



United Kingdom



2017 SBA Fact Sheet

Key points

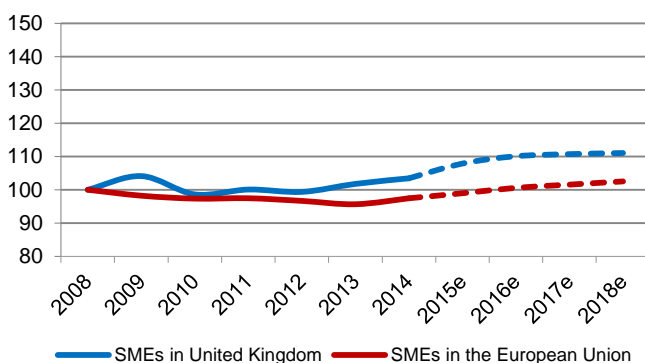
Past & future SME performance¹: The number of small and medium-sized enterprises (SMEs) in the UK has increased only slightly since 2015 (from 1.87 to 1.97 million). This is also the case for the number of people employed by SMEs, which went up from 10.1 to 10.4 million. SME value added has declined significantly in euro terms since the third quarter of 2015, but has levelled off more recently. This is largely down to the depreciation of sterling; there has been no significant change in business performance in sterling terms. Over the next 2 years, SME growth in the UK is expected to continue, albeit more slowly than in recent years. SME employment is forecast to grow by 0.9 % in 2016-2018, corresponding to the creation of around 91 100 new SME jobs. SME value added is projected to increase by 2.2 % for the same period.

Implementing the Small Business Act for Europe (SBA): The UK's SBA profile is very competitive. The UK has continuously improved its policies in most SBA domains. Following a period of high activity in 2015, 2016 has seen fewer new initiatives. However, the UK's performance is already very competitive on most criteria. The UK is a European frontrunner in five SBA areas: 'second chance', 'responsive administration', access to finance, skills & innovation and internationalisation. UK performance is in line with the EU average in three SBA areas — entrepreneurship, single market and environment. State aid & public procurement is the only domain where the UK trails the EU average. However, the UK took some steps to address the main underlying cause for this — the low proportion of SMEs taking part in public procurement — by introducing a number of new measures in 2016. The UK is fully compliant with SBA criteria for 'Think Small First', state aid & public procurement, access to finance, skills & innovation, internationalisation and single market.

SME policy priorities: Particular attention should be paid to addressing skills shortages and considering how skills needs can be addressed post-Brexit. The government's industrial strategy, due to be finalised this year, is expected to address these issues while also stimulating market-focused innovation and investment. The level of SME participation in procurement also merits further attention in the follow-up to measures taken this year. A key issue for businesses at the moment is lack of regulatory uncertainty due to Brexit. Creating legal and regulatory certainty, especially for those SMEs actively trading in the single market, should therefore be a policy priority.

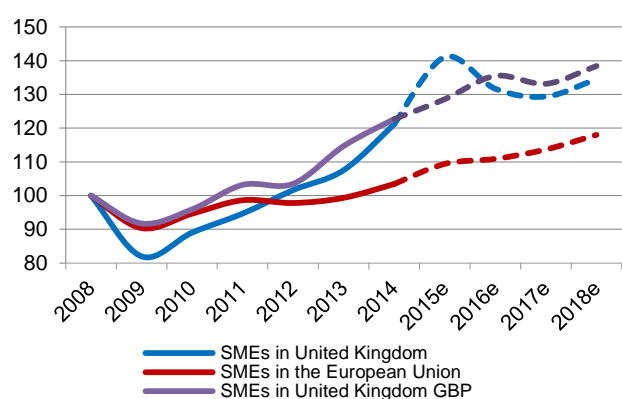
Number of persons employed in SMEs

(Index: 2008=100, estimates as from 2015 onwards)



Value added of SMEs

(Index: 2008=100, estimates as from 2015 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. The SBA fact sheets, published annually, 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.

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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	1 757 336	89.3 %	93.0 %	3 401 353	17.5 %	29.8 %	250.1	19.0 %	20.9 %
Small	175 708	8.9 %	5.8 %	3 834 976	19.7 %	20.0 %	210.4	16.0 %	17.8 %
Medium-sized	28 832	1.5 %	0.9 %	3 180 868	16.3 %	16.7 %	221.7	16.8 %	18.2 %
SMEs	1 961 876	99.7 %	99.8 %	10 417 197	53.5 %	66.6 %	682.2	51.8 %	56.8 %
Large	6 482	0.3 %	0.2 %	9 060 255	46.5 %	33.4 %	636.1	48.2 %	43.2 %
Total	1 968 358	100.0 %	100.0 %	19 477 452	100.0 %	100.0 %	1318.3	100.0 %	100.0 %

These are estimates for 2016 produced by DIW Econ, based on 2008-2014 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 following size-class definitions are applied: micro firms (0-9 persons employed), small firms (10-49 persons employed), medium-sized firms (50-249 persons employed), and large firms (250+ persons employed). 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.

SMEs in the UK's non-financial business economy account for just over half of total employment and value added; this is below the EU averages of 66.6 % and 56.8 % respectively². The average number of people employed in a UK SME is 5.3, against an EU average of 3.9. The most important sector for SME value added differs from the EU average. In the EU, this is the *wholesale and retail trade*, while *professional activities* are more important in the UK, accounting for 18.5 % of value added. In terms of employment, *professional activities* take second place in the UK, accounting for only 15.4 % of employment, against 21.4 % for the *wholesale and retail trade*.

The UK non-financial business economy has seen solid SME growth over recent years, with SME employment increasing by 10.8 % in 2012-2016. All other class sizes of firms had similar

growth rates. Meanwhile, employment in large firms grew more slowly, at a rate of 8.6 %. SMEs also outperformed large firms in terms of value added, growing by 29.5 % over this period compared with 25.0 % for large firms³. More recently, in 2015-2016, SME employment continued to grow — by 2.0 % — but flattened out towards the end of the period. In contrast, the figures for SME value added (in euro terms) have declined strongly. This, however, is due to the recent depreciation of sterling against the euro. Domestic value added in sterling terms, on the other hand, has remained more stable.

The *professional activities* sector has been an important SME growth driver in recent years. SME employment in this sector increased by 17.4 % from 2012 to 2016, with strong growth in all subsectors. SMEs in the sector as a whole benefited from the

growing trend among large firms — including those from other sectors — to outsource services to specialised SMEs⁴. Another reason for the strong sector performance was a rise in international demand for UK professional business services, especially from outside the EU⁵. The UK has long been a strong performer with regard to tradable services; it has the second highest level of service exports in the world after the United States. In terms of service exports as a percentage of GDP, the UK performs even better. At 12 % of GDP, not only do UK service exports outperform those of the United States (4 % of GDP), but also those of Germany and France (8 % of GDP)⁶.

Another sector which has performed particularly well recently is *information and communication*. Overall sector growth was largely driven by SMEs, generating a rise in employment of 21.5 % in 2012-2016, compared to an increase of only 8.0 % in large firms in the same sector. High SME growth in *information and communication* is the result of ongoing digitisation of many areas of business and personal life, boosting demand for a wide range of ICT services. An example of this is the increasing use of smartphone applications, which has been supported by improvements in mobile data transmission rates and capacity⁷. The ensuing increasing demand for programming of mobile device applications has been a growth driver for *computer programming and consultancy*, the subsector with the highest increase in employment — a rise of 33.0 %. This subsector is also the most important in terms of SME value added, generating more than 64 % of total SME value added in the sector. However, in 2015-2016, the growth in SME employment in *information and communication* slowed down to only 0.1 %. The main contributing factor to this flattening of growth was the fact that the UK is close to full employment. However, there are also signs that the current uncertainty about the UK's future is

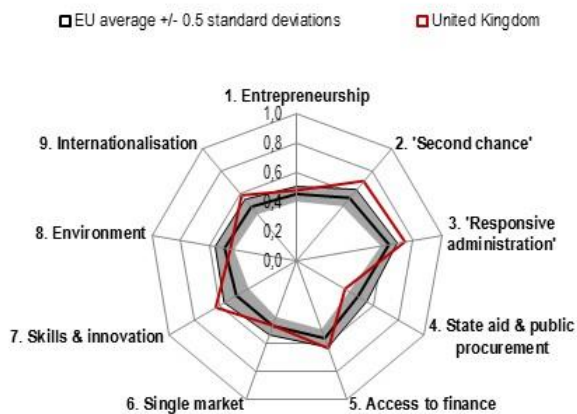
making businesses more reluctant to recruit technology professionals⁸.

Business registrations in the UK peaked at 383 000 in 2015, a rise of 9.3 % on 2014⁹. Relative to the number of active businesses, new businesses registrations increased from 13.7 % to 14.3 %. UK business de-registrations also rose in 2014-2015, by 2.1 % to 252 000. However, relative to the number of active businesses, which totalled 2 672 000 in 2015, business de-registrations fell slightly, from 9.7 % to 9.4 %. Since 2010, the overall trend in registration rates has been upward, while the rate of de-registrations has declined. Furthermore, the business environment of London is notably more dynamic than elsewhere in the UK. In 2015, London had the highest registration rate (18.6 %), but also the highest de-registration rate (10.5 %), in the whole of the UK, relative to the number of active businesses.

Self-employment as a ratio of total employment has remained fairly stable in the UK in recent years. It was 14.1 % in 2016, which was close to the EU average of 14.0 %¹⁰. High-growth firms are more prevalent in the UK than in the EU as a whole. The share of high-growth firms as a percentage of total UK firms was 12.9 % in 2014, 3.7 percentage points higher than the EU average¹¹. Moreover, the UK exceeds the EU average for high-growth firms in every sector. In 2014, as in most other EU countries, the largest percentage share of high-growth firms in the UK was in the *information and communication* sector (18.6 %).

Over the next 2 years, SME growth in the UK is expected to continue, albeit slightly more slowly than in recent years. SME employment is forecast to grow by 0.9 % in 2016-2018, corresponding to the expected creation of around 91 100 new SME jobs. In terms of SME value added, an increase of 2.2 % is projected in the same period.

2. SBA profile¹²



The UK's SBA profile continues to be competitive. In five SBA areas — 'second chance', 'responsive administration', access to finance, and internationalisation — the UK performs above or well above the EU average. This is also the case for many of the skills and innovation criteria, but as highlighted later, there are some concerns in the area of skills. In single market, the UK performs in line with the EU average. In entrepreneurship and environment, the UK performs broadly in line with the EU average. In state aid and public procurement, the UK performs below the EU average, but measures taken this year to stimulate SME participation in procurement should show results in future periods.

In 2016 and the first quarter of 2017, the reference period for policy measures in this year's fact sheet, the UK implemented a moderate number of measures (7). These addressed 4 of the 10 policy areas under the SBA. Overall, stakeholders acknowledge that progress in implementing the SBA has been moderate.

The most significant progress in 2016 was in access to finance with three measures being implemented. The Help to Grow Programme¹³ provides loans of between EUR 578 000 (GBP 500 000) and EUR 2.3 million (GBP 2 million) to smaller companies to help them grow. The UK government has committed an additional GBP 400 million for expanding the Venture Capital Catalyst programme, launched in 2013. This will unlock an estimated GBP 1 billion for new investment in scale-ups. The Home Building Fund¹⁴ aims to increase the number of new homes being built in England, and to encourage innovation, both in the kind of homes that are built and the way they are delivered.

Two new measures have been launched to stimulate and facilitate SME participation in procurement (an area in which the

UK is below the EU average). However, only time will reveal the final impact. A series of regional roundtables¹⁵ are being organised in different locations to help SMEs bid for and win government contracts. In January 2017, the government's Crown Commercial Service announced that it is to run a trial project called 'Complete Once' specifically for government procurement. It will enable information to be supplied once and saved for future use, so as to save time and simplify the process. The Guide on Business Payment and Performance Reporting Requirements mentioned in the Access to Finance below is also relevant to procurement¹⁶

Procedures are in progress to recruit a Small Business Commissioner¹⁷, a new post established in the Enterprise Act 2016 to support small businesses in resolving payment disputes and avoiding future issues by encouraging a culture change in how businesses deal with each other. The last two measures will also impact on access to finance.

Very few or no new measures were implemented in this reporting period for a number of SBA areas where the UK already scores above average:

- Internationalisation: Only one new measure was implemented — The Find a Supplier Tool¹⁸. This is a new online resource that provides international businesses with information on UK industries and a searchable directory of potential UK trade partners across all sectors. Most of the registered UK suppliers are SMEs.
- 'Second chance', 'Think Small First', 'responsive administration' and 'skills and innovation': no new measures were implemented in 2016.
- Entrepreneurship (where the UK's current performance level is average): Only one new measure was implemented — Women in Action¹⁹. This works to enable and encourage more women entrepreneurs to participate in Innovate UK competitions and take advantage of its support.

Single market and environment: no new measures were implemented in 2016.

Since 2008, the UK has made substantial progress in SBA implementation, despite not adopting a specific SBA strategy. The UK has implemented a significant number of policy measures to improve business conditions for SMEs. Access to finance continues to be a key policy priority, which is reflected in the large number of measures implemented since 2008. Overall, the measures introduced have an impact on all SBA areas.

The UK is fully SBA-compliant in six SBA areas — 'Think Small First', state aid and public procurement, access to finance, single

market, skills and innovation and internationalisation. There is, however, room for improvement in each area.

There are two SBA areas for which the UK is SBA-compliant in all but one of the specific criteria — ‘responsive administration’ and environment. On ‘responsive administration’, the UK does not yet have measures in place to connect government and public-sector databases so that businesses only need to provide information once. On environment, there are no incentives in the UK to encourage EMAS²⁰ certification, and there is nothing to suggest that this is on the government’s future agenda.

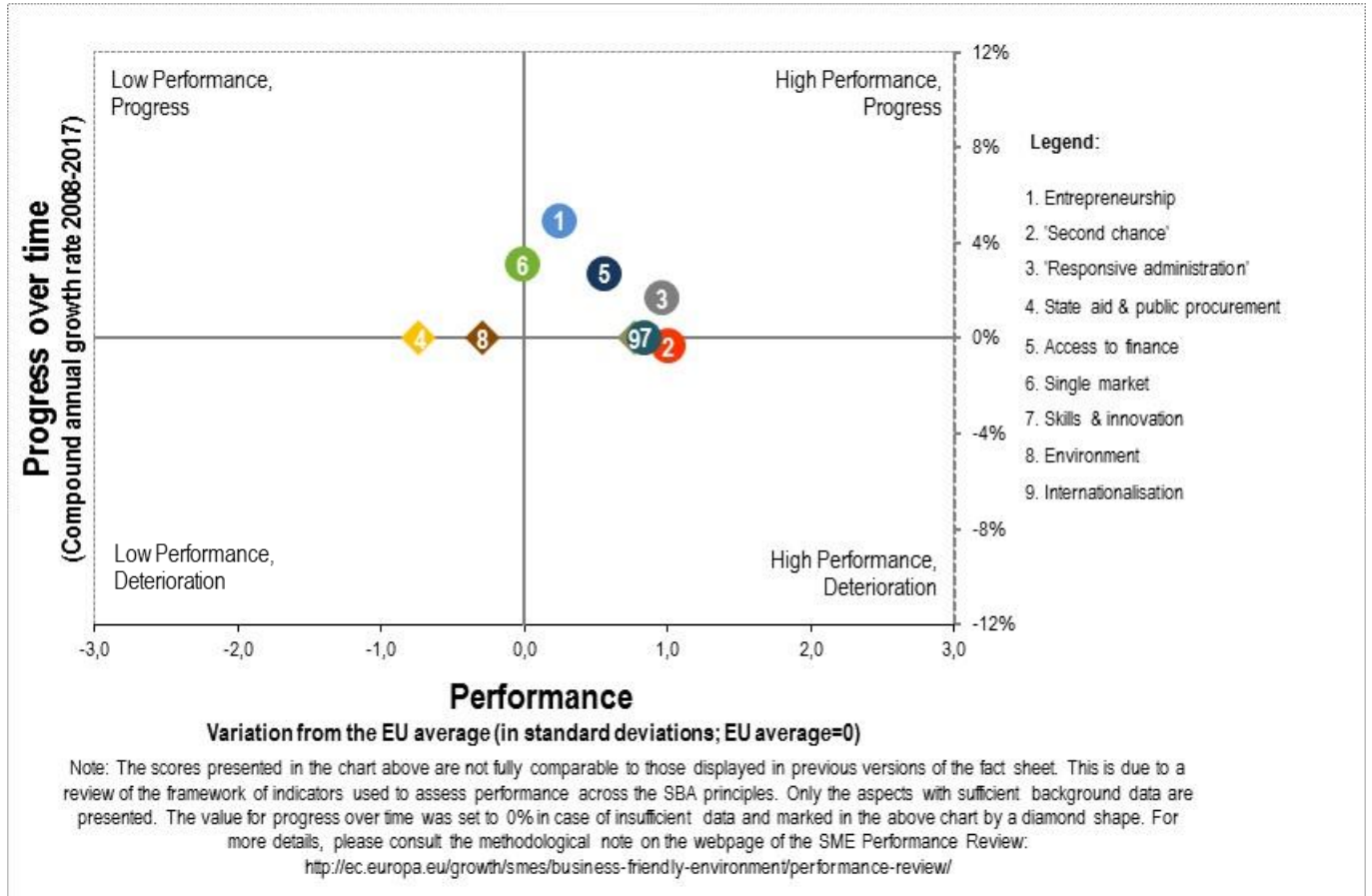
The UK is mostly SBA-compliant in entrepreneurship and ‘second chance’. On entrepreneurship, a national coordinated approach to entrepreneurship education in schools is not yet in place. Furthermore, there are insufficient measures to encourage and help immigrants, young people and the unemployed to become entrepreneurs. More measures are also needed to assist women entrepreneurs. Lastly, there are no measures to provide business transfer services or marketplaces; this is because they are provided by the private sector rather than through government measures. On ‘second chance’, re-starters are not yet treated on an equal footing with start-ups when accessing private sector loans. The UK government has also recently abolished fast-track procedures that had been in place for over a decade. They were deemed to be unnecessary owing to limited demand.

No specific SBA implementation strategy is in place in the UK. SBA-related measures are instead introduced as a part of broader industry-focused strategies and legislation. Recent measures have mainly been introduced through the UK Small Business Enterprise and Employment Act 2015 (SBEE Act). The SBEE Act has introduced a broad range of measures that impact all SBA areas. Other SME measures in the SBEE Act are outside the SBA scope and will be introduced via the government’s industrial strategy, due to be finalised later this year (see skills and innovation below).

The SME envoy, appointed in 2011, has helped to simplify communication channels between SME stakeholders and the government. However, this function appears to be less visible in the UK than previously.

The future status of a number of SBA criteria will be influenced by the outcome of the Brexit negotiations, which will have a significant impact on UK legislation, administrative procedures and the business environment. More immediate effects are already being felt in areas such as skills and innovation and internationalisation, which will be covered in more detail below.

SBA performance of the UK: state of play and development from 2008 to 2017²¹



3. SBA principles²²

3.0 'Think Small First'

The 'Think Small First' principle is a guiding principle for all policy- and law-making activities. It requires policy-makers to take SME interests into account in 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.

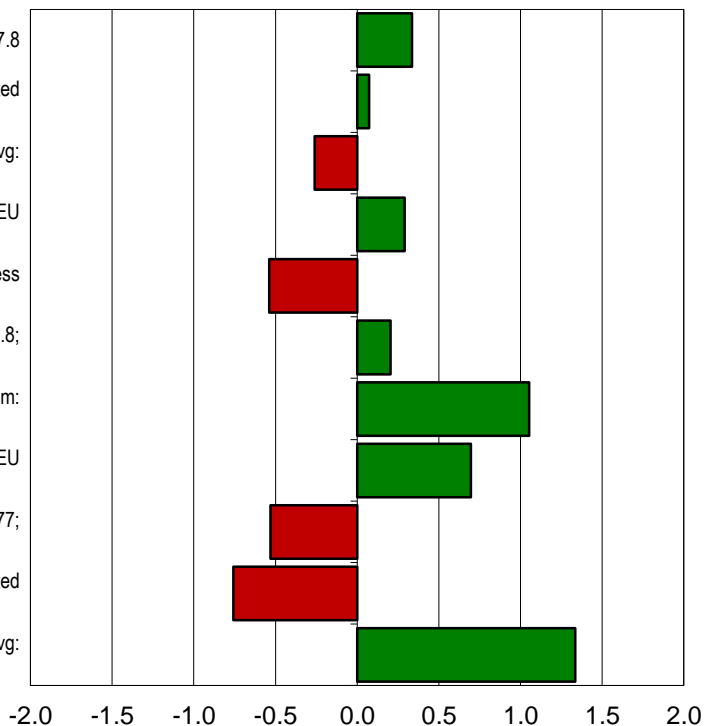
All 'Think Small First' elements are well established and are common practice in the UK. There have been no new measures in this area in the last 12 months. However, a range of 'Think Small First' measures were enacted and implemented in the previous reporting period through the SBEE Act 2015.

Most 'Think Small First' principles have been in place since 2006. Nevertheless, there is scope for improvement. For example, the UK Government is currently working to reduce the cost of regulation by GBP 10 billion between 2015 and 2020, but the National Audit Office has expressed concern that the government's approach is likely to be ineffective, as it is designed to meet the cost reduction target but will not noticeably reduce the burdens that affect businesses most. The Office feels that the government needs to better understand the concerns and priority areas of businesses and improve the assessment of the impact of its cost-cutting exercises and regulatory decisions.

3.1 Entrepreneurship

Early stage entrepreneurial activity (%); 2016; United Kingdom: 8.8; EU avg: 7.8
Early stage entrepreneurial activity for female population (%); 2016; United Kingdom: 5.6; EU avg: 5.45
Established business ownership rate (%); 2016; United Kingdom: 6.1; EU avg: 6.7
Opportunity-driven entrepreneurial activity (%); 2016; United Kingdom: 50.8; EU avg: 47.9
Entrepreneurial intentions (percentage of adults who intend to start a business within 3 years); 2016; United Kingdom: 9.14; EU avg: 12.1
Entrepreneurship as a desirable career choice (%); 2016; United Kingdom: 58.8; EU avg: 56.9
High status given to successful entrepreneurship (%); 2016; United Kingdom: 77.2; EU avg: 66.6
Media attention given to entrepreneurship (%); 2016; United Kingdom: 61.1; EU avg: 53.3
Entrepreneurship education at basic school (1-5); 2016; United Kingdom: 1.77; EU avg: 2.02
Entrepreneurship education at post-secondary levels (1-5); 2016; United Kingdom: 2.5; EU avg: 2.79
Share of high growth enterprises (%); 2014; United Kingdom: 12.91; EU avg: 9.19

Variation from the EU average (measured in standard deviations, EU average=0)



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

The UK performs broadly in line with the EU average on entrepreneurship. The UK's performance since 2008 has improved much more rapidly than the EU28's. On individual

indicators, the UK has made modest progress on the previous year, scoring above the EU average on three indicators and below the EU average on another three indicators. The UK is

among the top three EU performers for two entrepreneurship indicators. It has the second highest proportion of high-growth enterprises in Europe and the highest level of employment in high-growth enterprises. The UK ranks worst on the degree to which school education helps to develop an entrepreneurial attitude in students.

Since 2008, the UK has implemented a range of measures to put in place most 'entrepreneurship' SBA principles. For example, it has introduced funding schemes such as the Start Up Loans Company (2012), the Enterprise Allowance scheme (2010) and the 'Help to Grow' growth loans (these schemes are covered in the access to finance chapter). However, two schemes for helping entrepreneurs and start-ups to grow were closed down in 2015 — the Growth Accelerator Programme (2012-2015) and the Business Growth Service (2014-2015).

A few aspects of the entrepreneurship SBA principle have yet to be implemented. The UK does not yet have a national strategy to embed entrepreneurship education in the national curriculum, despite calls from various stakeholders. Entrepreneurship education is, however, covered in broader strategies for innovation for Scotland and Northern Ireland²³. Furthermore, statutory guidance on careers, in force since 2015, requires schools in England to offer pupils the opportunity to develop their entrepreneurial skills²⁴.

Measures to encourage and assist young people, the unemployed and immigrants to become entrepreneurs are also lacking or limited, as are measures to support women entrepreneurs. However, there is one new initiative supporting innovation by women (which is described below). One other missing element — measures to provide business transfer services or marketplaces — appears unlikely to be implemented, as these types of services are provided by the private sector rather than through government measures.

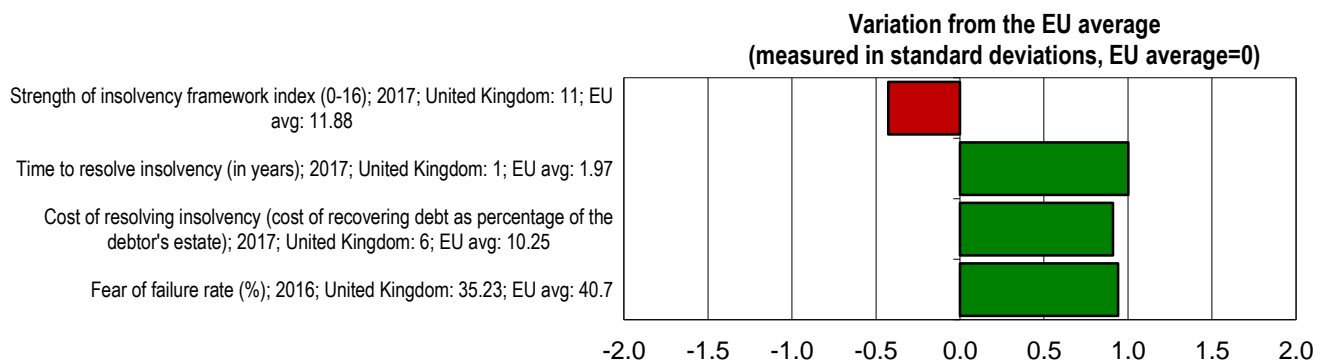
In the reference period, only one entrepreneurship measure was implemented:

- Women in Action is an Innovate UK measure that is investing EUR 257 000 (GBP 200 000) to encourage more innovation by women in business. This will be specifically in the four sectors supported by Innovate UK — manufacturing and materials, infrastructure systems, emerging and enabling technologies, and health and life sciences. The scheme will identify 12 women to benefit from a unique tailor-made package of support. In addition, four of these women will also receive EUR 64 000 (GBP 50 000) to develop their plans and make a marked impact in the world of innovation. This takes the total budget to EUR 514 000 (GBP 400 000). The support package includes introductions to investors, communications training, advice on intellectual property, training on business models, access to the Royal Academy of Engineering Enterprise Hub, guidance on funding programmes, advice on market opportunities and introductions to contacts in relevant industrial sectors.

The UK is an attractive and supportive country in which to start up and scale up a business. A broad range of funding and support schemes are run by both public- and private-sector organisations to help businesses to start-up and scale-up. These include government-backed initiatives such as the British Business Bank and the loan/grant schemes it funds to help SMEs, private-sector investor financing, business incubators and accelerators, the Catapult Centre network, business mentoring and export-related support programmes.

Growth hubs are local public/private sector partnerships led by local enterprise partnerships. They join up national and local business support. There is a network of 38 hubs. In England, local enterprise partnerships are voluntary partnerships between local authorities and businesses, set up in 2011 to help determine local economic priorities and lead economic growth and job creation within the local area.

3.2 'Second chance'



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

‘Second chance’ ensures that honest entrepreneurs who have gone bankrupt get a second chance quickly. The UK scores well above the EU average in ‘second chance’, consistent with last year’s performance.

The fear of failure among UK entrepreneurs (35.2 %) is fairly low compared to the EU average (40.7 %), although this score has risen slightly on the previous year. The UK’s score on all other indicators in this SBA area remains unchanged compared to the previous year. Indeed, the UK has seen little or no change across all ‘second chance’ indicators since 2008. Although the UK’s overall performance in this domain has shown little movement since 2008, it remains high.

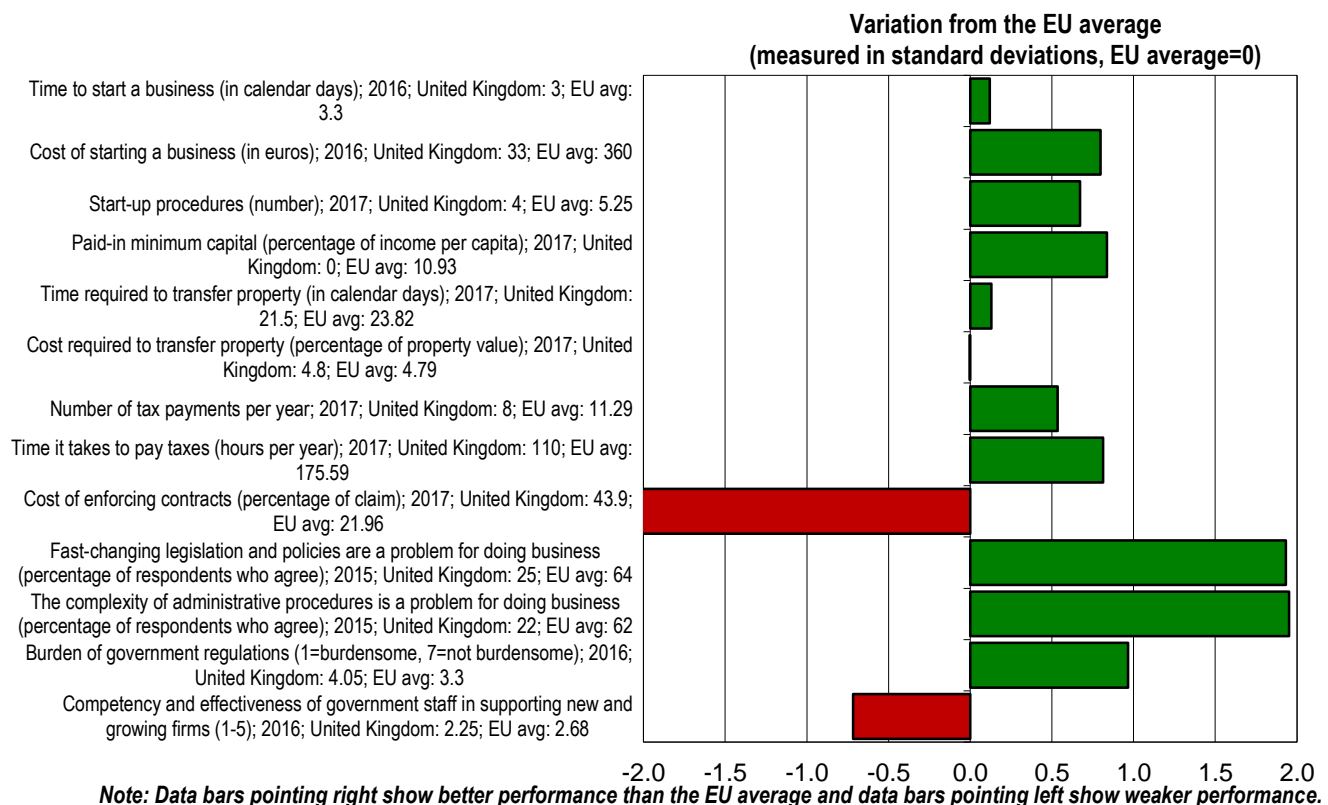
Since 2008, the UK has implemented a range of measures to ensure that most ‘second chance’ SBA principles are in place. More recent measures have, for example, sought to improve on the UK’s long-established insolvency framework. The most recent set of measures was brought in by the SBEE Act 2015. The Act:

- established a modernised insolvency framework to improve decision-making and encourage creditor engagement;
- introduced strengthened insolvency practitioner regulations to tackle poor performance and increase confidence; and
- gave powers to Affected Parties to prohibit ‘pre-packaged’ administration sales if certain criteria are not met.

Two aspects of the ‘second chance’ SBA principle have yet to be implemented: - The first relates to re-starters who are not yet treated on an equal footing with start-ups when accessing private-sector loans, the second relates to fast-track procedures. These procedures have been in place in the UK for over a decade, but due to limited demand, the government has deemed them unnecessary and recently abolished them.

No significant new measures were implemented in the area of ‘second chance’ in the reference period.

3.3 ‘Responsive administration’



‘Responsive administration’ refers to public administration being responsive to the needs of SMEs. The UK performs above the EU average, which is consistent with last year’s performance.

The UK is a leading EU performer in four indicators. The UK is one of 11 EU countries that do not require new companies to pay in minimum capital (as a percentage of income per capita). Compared to their European counterparts, UK SMEs consider

themselves to be the least inhibited by fast-changing legislation and policies, and the next least inhibited by complex administrative procedures. The cost of starting a business in the UK is the second lowest in the EU.

On a less positive note, the UK records the highest cost for enforcing contracts (as a percentage of claims) in the EU. The cost is significantly higher than most other EU countries, and between 2015 and 2016 it rose further — from 39.9 % to 43.9 %. The EU average for this indicator is 21.96 %.

Since 2008, the UK's performance has improved slightly faster than the EU28's. There has been little or no movement across most of the other indicators in this SBA area since the last reporting period. The UK has slightly reduced the burden of government regulation on SMEs, and SMEs are now more satisfied, as they can now get the permits and licences they require in about a week. However, there has been a noticeable fall in business confidence in the competence and effectiveness of government personnel to support new and growing firms. On a scale of 1 (not confident) to 5 (confident), the UK score fell from 2.59 in 2015 to 2.25 in 2016.

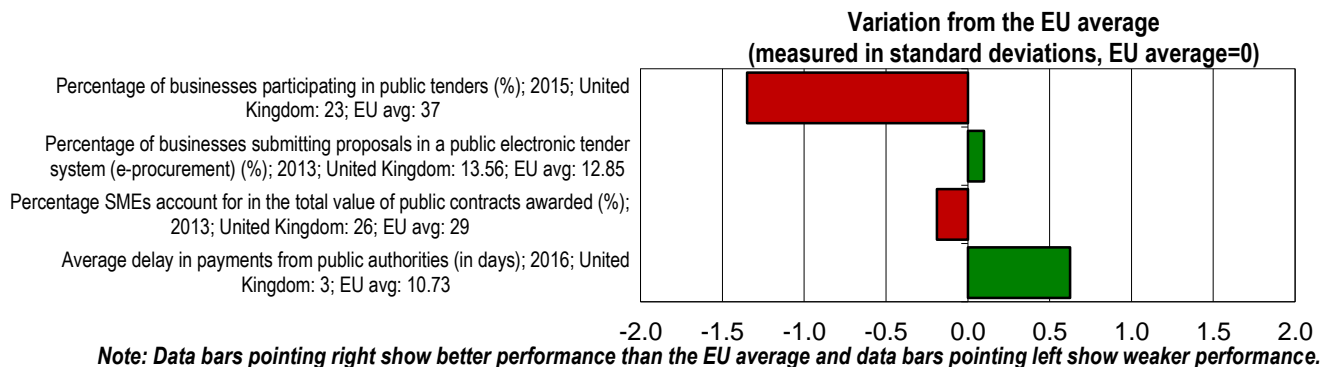
Since 2008, the UK has implemented a range of measures to ensure that almost all 'responsive administration' SBA principles

are in place. Measures implemented in recent years have, for example, sought to reduce the burden and cost of administration, such as the Red Tape Challenge and its successor, the Red Tape Review. This has removed 3 000 regulations and aims to achieve savings of EUR 13 billion (GBP 10 billion) by 2020. More recently, the SBEE Act 2015 implemented measures to make it easier to register a company and to register for tax purposes. The purpose was to simplify current filing requirement for companies, improve business appeals procedures and make complaints handling by regulators more transparent.

The UK does not yet have measures in place to connect government and public-sector databases so that businesses need only provide information once. However, work is in progress in this area and is described more fully below.

In the reference period, no significant new measures were fully implemented for 'responsive administration'. It is inevitable that the Brexit process will have a wide-ranging impact on UK legislation and administrative procedures, but it is too early to predict what the precise impact will be for businesses.

3.4 State aid & public procurement



The UK complies overall with basic SBA principles, but performs below the EU average in state aid and public procurement. This is mainly due to its below-average performance on the criterion relating to the percentage of businesses participating in public tenders. The UK has the second lowest proportion (23 %) of businesses that have participated in public tenders or public procurement procedures, compared to the EU average (37 %). The UK's overall performance for this SBA area remains similar to last year, but new measures launched in 2016 to encourage SME participation in procurement are likely to impact on the level of participation in the medium term. The UK has earmarked the second highest proportion of total state aid for SMEs in 2016, up by just over 20 % on 2015.

Since 2008, the UK has implemented a range of measures to ensure that all state aid and public procurement SBA principles

are in place. A number of measures have been put in place to facilitate and encourage SME access to public procurement, and to increase government spending on contracts for SMEs — firstly to 25 % and then to 33 % of total spend. More recent measures introduced by the SBEE Act 2015 include extending tender evaluation criteria to make award procedures more flexible and fairer, and introducing new powers to investigate the procurement processes and practices of public procurers. The SBEE Act has also implemented a range of measures to:

- improve competition and SME procurement opportunities;
- reduce bureaucracy and the cost of current procurement systems to help smaller firms; and
- improve advice and assistance to help supply chain companies win government contracts.

In the reference period, three measures were introduced in state aid and public procurement, and a fourth is in progress:

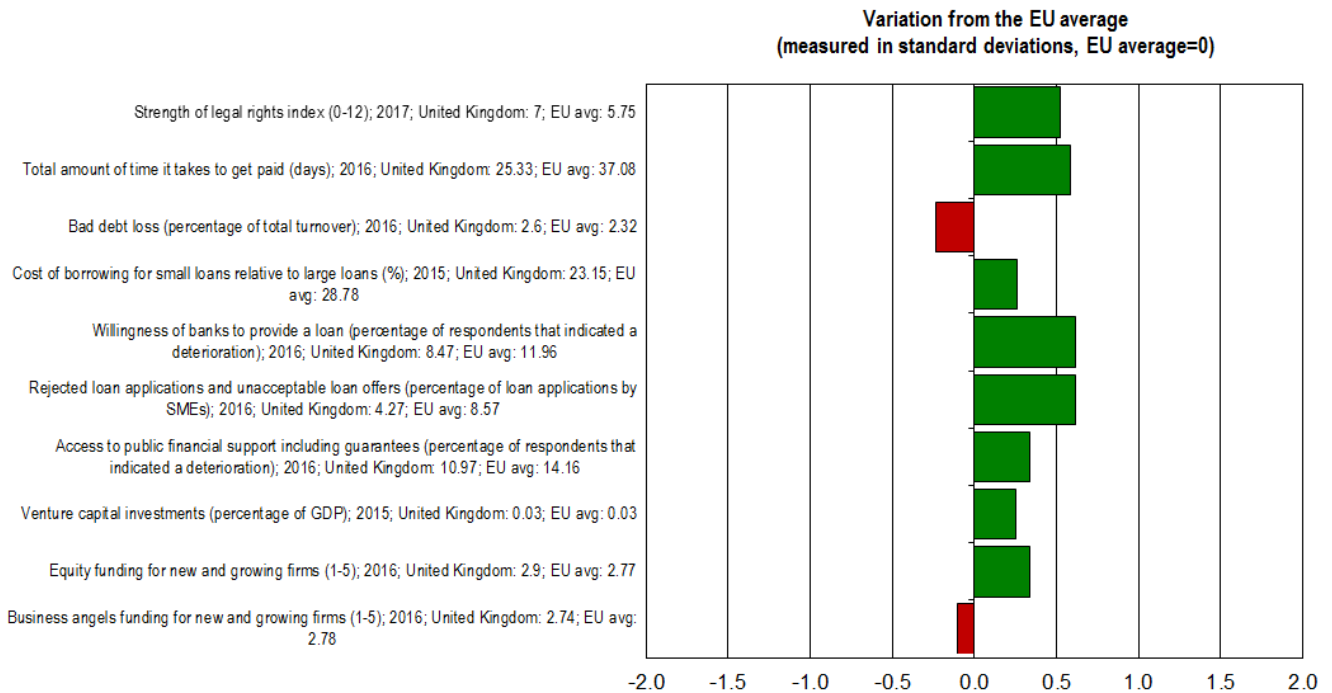
- A series of roundtable discussions are taking place in a range of locations throughout the UK to help SMEs learn about the best way to become a government supplier, to help them bid for and win government contracts, and to enable them to share information, tips and challenges with others. Regional meetings are open to all small businesses based in the area that are eager to become government suppliers. Each discussion is hosted by Emma Jones, MBE — entrepreneur and the government’s Small Business Crown Representative.
- The Guidance on Business Payment Practices and Performance Reporting Requirements mentioned under Access to Finance is also relevant here.
- The government’s Crown Commercial Service is implementing a trial project, announced in January 2017,

called ‘Complete Once’. It enables information on the procurement process to be supplied only once, and to be saved for future use, saving time and simplifying the process.

- The process of recruiting a Small Business Commissioner is in progress. This post has been established to:
 - provide general advice and guidance to small businesses to help them work with larger businesses in a fair manner;
 - prevent disputes occurring;
 - direct them to existing support; and
 - help them to resolve their complaints about payment issues.

It is too early to predict the impact of these new measures on SME participation figures.

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 UK continues to perform above the EU average in access to finance, although its score for 2016 was lower than for 2015. However, the UK performed below the EU average on the indicator related to bad debt loss (as a percentage of total turnover). There was also a drop in the indicator for business angel funding for new and growing firms in 2016 (from above to below the EU average).

scores above average for venture capital investments, which remained almost unchanged compared to 2015. There is also evidence that regional imbalances in the availability of equity funding are making it harder for scale-ups based outside London to meet their financing needs²⁵.

On most of the other indicators, the UK continues to perform above the EU average, albeit with a lower score in 2016. The UK

The amount of time it takes to get paid increased between 2015 and 2016, but is still better than the EU average. This, together with the previously mentioned negative shift for bad debt loss,

suggests that the question of business-to-business payments requires attention.

A higher percentage of UK SMEs reported a decrease in the willingness of banks to provide loans, but the UK still performs above the EU average in this area — 8.5 % in 2016 versus 7.9 % in 2015, but better than in 2014 (16 %). On a more positive note, the percentage of SME loan applications that were rejected has fallen slightly, from 4.4 % in 2015 to 4.27 % in 2016, following a significant drop between 2014 and 2015 (from 13.9 % in 2014 to 4.4 % in 2015). The proportion of SMEs reporting deterioration in access to public financial support increased from 8.3 % in 2015 to 11 % in 2016.

Another positive trend is the substantial fall in the cost of borrowing for small loans relative to large loans (from 28.6 % in 2014 to 23.15 % in 2016).

Furthermore, the UK is one of five leading European countries on the depth of credit information index. It is also ranked as the second best European provider of private-sector lending to new and growing companies.

Since 2008, the UK has implemented a range of measures to ensure that all ‘access to finance’ SBA principles are in place. These include new funding programmes and new lending vehicles, such as the British Business Bank, to improve the financing options for smaller businesses, and fiscal incentives and legislative measures to help SMEs access alternative sources of funding. Measures have also been sought to tackle the issue of late payments. More recently, the SBEE Act 2015 has brought in various measures:

- Removal of legal barriers to invoice financing;
- Measures to create greater competition in banking;
- Improvements to export financing and support;
- Introduction of new cheque imaging technology to make cheque payments quicker and easier;
- New regulatory powers to enforce fair access terms for small banks and non-bank players wishing to access payment systems and to ensure that the systems benefit businesses and customers.

In the reference period, three measures were introduced in the access to finance area, one of which significantly expands on an existing instrument:

- The ‘Help to Grow’ growth loans programme is a new scheme that is being piloted by the British Business Bank in collaboration with investment partners²⁶. It

supplies loans of up to EUR 2.6 million (GBP 2 million) to smaller companies with high growth potential to enable them to achieve their growth objectives. The Bank is testing two financial structures — a guarantee structure and a co-investment structure.

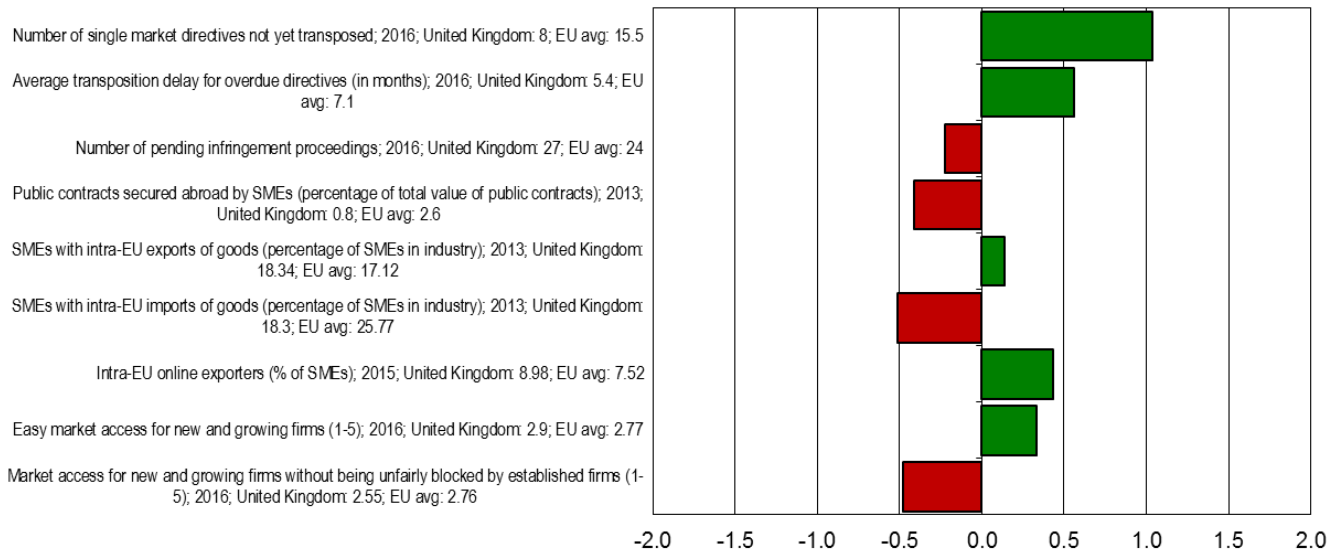
- At the start of 2017, the UK Government committed an additional GBP 400 million to enable the British Business Bank to expand the Venture Capital Catalyst programme²⁷ and unlock up to GBP 1 billion of new investment in innovative firms planning to scale up. Additionally, the Bank has been given the scope to raise the limits on the amount it invests in individual venture capital funds — from 33 % to 50 % — to ensure that finance would still be available to UK businesses after Brexit. Where there is a particularly strong case for doing this, and it is commercially justifiable, the Bank’s Venture Capital Catalyst commitment may be in excess of GBP 50 million.
- The Home Building Fund is a flexible source of funding administered by the Homes and Communities Agency on behalf of government in order to increase and diversify housing supply. This fund provides finance to property developers and SMEs for building homes destined for sale and rent. It also provides infrastructure finance for site preparation to bring land to development. There is a strong focus on providing SMEs with flexible financial support to help them enter and diversify the home building market (see point 4 for further information).

Moreover, two measures primarily targeted at other SBA areas also have an impact on access to finance. The first has already been implemented and the second is currently being put in place:

- Guidance on business payment practices and performance reporting requirements was published ahead of measures that came into force in April 2017 to increase payment practice transparency. The guidance explains the statutory reporting obligations of companies and large LLPs (public and private)..
- Procedures are under way to recruit a Small Business Commissioner who will provide general advice and guidance to help small businesses work with larger businesses in a fair manner, prevent disputes occurring, direct them to existing support and help them resolve their complaints about payment issues.

3.6 Single market

Variation from the EU average
(measured in standard deviations, EU average=0)



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

In the reporting period, the UK continued to perform in line with the EU average on the SBA criteria for single market, which is consistent with last year's performance. However, the future situation for Britain in relation to the single market will depend on the outcome of the ongoing Brexit negotiations.

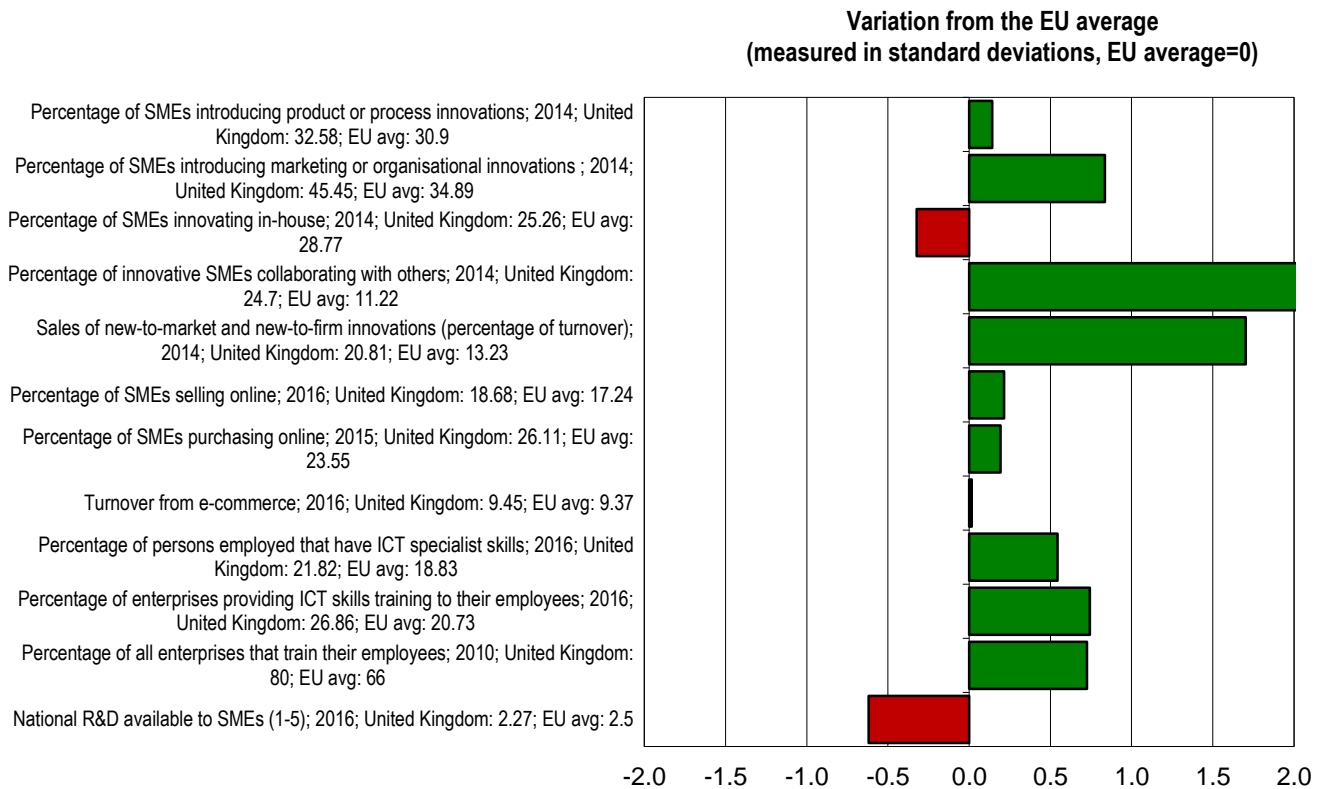
Since 2008 the UK's overall performance in this domain has improved considerably. The main driver has been the fact that the UK has performed quite well on the timely transposition of directives. The average delay in the UK for transposing overdue directives has fluctuated quite sharply from year to year since 2008. In the last 12 months, however, it has fallen significantly from 11.3 months in 2015 to 5.4 months in 2016. The UK's

record for transposing EU directives into national law remained solid at the end of the reporting period²⁸. The number of pending infringement proceedings has also continued to fall, down from 31 in 2015 to 27 in 2016;²⁹ this is less than half the number recorded in 2010 (56).

The indicator measuring the ease of market access for new and growing firms has improved since last year, even though the indicator on the competitive behaviour of established firms point to an increase in unfair blocking by them.

No significant measures have been implemented since 2008. However, all single market SBA principles are in place in the UK.

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 UK performs well above the EU average on most SBA criteria for skills and innovation, and has even improved on last year's performance. The percentage of UK businesses providing ICT skills training to their personnel has risen from 20.6 % in 2015 to 26.9 % in 2016. However, a number of publications indicate that skills shortages are a major issue for UK businesses (e.g. ICT and technical skills). There is also evidence that businesses are starting to encounter difficulties in recruiting staff from other EU countries due to uncertainties posed by Brexit³⁰.

The UK performs well on most of the innovation criteria. It is ranked as the top EU performer in sales of new-to-market and new-to-firm innovations as a percentage of turnover (20.81 %), compared to the EU average (13.23 %). The UK also has the second largest share of innovative SMEs that are collaborating with others (24.7 %), compared to the EU average (11.22 %).

On a less positive note, there may be issues in the UK concerning the ability of new and growing firms to afford the latest technologies, and the availability of government subsidies to enable these firms to acquire new technologies³¹.

On equality of access to new research and development by new and growing firms, compared to large firms, the UK records the

second lowest score in Europe. Moreover, the UK's overall importance in this domain has remained similar since 2008.

Since 2008, the UK has implemented a range of measures to ensure that all skills and innovation SBA principles are in place. Measures already in place include a range of funding and employer-led programmes to improve skills development. Initiatives and incentives have also been implemented to encourage companies to innovate and commercialise their innovation results. For example, the Catapult Centre network is providing businesses with commercialisation support. Incentives such as innovation vouchers, R&D tax relief and tax relief on profits derived from patents are helping companies to reinvest more in innovation.

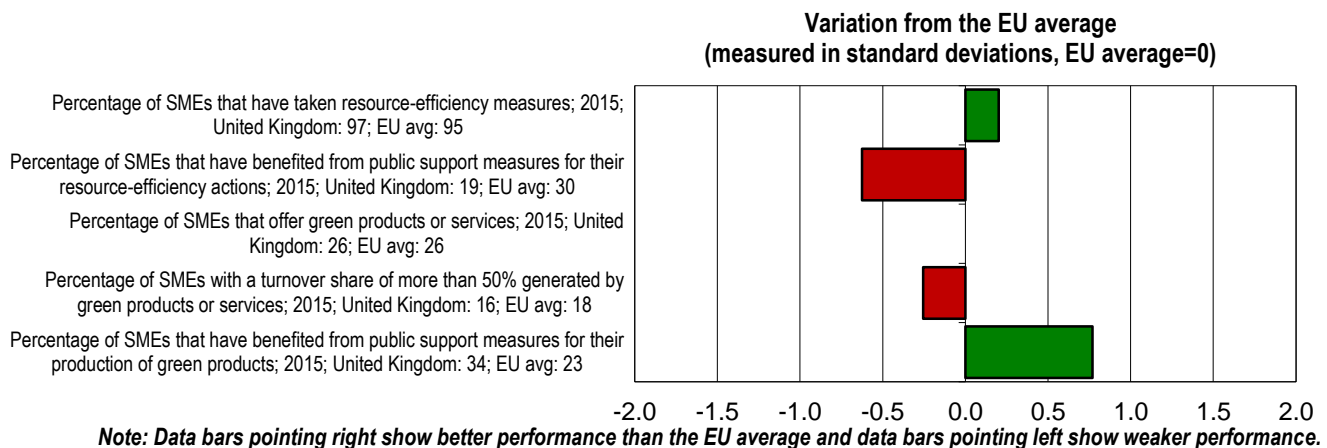
The government is working on proposals for a new long-term industrial strategy. A public consultation ran until April 2017 and the strategy should be finalised in the course of 2017³². It is likely that challenges such as improving skills, productivity and investment will be central to this strategy. As a precursor to the industrial strategy, a new flagship Industrial Strategy Challenge Fund was announced in April 2017. This Fund will stimulate investment in innovation in key areas with market potential³³.

In 2015 the UK Intellectual Property Office rolled out an IP Finance Toolkit to help lenders and businesses understand the value of intellectual property as a real asset in financial support assessments. It has also launched a new online application system for registered designs to provide a more streamlined system for small businesses. In March 2017, the government published a new digital strategy, announcing several future measures (including significant resources for digital skills training apps).

Supporting innovation in businesses is a key priority for the UK government. The Innovate UK delivery plan for 2016-2017 describes a comprehensive range of financing and support measures, including a number of funding competitions³⁴.

A number of new measures in this area were announced in the reference period, but not yet implemented. In particular, the pending industrial strategy and the new digital strategy will impact on this area.

3.8 Environment



As was the case last year, the UK performs broadly in line with the EU average on environment. The UK has the highest percentage of SMEs that have implemented resource efficiency measures (97 %), compared to the EU average (95 %).

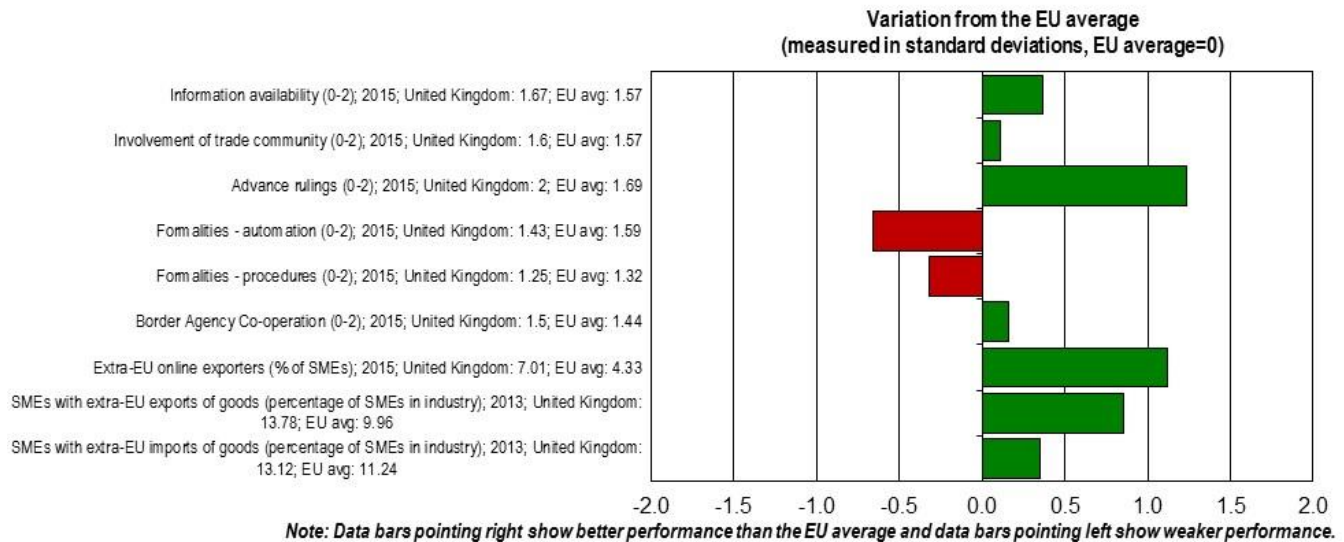
The percentage of SMEs that have benefited from resource-efficiency support measures remains at 19 %, down from 39 % in 2013. The percentage of SMEs that offer green products and services also remains at 26 %, down from 31 % in 2013. The percentage of UK SMEs where green products and services generate more than 50 % of turnover remains at 16 %, almost half the 2012 level (29 %).

Almost all environment SBA principles are in place in the UK. The missing element is the provision of regulatory incentives to become certified under the EU Eco-Management and Audit Scheme (EMAS). There has been some take-up of EMAS in the UK, but not to the level seen in other European countries. EMAS

remains a voluntary scheme in the UK. The Institute of Environmental Management and Assessment is responsible for running the scheme in the UK.

Since 2008, including the reference period, environment has not been a government priority and no significant measures have been implemented. SME representatives, such as the Federation of Small Businesses, have expressed concern at the lack of government support to help SMEs go green. There is also concern about cuts to existing support schemes, such as support for solar installations through the feed-in tariff scheme, as well as reforms to the Renewable Heating Incentive³⁵. The government also recently sold the UK Green Investment Bank to Macquarie Group Limited. The privatisation of Europe's largest green energy investor³⁶ has drawn strong criticism from environmental groups, opposition parties and a cross-party alliance³⁷. Critics argue that the case for privatisation has not been convincingly presented.

3.9 Internationalisation



The UK performs above the EU average in this domain. The results are much the same as last year, even though a number of indicators have had to be replaced for methodological reasons.³⁸ UK SMEs tend to trade more actively outside the single market than their EU counterparts. Hence, the UK has the single highest percentage of SMEs that export outside of the EU (7 %), compared to the EU average (4.33 %). The proportion of manufacturing SMEs exporting to non-EU markets has also been well above the EU average in recent years. Moreover, the enabling conditions for exports are competitive. For example, the UK is one of eight top EU performers in advance rulings, which simplify export procedures for businesses.

However, in recent years, there has been little or no movement across most indicators. There has been some improvement in information availability and in the automation of formalities since 2014, but the latter remains below the EU average. The percentage of UK industrial SMEs that export goods outside the EU has also dropped slightly — from 13.46 % in 2014 to 13.17 % in 2016. The UK’s decision to leave the EU will most certainly lead to changes in formalities and processes for internationalisation. However, the precise impact will depend on the outcome of the ongoing negotiations. In recent months SME exports have continued to grow, largely due to the low exchange rate, but there is evidence that businesses are concerned about the outlook for internationalisation activities post-Brexit³⁹.

Since 2008, the UK has implemented a limited number of new SME-specific measures, but the overall situation remains positive for the moment. These include financial support initiatives such as a guarantee scheme to assist SMEs in accessing export finance and an export assistance programme for medium-sized businesses. Other measures are more focused on providing export-related business support. The five-year ‘Exporting is GREAT’ programme presents real-time export opportunities that businesses can apply for online and provides companies with practical advice and guidance for selling overseas.

In the reference period, only one government-supported measure was introduced for internationalisation — the Find a Supplier Tool. This is a new online resource that provides international businesses with a searchable directory of potential UK trade partners across all sectors. The aim is to help international businesses find their perfect trade partner(s) and to break down barriers to trading overseas. The tool also provides access to information on UK industries and companies. To date, nearly 500 UK companies have registered, the vast majority being SMEs.

There are also well-established EU initiatives supporting internationalisation, in particular the Enterprise Europe Network. There is scope to explore the possibilities for continued cooperation and/or participation.



4. Interesting initiative

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

Home Building Fund

The Home Building Fund is a flexible source of funding administered by the Homes and Communities Agency on behalf of government. It provides development finance for building homes for sale and rent, and infrastructure finance for site preparation to bring land to development. The fund is based on the need to diversify the housing supply, including custom-built homes. The Fund is for developers and SMEs, with a strong focus on providing SMEs with flexible financial support to help them enter and diversify the home building market.

Loans can be tailored to individual circumstances. All lending requires appropriate security and loans are typically secured against property assets.

Key features of the Fund:

- Loans of EUR 321 000 (GBP 250 000) to EUR 321 million (GBP 250 million) are available, with smaller loans considered for innovative housing solutions and serviced plots for custom builders;
- Typical terms are up to 5 years for development finance, and up to 20 years for infrastructure loans;
- Interest is payable at transparent, pre-agreed variable rates;
- Sales income can be recycled to minimise the loan request;
- Subordinated lending is considered;
- Finance is available to draw down up to 31 March 2021;
- Eligible costs are discussed with each applicant and depend on the type of funding requested.

Financing is available to support these projects, which can include community-led housing projects, serviced plots for custom- and self-builders, off-site manufacturing, new entrants to the market and groups of small firms working in consortia to deliver larger sites. According to the Housing Minister, the government aims to use the EUR 3.9 billion (GBP 3 billion) Home Building Fund to commission housing projects that use offsite construction, in an attempt to promote innovation in the industry. The Fund will focus on using loans to support small and medium-sized developers, and to back modular construction schemes.

References:

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

<http://www.insidehousing.co.uk/government-unveils-3-bn-home-building-fund/7017039.article>

<http://www.insidehousing.co.uk/government-reveals-criteria-for-3-bn-home-building-fund/7017067.article>

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, they 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 that national SME policy experts consider relevant. They do not and cannot reflect all measures the government has taken over the reference period. Further policy information is available on a database accessible from the SPR website.

SME Performance Review:

<http://ec.europa.eu/growth/smes/business-friendly-environment/performance-review/>

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 2015, the graphs show estimates of the development over time, produced by DIW Econ on the basis of 2008-2014 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/>.

² SME size breakdowns for the UK should be treated carefully, as micro firms are only included in the statistics on UK micro firms if their turnover exceeds GBP 80 000 per year. (This is connected to the VAT threshold.) The UK micro firm turnover threshold for statistical purposes is high compared with other EU countries, and this therefore distorts any EU comparison of micro firms. Furthermore, the underrepresentation of micro firms with a turnover below the threshold affects the overall SME contribution to value added and employment, the average number of persons employed per SME and average SME productivity. This should be taken into consideration when comparing UK figures with the EU averages.

³ Value added figures are stated in EUR. However, due to significant fluctuations of the EUR-GBP exchange rate throughout recent years, calculated value added growth rates are distorted. Therefore, changes in value added should be treated carefully, and interpreting the figures should be limited to the comparative performance of sectors or size classes. https://www.ecb.europa.eu/stats/policy_and_exchange_rates/euro_reference_exchange_rates/html/eurofxref-graph-gbp.en.html; last accessed 13.04.2017.

⁴ PWC (2016), UK Economic Outlook March 2016; available at: <https://www.pwc.co.uk/assets/pdf/ukeyo/ukeo-sectoral-employment-march-2016.pdf>; last accessed 13.04.2017.

⁵ PWC (2016), UK Economic Outlook November 2016; available at: <https://www.pwc.co.uk/economic-services/ukeo/ukeo-nov16-full-report.pdf>; last accessed 13.04.2017.

⁶ Ibid.

⁷ Enders Analysis and EY (2015), Digital UK 2015; available at: https://www.google.de/url?sa=t&rct=j&q=&esrc=s&source=web&cd=10&cad=rja&uact=8&ved=0ahUKEwjQ_u_H3KHTAhVE7BQKH_e0aCsqQFghkMAk&url=http%3A%2F%2Fwww.ey.com%2FPublication%2FvwLUAssets%2FEY-digital-UK-2015%2F%24FILE%2FEY-digital-UK-2015.pdf&usq=AFQjCNHlrVPTHsAsUcvnHWFqjDiyzTlqCw; last accessed 13.04.2017.

⁸ Adecco Group UK & Ireland (2017), IT Sector Review Q1 / 2017; available at:

<http://www.adeccogroupuk.co.uk/SiteCollectionDocuments/9109%20ADG%20IT%20Sector%20review%20Q1%202017.pdf>.

⁹ Office for National Statistics (ONS), Statistical Bulletin: Business demography, UK: 2015, 23 November 2016; available at: <https://www.ons.gov.uk/businessindustryandtrade/business/activitysizeandlocation/bulletins/businessdemography/2015>; last accessed 13.04.2017.

¹⁰ Persons employed and self-employed persons refer to persons aged 15-64. Source of the data is Eurostat. To calculate the 2016 value, quarterly data from the LFS series were averaged over all quarters for which information was available on 20.03.2017.

¹¹ In line with Commission Implementing Regulation (EU) No 439/2014, high-growth enterprises are defined as firms with at least 10 employees at the beginning of their growth and average annualised growth in number of employees greater than 10 % per annum, over a three-year period. The share of high-growth enterprises is the number of high growth enterprises divided by the number of active enterprises with at least 10 employees. The source of the data on high-growth enterprises is Eurostat (http://ec.europa.eu/eurostat/web/products-datasets/-/bd_9pm_r2, last accessed 10.04.2017). Due to data availability on Eurostat, the data on high-growth firms refer to the business economy, which covers sections B-N including section K (financial activities, except activities of holding companies). The non-financial business economy excludes section K.

¹² The 2017 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.

¹³ <http://british-business-bank.co.uk/ourpartners/growth-loans/>.

¹⁴ <https://homebuildingfund.campaign.gov.uk/>; <https://www.gov.uk/government/news/government-announces-ambitious-plan-to-build-the-homes-britain-needs>.

¹⁵ <https://www.gov.uk/government/news/regional-roundtables-to-help-smes-get-government-contracts-begin>.

¹⁶ <https://www.gov.uk/government/publications/business-payment-practices-and-performance-reporting-requirements>.

¹⁷ <https://beisgovuk.citizenspace.com/ccp/small-business-commissioner/>.

¹⁸ <https://trade.great.gov.uk/>; <https://www.gov.uk/government/news/new-campaign-highlights-trade-and-investment-opportunities-in-global-britain>.

¹⁹ <https://www.gov.uk/government/news/women-in-innovation-apply-for-infocus-funding-award>.

²⁰ The EU Eco-Management and Audit Scheme (EMAS) (http://ec.europa.eu/environment/emas/index_en.htm)

²¹ 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 2017. These are measured against the individual indicators which make up the SBA area averages. Hence, 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 2017. 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/>.

²² The policy measures presented in this SBA fact sheet are only a selection of the measures the government took in 2016 and the first quarter of 2017. The national SME policy expert that CARSA Spain (DG GROW's lead contractor for the 2017 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.

²³ Entrepreneurship Education in Europe report, Eurydice, February 2016, p. 46 (http://www.na.org.mk/tl_files/docs/eplus/eurydice/2016pub/195EN.pdf).

²⁴ Idem.

²⁵ 'Equitable Equity increasing and diversifying finance for high growth SMEs in the UK's regions', Institute for Public Policy Research, February 2017: http://www.ippr.org/files/publications/pdf/equitable-equity_Feb2017.pdf?noredirect=1.

²⁶ For the moment, it has two delivery partners — Lloyds Banking Group and OakNorth, an entrepreneur-focused bank — through which it is channelling an initial EUR 77.1 million (GBP 60 million) of ‘Help to Grow-supported’ lending.

²⁷ The Venture Capital Catalyst programme provides significant investment in later-stage funds to address market failures.

²⁸ The UK is among the eight Member States that managed to remain below the 1 % transposition deficit threshold, despite the number of directives to be transposed increasing from 47 in Scoreboard 2015 to 66 in 2016.

²⁹ Data for 2016 was compiled in December 2016, while the 2015 data is from May 2015.

³⁰ For example, the policy report published in April 2017 by the Chartered Institute of Personnel and Development, a professional body for HR and people development https://www.cipd.co.uk/Images/from-inadequate-to-outstanding_2017-making-the-UK-skills-system-world-class_tcm18-19933.pdf.

³¹ Original Source: the National Expert Surveys (NES) carried out by the Global Entrepreneurship Monitor (GEM), also included in the SPR database.

³² On 10 July 2017 the Industrial Strategy Commission published a preliminary report providing its views on the future industrial strategy. Among other things, the report highlights the need to improve growth, productivity, the rate of investment, and skills. It identifies seven key challenges to be addressed in the strategy: decarbonising the energy economy; investing in infrastructure; developing a sustainable health and social care system; unlocking long-term investment (including investment in productive and innovative business activity); supporting high-value industries in building export capacity; and enabling growth in all parts of the UK (<http://industrialstrategycommission.org.uk/wp-content/uploads/2017/07/Laying-the-Foundations-the-Industrial-Strategy-Commission.pdf>).

³³ In April 2017, the UK Government announced that the flagship Industrial Strategy Challenge Fund will invest GBP 1 billion over the next 4 years. Investment will be, in six key areas where research and innovation can help unlock markets and industries of the future in which the UK can become a world leader.

³⁴ <https://www.gov.uk/government/publications/innovate-uk-delivery-plan-2016-to-2017>.

³⁵ <http://www.cleanenergynews.co.uk/news/solar/smes-call-for-small-business-strategy-in-upcoming-carbon-plan>.

³⁶ <http://www.businessgreen.com/bg/blog-post/3008704/green-investment-bank-sale-triumph-or-disaster-only-time-will-tell>.

³⁷ <https://www.theguardian.com/environment/2017/apr/20/green-investment-bank-sell-off-dubbed-a-disaster-by-critics>.

³⁸ All World Bank indicators (time and cost to export and import) have been replaced by six OECD trade-facilitation indicators (following a scale where 0 is the worst and 2 is the best score). Please see Moisé, E., T. Orliac and P. Minor (2011), ‘Trade Facilitation Indicators: The Impact on Trade Costs’, OECD Trade Policy Papers, No 118, OECD Publishing, Paris. <http://dx.doi.org/10.1787/5kq6nk654hmr-en> for more information on the methodology applied to construct the indicators; further information is available at: <http://www.oecd.org/trade/facilitation/indicators.htm>, last accessed 06/07/2017.

³⁹ 2016 UPS European SME Exporting Insights Study

(https://faster.ups.com/gb/pdf/European_SME_Exporting_Insights_Study_2017_GB.pdf). This covers eight EU Member States: Belgium, France, Germany, Italy, Netherlands, Poland, Spain, and the UK. 2 502 UK businesses were surveyed; 57 % responded before the referendum vote and 43 % afterwards. The UK results showed a clear loss of confidence in exporting by UK SMEs — before the vote 36 % of UK SMEs forecast an increase in exports, but that fell to 20 % after the vote. Companies forecasting a decrease in exports rose from 7 % to 16 %.