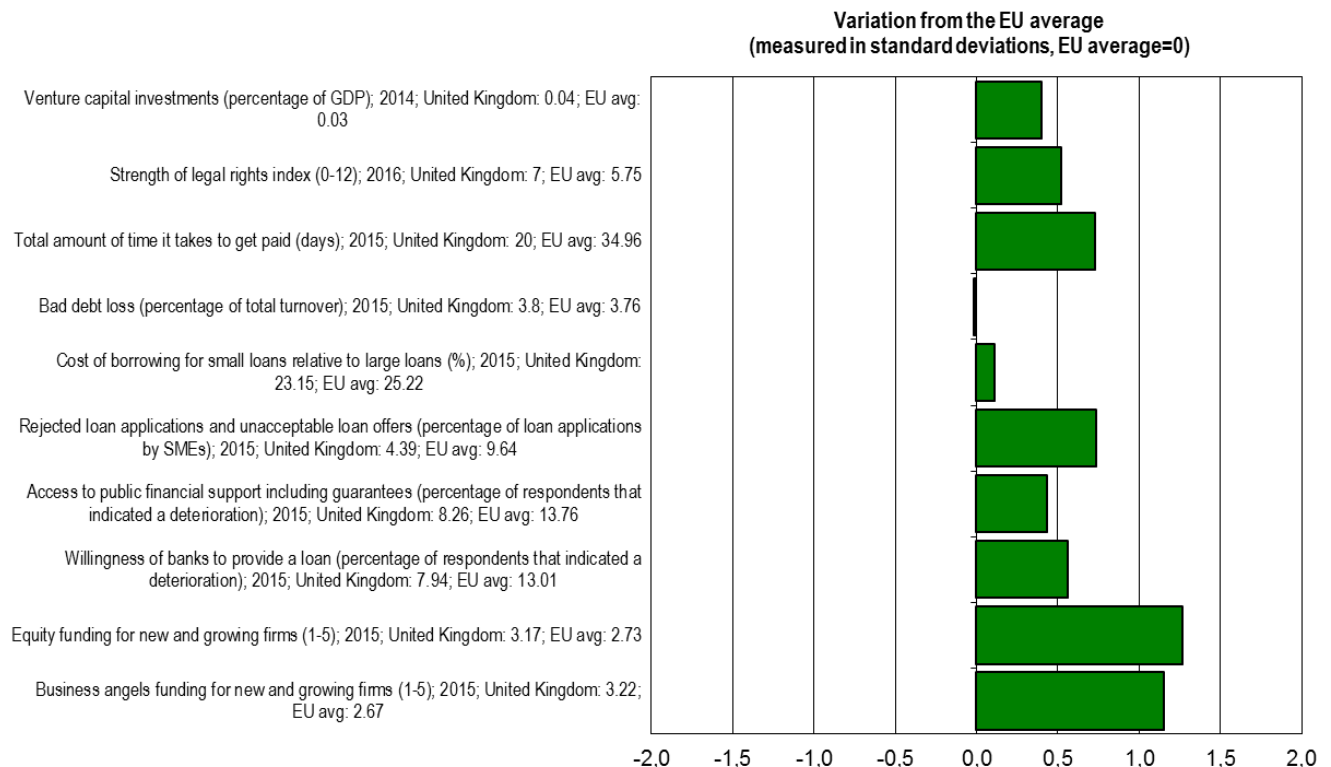
- In line with the new EU directives, the Public Contracts Regulations 2015 and Statutory Guidance introduce a significantly amended definition of the concept of ‘the most economically advantageous tenderer’ — now referred to as the ‘best price-quality ratio’. This measure gives procurers more flexibility to take account of a wider range of characteristics of tenders. It includes ‘fair trade’ as an award criterion, with clarification resulting from case-law, and it clarifies what counts as ‘linked to the subject matter of the contract’. It also features lifecycle costing and changes to the rules on abnormally low tenders. In addition, contracting authorities must now have regard to guidance on the payment of valid and undisputed invoices within 30 days.
- ‘A better deal: boosting competition to bring down bills for families and firms’. This measure covers a broad range of initiatives targeting small business finance:³⁰ ensuring that local authorities support competition,³¹ increasing innovation and export funding,³² affording small businesses with consumer-style rights,³³ making it easier for businesses to supply government with goods and services,³⁴ extending access to procurement opportunities to the sub-contracting

market,³⁵ improving advice and assistance to better equip supply chain businesses to win more contracts,³⁶ and improving small business access to local procurement opportunities via a pilot action to reduce the bureaucracy and cost of current systems.³⁷

- Providing the Minister for the Cabinet Office or the Secretary of State with a general power to the investigate procurement processes and practices of UK government departments and other contracting authorities (as defined in the Public Contracts Regulations), that do not have wholly or mainly devolved functions. This measure builds upon the existing ‘Mystery Shopper’ scheme, which allows operators to flag concrete and easy-to-solve issues anonymously and informally to the Crown Commercial Service, i.e. the central authority in charge of public procurement.

The UK has implemented all but one of the key elements of this SBA principle, though there is also room for improvement on those already in place. The missing element is that it is still not common practice to divide large tenders into smaller lots so that small business can also apply, although guidelines are in place.

3.5 Access to finance



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

The United Kingdom has consolidated its position as an EU frontrunner in this area. It is among the top three EU countries regarding the financing environment for SMEs. Its 'Access to finance' profile shows no real weaknesses. The equity financing conditions for start-ups are a particular strength. The situation as regards debt financing for SMEs has also markedly improved. Only a small minority of SMEs complain about deteriorating conditions regarding rejected loan applications a lack of willingness by banks to provide credit, or lack of access to public guarantee schemes. Only three years ago, more than 25 % had such complaints. The mark-up costs for borrowing small loans, as compared to those for loans of more than EURO 1 million, have also fallen further, from more than 28 % in 2014 to 23 % in 2015.

National information sources support these findings. Funding Options' research³⁸ shows that over the last five years, the average turnover growth of SMEs with access to higher levels of borrowing has risen by 15.7 %, compared with 14 % growth for those with no borrowing. The results of the Small Business Survey of Employers³⁹ (2014) point to some key trends in recent years that indicate that access to finance is improving for SMEs, for example, 39 % of SMEs that applied for finance in 2014 had some level of difficulty in getting the money they needed,⁴⁰ compared to 47 % in 2012.

The policy measures implemented since 2008 have contributed to this improvement. In fact, access to finance has been the main focus of government measures in terms of SBA implementation. Many measures have been introduced to boost lending to SMEs, the most significant being the establishment of the British Business Bank to create more effective and efficient financial markets for smaller businesses.

Progress has also been made as regards SME financing options, with the introduction of five key measures:

- New proposals to tackle late payments, by legally requiring large and listed companies to publish detailed information about their payment practices and performance. Improved transparency aims to help highlight both good and bad payment practice/performance, help SME decision makers to choose reputable business partners, and put pressure on poor performers to make changes.
- The Northern Powerhouse Investment Fund (NPIF), to invest in smaller businesses in the north of England. The NPIF is being run by the British Business Bank (BBB), together with local enterprise partnerships in the North West, Yorkshire and the Humber and Tees Valley. The BBB will also provide an additional loan of GBP 50 million to be matched by an additional GBP 50 million from the European Investment Bank. Together with a separate fund in the North East, this will make over GBP 400 million available across the Northern Powerhouse. Formal procurement was to begin in April 2016 with fund managers being approved and the first investments being made in SMEs in autumn 2016.

- The ENABLE Guarantee Programme, to incentivise participating banks with a government-backed portfolio guarantee to cover a portion of a designated lending portfolio's net credit losses in excess of an agreed 'first loss' threshold, which they receive in exchange for a fee. It significantly reduces the amount of capital the lender will need to allocate against the portfolio, enabling a greater volume of lending to small businesses. The programme is open to all UK banks and UK branches of foreign banks which lend, or intend to lend, to viable small and medium-sized enterprises operating in the UK.
- The ENABLE Funding Programme, to support lending to SMEs, promote competition and increase supply through banks, non-bank financial institutions and vendor-based lessors. Run by the BBB, the programme addresses the coordination failure found for small asset finance providers (directly financing equipment such as machinery or vehicles). These are too small to access the capital markets themselves directly, and find it difficult to fund themselves from elsewhere, which results in less-than-optimal asset finance for small businesses.
- The Small and Medium-Sized Businesses (Credit Information) Regulations 2015 and the Innovative Referrals Initiative to Help Small Businesses. There are two key components. The first is a requirement that big banks share SME data with credit reference agencies to increase the reliability of credit scores, enabling alternative finance providers to make better-informed decisions about providing finance to smaller businesses. The second component is an obligation on big banks to refer small businesses to a designated online finance platform if they are unable to offer finance themselves. These platforms will give alternative finance providers the opportunity to offer viable businesses the finance they need.

Another five measures that directly impact this SBA area are being delivered by the SBEE:

- Removal of the legal barriers to invoice finance⁴¹ to improve small business access to finance. For some businesses, in particular small businesses, the only asset against which they can borrow will be invoices for payment due to them for the goods or services they provide. This measure stops a supplier's commercial customer from enforcing contract terms that seek to prohibit invoice assignment, as this can increase the cost of, or prevent access to, invoice financing.
- Encouragement for greater competition in banking by improving the ability of challenger banks and alternative finance providers to conduct accurate risk assessments and make it easier for SMEs to seek a loan from a lender other than their bank.
- Better support from UK Export Finance (UKEF) for UK businesses engaged, or wishing to become engaged, in

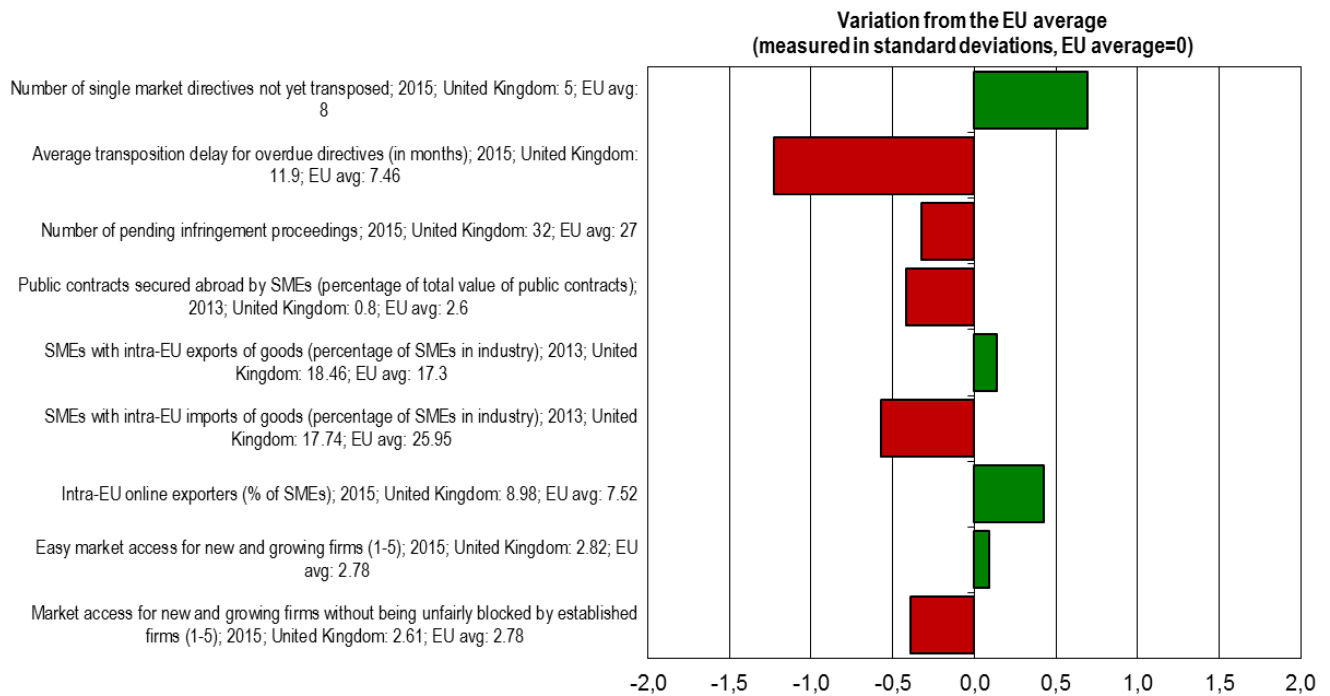
exporting or in an exporting supply chain.⁴² UKEF will have a more streamlined administration, the ability to support exports of intellectual property rights and other intangibles, and the ability to be a more flexible support provider, especially where exporting arrangements involve complex contracting or financing arrangements.

- An innovation called cheque imaging,⁴³ to make cheque payments quicker and easier. First introduced in the US in the early 2000s, cheque imaging is also used in countries such as China, India and France. New UK legislation enables banks to accept images of cheques, which can be shared electronically, speeding up the payment and clearing process from six to two days. Private and commercial customers can now choose whether to pay in a cheque at a bank branch or upload an image via smartphone. Banks such as Barclays are running a pilot scheme for customers via their mobile app.

- Aligning the Payment Systems Regulator’s (PSR) powers of access with the requirements of the Payment Services Directive and the Settlement Finality Directive. This ensures that the PSR can enforce fair access terms for small banks and non-bank players that wish to access payment systems and that these systems operate for the benefit of end-users, including businesses and customers.⁴⁴

The UK has implemented all of the key principles in this SBA area. The SBEE has recently addressed two legal and regulatory issues which had been causing some restrictions in access to invoice financing and payment systems.

3.6 Single market



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

The United Kingdom performs within the EU average. There has been no major change since last year. However, since 2008 the United Kingdom’s performance has substantially improved. One reason for this was the gradual improvement in implementing single market legislation. The number of single market directives not transposed in 2015 was only a third of the number in 2008. The number of pending infringement procedures almost halved to 32 during the same period. Delays in transposition also fell, although there was an uptick from 2014 to 2015. Another reason for the improvement was the online export performance

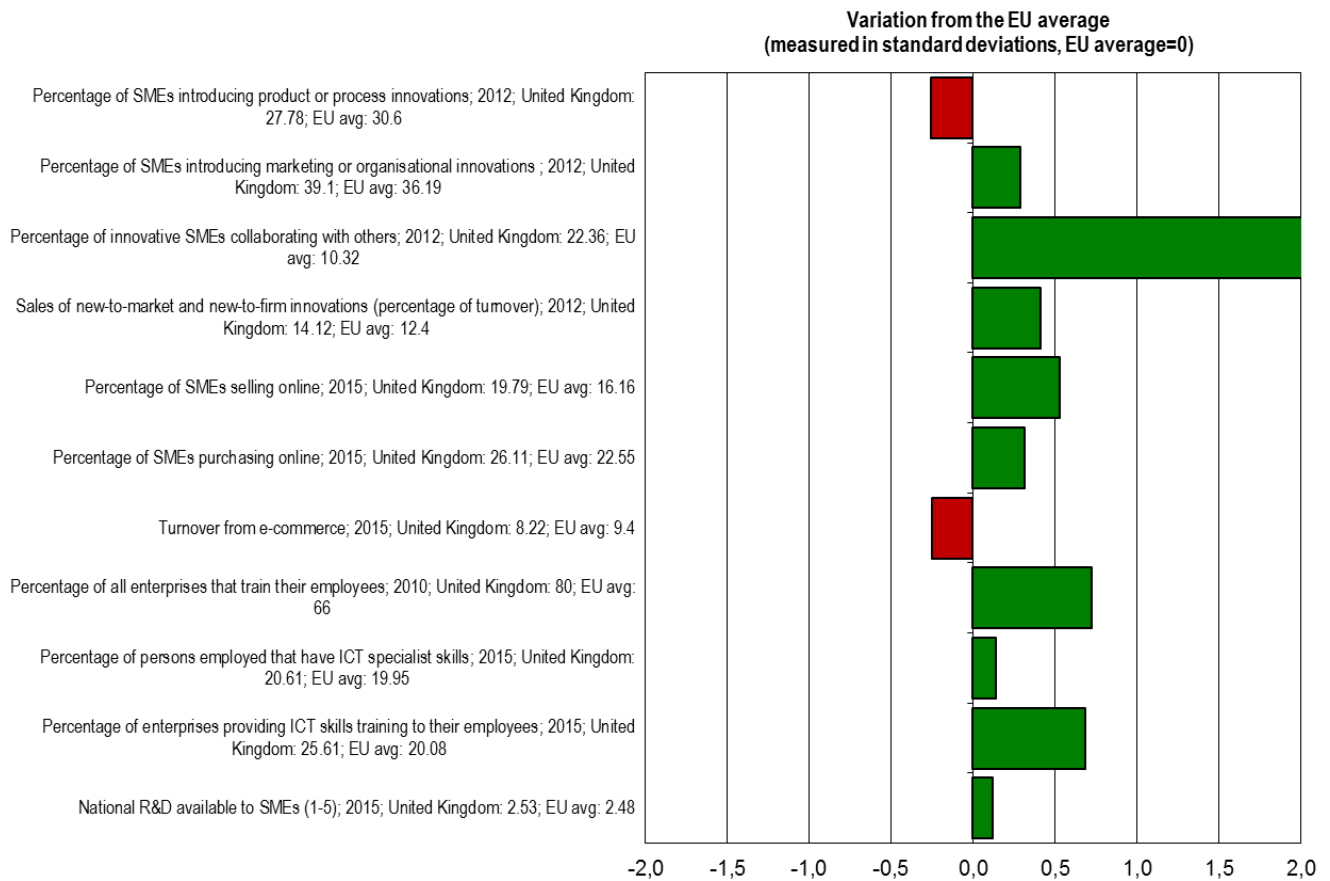
of UK SMEs. The share of SMEs exporting online to other EU countries has increased between 2011 and 2015 from less than 7 % to almost 9 %. The share of SMEs exporting and importing to and from the single market has also gone up from last year. The share of exporting SMEs increased by almost 3 % from 2012 to 2013. However, this compensated for a previous dip in trading performance. Hence, since 2008 the trading performance of British SMEs has not substantially improved: given that the indicators focus on manufacturing, this sluggish increase in

exports may relate to the comparatively slow recovery in the British manufacturing sector.

The government continues to be active in transposing European single market directives into national law. The United Kingdom is a leading proponent of reforms at European level to update and deepen the single market in goods and services, not least because the UK has the largest economy for services in Europe.⁴⁵

There has been no change in this SBA area recently. No significant measures have been adopted, implemented or announced. However, it should be noted that all of the Single market SBA recommendations are already in place and are working well.

3.7 Skills & innovation



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

The United Kingdom continues to perform above the EU average. It consolidated its frontrunner position in the EU. As regards innovation, there were very few changes since last year as most of the data could not be updated. However, the positive trend in the integration of ICT in SMEs' business models continued. The portion of SMEs selling online continued to increase, from 14 % in 2009 to 20 % in 2015. The same goes for SMEs generating turnover from e-commerce, although the increase was more modest and the United Kingdom still needs to catch up with the EU average on this one. In terms of staff skill levels and training activity, UK SMEs also compare favourably with their EU peers. However, a recent report by the government's Office for

Standards in Education (Ofsted) found that the quality of the training programmes offered, especially apprenticeships, varies significantly and is often inadequate.⁴⁶

Despite making substantial progress in recent years, the UK is facing a skills shortage in most sectors. Recent figures published by the UK Commission for Employment and Skills (UKCES) show a 130 % rise over the last 4 years in the number of positions that remain unfilled due to the shortage of skills. According to the UKCES Employer Skills Survey 2015, over two thirds of employers that had difficulty filling vacancies solely because of skill shortages had felt a direct financial impact. This could be

from a loss of business to competitors, increased operating costs, having to outsource work, or some combination of the three. This is an issue that concerns employers and, as the largest creators of employment, SMEs are feeling the pinch, so more work is needed to help to create a more skilled workforce that meets the needs of UK businesses.

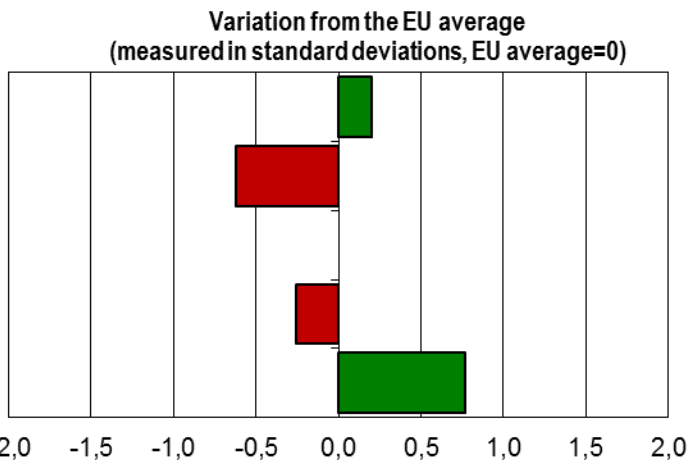
The government has been very active since 2008 to address this issue. All of the Skills & innovation SBA principles are in place and are well established in the UK. The most important policy measures in this SBA area since 2008 include skills funding schemes and employer-led upskilling programmes. On the innovation side, support in commercialising innovations (e.g. the creation of the Catapult Centre network) and incentives to encourage innovation (e.g. vouchers, tax relief on profits from patents, and R&D tax relief) stand out as examples of new measures introduced since 2008.

In the reference period, the United Kingdom continued to deliver new policies, especially on safeguarding measures for the intellectual property (IP) of businesses, including SMEs.

- *The IP Finance Toolkit*. Developed by the Intellectual Property Office (IPO), the toolkit helps businesses to present the security and financial worth of their IP when seeking finance and helps banks to recognise the value of IP in a business. It helps lenders and businesses talk the same language. It encourages and guides businesses to document their IP assets ahead of any application for finance. It helps businesses to develop more effective IP management and commercialisation strategies, and it raises awareness of the wide variety of finance options available for IP-rich businesses.
- *The IPO's new online application system for registered designs*, replacing the previous paper-based system and making the process less cumbersome for small business. Most customers who use this system are SMEs, micro businesses and individuals. In December 2015, use of the online service reached 76 %. Since its introduction, the IPO has continued to improve the service in response to user feedback.

3.8 Environment

- Percentage of SMEs that have taken resource-efficiency measures; 2015; United Kingdom: 97; EU avg: 95
- Percentage of SMEs that have benefited from public support measures for their resource-efficiency actions; 2015; United Kingdom: 19; EU avg: 30
- Percentage of SMEs that offer green products or services; 2015; United Kingdom: 26; EU avg: 26
- Percentage of SMEs with a turnover share of more than 50% generated by green products or services; 2015; United Kingdom: 16; EU avg: 18
- Percentage of SMEs that have benefited from public support measures for their production of green products; 2015; United Kingdom: 34; EU avg: 23



Note: Data bars pointing right show better performance than the EU average and data bars pointing left show weaker performance.

This is the only SBA area which saw the United Kingdom's performance drop below the EU average in the reference period. The most important factor behind this was a decline in the proportion of SMEs receiving public support for their resource-efficiency actions. This share more than halved from 39 % in 2013 to only 19 % in 2015. While this trend could also be observed elsewhere, with the EU average dropping over the same time from 35 % to 30 %, it was particularly pronounced in the United Kingdom. In general, there seems to be a link between fiscal consolidation efforts in various EU countries and cuts in subsidy programmes in this area. At the same time, the proportion of SMEs offering green goods or services also fell from 31 % to 26 % in 2015. However, the share of SMEs receiving support for green products remained stable in the United Kingdom while it dropped for the EU in general.

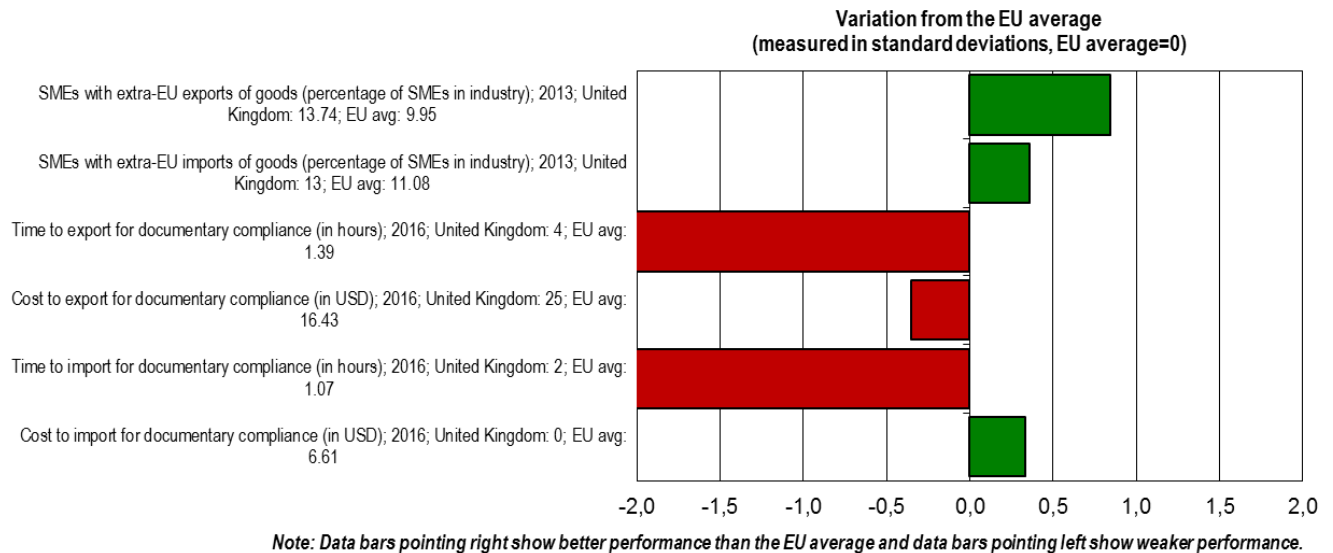
The lack of policy activity did not help performance in this area. Since 2008, there have been no significant SME-related measures in this SBA area. Evidence presented by stakeholders points at unexploited potential in this area as many SMEs identify rising energy costs as a significant concern and an obstacle to growth.⁴⁷ According to the Federation of Small Businesses (FSB), small firms are 'keen to go green' and cut their energy bills, but they require the help and support of government and energy suppliers to enable them to do so. In particular, there is said to be room for improvement in support for SMEs' energy-efficiency measures to allow them to recover the upfront costs of such investments faster.

In general, all but one of the Environment SBA recommendations in this area are in place, although, as stated, some of the measures in place could be further extended. The only missing

element relates to Eco-Management and Audit Scheme (EMAS) certification — it remains a voluntary scheme in the UK with

lower take-up than in other Member States, and there is no indication that this is a priority for the government.

3.9 Internationalisation



The United Kingdom’s performance has dropped to being on a par with the EU average this year. The main cause is a change in methodology affecting the original source of the indicators of the costs and time required for trading with extra-EU partner countries. Under the old definition (which was broader and included non-administrative costs and processes), the United Kingdom tended to fare above the EU average. Under the new definition, it is now below the EU average on most indicators.

The main changes are linked to the time taken by the administrative processes required for export- and import-related documentation. On average, these take up to three times longer in the United Kingdom than in the EU as a whole. The cost of export-related document compliance is also higher than the EU average. These results need to be put in perspective, though. The time and cost involved are, in absolute terms, smaller and less important than other administrative processes SMEs face. While the findings might justify a closer look at the processes involved, their impact on the competitiveness of UK SMEs might be limited, after all. More of a concern should be that the share of SMEs trading with extra-EU countries has declined since 2008, although only moderately so.

This trend is confirmed by other evidence. According to a recent report⁴⁸ co-authored by Goldman Sachs, the Enterprise Research Centre (ERC) and the British Business Bank, UK productivity is falling behind other economies because it is failing to turn ambitious smaller businesses into exporters of innovative new products and services. According to another report⁴⁹ only one in five SMEs are exporters, and of those that are, only 17 % are ‘persistent exporters’⁵⁰ and only 5 % are ‘intensive persistent exporters’.⁵¹ The report estimates that there is potential for an additional 110 000 SMEs becoming regular exporters, adding an

extra GBP 1.15 billion in gross value added to the economy in the first year alone, in the form of new and higher value jobs.

The sluggish trading performance contrasts with the supportive policy environment. Since 2008, relatively few measures have been implemented in this area that target SMEs; in essence all measures recommended in the SBA are in place. In fact, they were already well established in the UK when the SBA was first introduced. The most significant measure taken since 2008 was a guarantee scheme to help SMEs to access trade finance and an export assistance programme for medium-sized businesses.

Two new measures have been introduced to support UK businesses in exporting their products and services:

- A unique 5-year major opportunities programme — ‘Exporting is GREAT’ — to inspire and support thousands of new companies to become exporters/sellers in overseas markets. It presents real-time export opportunities that businesses can apply for online and provides companies with the practical advice and guidance they need to sell overseas, including a year-long roadshow travelling the UK to give face-to-face assistance to potential exporters. Live export opportunities with a potential total value of more than GBP 300 million are hosted on a new platform (www.exportingisgreat.gov.uk), with many more set to come online each month. The measure is part of a move to get 100 000 additional companies exporting by 2020.⁵²
- The ‘ExportSavvy’ Online Learning Tool for Exporters, to help companies to learn about exporting, how to get started in international trade, how to increase export capabilities, and



how to save time and money. It guides businesses through what they need to consider when planning, executing and evaluating export activity. It also has information about help available from UK Trade and Investment and other sources.

Additionally, an SBEE measure is enabling UK Export Finance to better support UK businesses engaged, or wishing to become engaged, in exporting or in an exporting supply chain.



4. Interesting initiative

Below is an example of an initiative from the United Kingdom to show what governments can do to support SMEs:

Exporting is GREAT — Major Opportunities Programme

Exporting is GREAT is a unique new 5-year programme presenting real-time export opportunities that businesses can apply for online. The programme is run by UK Trade and Investment (UKTI) and is part of a move to get 100 000 additional companies exporting by 2020.

Exporting is GREAT is presenting live export opportunities from around the world to businesses across a range of media outlets and digital channels. Hundreds of these export opportunities, with a potential total value of more than GBP 300 million, are hosted on a new platform (www.exportingisgreat.gov.uk), with many more set to come online each month.

Exporting is GREAT is providing advice and expertise to support businesses at every step on their exporting journey, from initial interest to selling in market. Via the platform, businesses can access training sessions, business seminars and other events. They can access specialist trade services and support, such as help with selling online (UKTI's E-Exporting Programme), selling through multiple channels, e-marketplaces for UK retailers and brands, export finance and insurance and access to local export networks.

Exporting is GREAT is running a year-long roadshow that is travelling the UK, giving face-to-face assistance to potential exporters. It is using the latest technology to connect these businesses with live export opportunities.

With the growth of online trade, physical size or location is no longer a barrier to doing business internationally, though awareness of opportunities among SMEs is often lacking. A digital service like Exporting is GREAT is designed to make SMEs aware of opportunities and give them access to them.

UKTI's annual programme of monitoring and evaluation research will assess the programme, looking at the impact of its services on supported firms, for example, with respect to the value of goods exported, as recorded by HM Revenue and Customs.

References:

<https://www.exportingisgreat.gov.uk/>

<https://www.gov.uk/government/news/exporting-is-great-major-opportunities-programme-launches>

<http://www.smeinsider.com/2015/11/09/ukti-launches-exporting-is-great-campaign-amid-investigation-fears/>

Important remarks

The European Commission Directorate-General for Internal Market, Industry, Entrepreneurship and SMEs (DG GROW) produces the SBA fact sheets as part of the SME Performance Review (SPR), its main vehicle for economic analysis of SME issues. They combine the latest available statistical and policy information. Produced annually, the fact sheets help to organise the available information to facilitate SME policy assessments and monitor SBA implementation. They take stock and record progress. They are not an assessment of Member State policies. Rather, they should be regarded as an additional source of information to improve evidence-based policy-making. For example, they cite only policy measures national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. There is more policy information on a database accessible from the SPR website.

SME Performance Review:

http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm

grow-spr@ec.europa.eu

Small Business Act:

http://ec.europa.eu/growth/smes/business-friendly-environment/small-business-act/index_en.htm

European Small Business Portal:

http://ec.europa.eu/small-business/index_en.htm

Endnotes

- ¹ The two graphs below present the trend over time for the variables. They consist of index values for the years since 2008, with the base year 2008 set at a value of 100. As from 2014, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008–2013 figures from Eurostat’s Structural Business Statistics Database. The data cover the ‘non-financial business economy’, which includes industry, construction, trade and services (NACE Rev. 2 sections B to J, L, M and N). They do not cover enterprises in agriculture, forestry and fisheries or largely non-market service sectors such as education and health. A detailed methodology can be consulted at: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm. It should be noted that due to the uncertainties related the UK’s future relations with the EU in the wake of the June 2016 referendum, projections have not been extended, unlike for all other EU Member States, beyond 2015.
- ² It should be noted that the forecasts used in this fact sheet may deviate from those in the AMECO database due to the use of 2014 data of the United Kingdom National Statistical Office.
- ³ <http://www.ibtimes.co.uk/uk-public-sector-bodies-hire-more-temporary-workers-flexibility-drive-1447372>, last accessed 17.3.2016.
- ⁴ <http://www.travelweekly.co.uk/articles/60671/number-of-agents-and-tour-operators-return-to-pre-recession-levels>, last accessed 17.3.2016.
- ⁵ Construction industry: statistics and policy, House of Commons, Briefing Paper, 6.10.2015; www.parliament.uk/briefing-papers/sn01432.pdf, last accessed 17.3.2016.
- ⁶ HM Government, Industrial Strategy — Construction 2025; July 2013; https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/210099/bis-13-955-construction-2025-industrial-strategy.pdf, last accessed 17.3.2016.
- ⁷ UK Commission for Employment and Skills, Sector insights: skills and performance challenges in the retail sector, July 2015; https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/466696/151008_Retail_SIMI_report_edited.pdf, last accessed 17.3.2016.
- ⁸ Ibid.
- ⁹ Ibid.

- ¹⁰ Strong Foundation Industries: How Improving Conditions for Core Material Producers Could Boost UK Manufacturing, Institute for Public Policy Research, 24 March 2016, <http://www.ippr.org/read/strong-foundation-industries>, last accessed 19.5.2016.
- ¹¹ Unless stated otherwise, data relating to business demography are from Office for National Statistics, Statistical bulletin: Business Demography: 2014, 24.11.2015; Companies covered include those registered for Value Added Tax and Pay as You Earn, included in the Interdepartmental Business Register.
- ¹² The business registration rate is the proportion of active businesses that began trading in the reporting year. The business de-registration rate is the proportion of active businesses that ceased trading in the reporting year.
- ¹³ 'Growing Pains: How the UK became a nation of 'micropreneurs'', RSA, October 2014, <https://news.rsagroup.com/assets/view/1535>, last accessed 17.3.2016.
- ¹⁴ Ibid.
- ¹⁵ The 2016 SBA fact sheets benefited substantially from input from the European Commission's Joint Research Centre (JRC) in Ispra, Italy. The JRC made major improvements to the methodological approach, statistical work on the dataset and the visual presentation of the data.
- ¹⁶ European Commission (2016); Commission Staff working document, Country Report United Kingdom 2016, Brussels: 2016.
- ¹⁷ The quadrant chart combines two sets of information. Firstly, it shows current performance based on data for the latest available years. This information is plotted along the X-axis, measured in standard deviations of the simple, non-weighted arithmetical average for the EU-28. Secondly, it shows progress over time, i.e. the average annual growth rates from 2008 to 2016. These are measured against the individual indicators which make up the SBA area averages. This means that the location of a particular SBA area average in any of the four quadrants provides information not only about where the country is located in this SBA area relative to the EU average at a given point in time, but also about the extent of progress made between 2008 and 2016. All SBA principles, with the exception of the 'think small first' principle for which there is not enough statistical data available, are calculated as composite indicators following the OECD/JRC Handbook guide. A detailed methodology can be consulted at: http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/index_en.htm.
- ¹⁸ The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2015 and the first quarter of 2016. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2016 SBA fact sheets) contracted made the selection. The experts were asked to select only the measures they considered the most important, i.e. the ones expected to have the highest impact in the SBA area in question. The complete range of measures the experts compiled in producing this year's fact sheets will be published alongside the fact sheets in the form of a policy database on the DG GROW website.
- ¹⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415872/BIS-performance-indicators-ease-of-doing-business-2015.pdf
- ²⁰ <https://www.gov.uk/government/collections/better-regulation-red-tape-challenge>
- ²¹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/415872/BIS-performance-indicators-ease-of-doing-business-2015.pdf
- ²² <https://www.gov.uk/government/collections/small-business-enterprise-and-employment-bill>
- ²³ <http://www.ga.businessgrowthservice.greatbusiness.gov.uk/>
- ²⁴ <http://www.theguardian.com/small-business-network/2015/dec/05/business-growth-service-closure-your-views>
- ²⁵ <http://www.ga.businessgrowthservice.greatbusiness.gov.uk/success-stories/>
- ²⁶ <https://www.enterprisenation.com/blog/posts/government-closes-growth-accelerator-scale-up-business-scheme>
- ²⁷ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417339/BIS-15-263-SBEE-Act-Insolvency-fact-sheets.pdf
- ²⁸ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417323/bis_15_271_SBEE_Act_Regulatory_Ref_orm_fact_sheet.pdf
- ²⁹ http://researchbriefings.files.parliament.uk/documents/SNO_6029/SNO_6029.pdf
- ³⁰ Maintaining the British Business Bank so it can facilitate at least GBP 10 billion of finance. It is already lending GBP 2.4 billion of finance to 40 000 smaller businesses. The bank will also keep GBP 400 million of additional funding for Enterprise Capital Funds that was announced in the Autumn Statement 2014 within its long-term funding envelope.

- ³¹ The Competition and Markets Authority is empowered to examine how local authorities, including cities with newly devolved powers, can support competition, and to challenge them when they do not.
- ³² This is aimed at Innovate UK funding. A new package of loans for innovative companies will be introduced, reaching GBP 165 million by 2019-2020. The government will also increase catapult funding in real terms.
- ³³ For example, protection from mis-selling, more transparent prices and making switching easier. The government will therefore ensure greater focus on the needs of small businesses through the Policy Statements it gives to Ofgem and Ofwat, which give guidance on their policy priorities.
- ³⁴ Creation of a new 'Crown Marketplace' to make it easier for businesses to supply the government with goods and services. Central government procurement spend is around GBP 44 billion a year. The government is also developing market feedback systems on the Digital Marketplace sales information.
- ³⁵ The Contracts Finder service will be extended to the sub-contracting market in 2016, offering wider access to procurement opportunities.
- ³⁶ GREATbusiness.gov.uk and the advice it provides will be improved so that businesses are better equipped to win more contracts down the supply chain, and can build their capability to win work in export markets.
- ³⁷ Local government spends around GBP 45 billion a year on goods and services. However, small businesses say the current systems to access these contracts are bureaucratic and costly. The government will launch a pilot, based on 'primary authority' principles, to explore how local authorities can reduce these burdens and make it easier and cheaper for small businesses to supply to them.
- ³⁸ <https://www.fundingoptions.com/latest/access-to-lending-drives-sme-growth/>
- ³⁹ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/414963/bis-15-151-small-business-survey-2014-sme-employers_v1.pdf
- ⁴⁰ This includes 30 % that were wholly refused. Difficulty was more frequently experienced by micro businesses (42 %) than by small businesses (32 %) and medium-sized businesses (25 %). Difficulties were most likely to be encountered when seeking bank loans (48 %) and grants (53 %).
- ⁴¹ <https://www.gov.uk/government/consultations/invoice-finance-nullifying-the-ban-on-invoice-assignment-contract-clauses>
- ⁴² https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417322/bis_15_272_SBEE_Act_Access_to_Finance_fact_sheet.pdf
- ⁴³ <http://www.paymentsuk.org.uk/project-delivery/cheque-imaging>
http://www.chequeandcredit.co.uk/cheque_and_credit_clearing/cheque_imaging/
<http://www.telegraph.co.uk/finance/personalfinance/bank-accounts/10914403/Cheque-payments-to-finally-go-digital.html>
- ⁴⁴ https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/417322/bis_15_272_SBEE_Act_Access_to_Finance_fact_sheet.pdf
- ⁴⁵ The UK is also Europe's largest and most advanced e-commerce market. The per capita, per annum spend on e-commerce in the UK is the highest anywhere in the world.
- ⁴⁶ European Commission (2016); Commission Staff working document, Country Report United Kingdom 2016, Brussels: 2016.
- ⁴⁷ <http://www.greenwisebusiness.co.uk/news/energy-efficiency-small-businesses-need-more-help-and-incentives-to-go-green-4443.aspx>
- ⁴⁸ Unlocking UK Productivity: <http://www.enterpriseresearch.ac.uk/wp-content/uploads/2015/11/Internationalisation-and-Innovation-Report-web-pages-pdf>
- ⁴⁹ Love, J.H.; Roper, S. and Zhou, Y. (2014) 'Making Growth Happen — Exports and Growing Global', presentation at the ERC State of Small Business Britain conference, Liverpool, June 2014; BIS (2014) Small Business Survey 2014.
- ⁵⁰ Persistent exporters are defined as those businesses continuously selling to overseas markets for more than 2 years.



⁵¹ Intensive Persistent Exporters are a smaller group of businesses defined as mature firms more than 5 years old for which exports account for more than 50 % of sales.

⁵² <https://www.gov.uk/government/news/exporting-is-great-major-opportunities-programme-launches>