

# **Liberal Democrat Manifesto for Small Business**

**Liberal Democrats will:**

- **Ease the burdens on business.**
- **Defend small business against the power of monopolies.**
- **Invest in infrastructure and skills.**
- **Promote innovation and training in new technology.**



**LIBERAL  
DEMOCRATS**

## Liberal Democrat Manifesto for Small Business



As Leader of the Liberal Democrats I take a keen interest in the small business community. SMEs account for more than 99% of all businesses in the UK and provide more than half of all of non-governmental employment.

Our policies recognise the many problems faced by this sector. We will reduce business rates and repeal any unnecessary regulations, with an initial list of 25 burdensome measures which we are committed to scrapping. We will keep any future regulation to a minimum and introduce sunset clauses. Outside interference will be reduced with a one-stop-shop approach to inspection.

Liberal Democrats' social objectives cannot be achieved without the creation of wealth and the promotion of enterprise. The Conservatives have always posed as the champions of enterprise. But too often they have in fact defended vested interests and monopoly power. Labour has over-regulated in some areas and under-regulated in others. Neither party has really backed new enterprise and new ideas. Small businesses have to deal with an avalanche of red tape, while the utility and railway companies have been allowed to get away with far too much. It is the Liberal Democrats who offer small businesses a real chance for real change.

A handwritten signature in black ink that reads "Charles Kennedy". The signature is written in a cursive, flowing style.

Charles Kennedy, Leader of the Liberal Democrats

*This document contains Federal Liberal Democrat policy, except in areas where policy of the Scottish and Welsh Liberal Democrats applies. A full costing document will be published at the same time as the General Election manifesto.*

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## Liberal Democrat Manifesto for Small Business

# Freedom from Red Tape

Business people want to get on with running their companies, creating wealth and providing more opportunities for their staff. They should not have to spend large amounts of their time acting as agents for the Government, coping with interminable regulations and filling in endless forms. We will:

- Scrap unnecessary business regulations. We have published a list of 25 specific major regulations which we will scrap. Specific examples include: transferring responsibility for administering the Working Families Tax Credit to the Department of Social Security, saving employers £105 million per year; and repealing Section 8 of the Immigration and Asylum Act 1996, which provides that employers are guilty of a strict liability criminal offence if they employ someone who does not have permission to work in, the United Kingdom.
- Subject any new regulations to a sunset clause, setting a deadline after which they would automatically lapse.
- Consult business before introducing any new measures, and ensure adequate 'learning time' for businesses before legislation is implemented.
- Set up a single inspectorate for small businesses to replace existing structures. Every SME will have a named general inspector who will visit them to assess compliance. The Inspector will be encouraged to work in partnership with businesses in order to achieve compliance, although they will have the reserved right to issue immediate orders or to call in further specialist inspectors if necessary.
- Resist goldplating of EU Directives. Any additional provisions will have to be justified to the Small Business Service.
- Liberalise Sunday trading laws. We will make Sunday opening hours a matter for local councils rather than for national government, within a national framework to guarantee extra pay for Sunday work and protect conscientious objection to Sunday working.



*"Liberal Democrat policies are designed to reduce the bureaucratic burden on small business".*

**Brian Cotter, Liberal Democrat Small Business Spokesperson**

[www.libdems.org.uk](http://www.libdems.org.uk)

**Freedom, Justice, Honesty**

## Liberal Democrat Manifesto for Small Business

### Freedom to do Business

As well as strangling small business in red tape, government can hold back wealth creation by failing to deliver those public services on which business success ultimately depends, such as education and public transport, or by badly targeted taxes which stifle small business growth. To address these problems, we will:

- **Cut business rates on small businesses** by introducing a Business Rates Allowance, similar to personal tax allowances. This tax-free allowance would be set at £1500 and apply to all small businesses. With larger businesses paying a little more to cover the cost of the scheme, smaller businesses will pay less. This will help to redress the anomaly whereby small businesses can pay more than 15% of their turnover in business rates, while large businesses may pay as little as 5%.
- **Further reform the rates in the medium term**, replacing the Uniform Business Rate with locally set rates, and allowing Local Authorities to move to a system of Site Value Rating.
- **Cut restrictions on local government** which prevent councils from raising funds to improve public transport and the environment.
- **Increase investment in public transport.** We will enable local authorities to raise bonds and establish congestion charging and private non-residential parking taxes (including out-of-town retail and workplace parking) to fund improved public transport. This will reduce traffic congestion which costs business billions every year.
- **Invest in the education system**, for example providing 5,000 extra teachers and 40,000 extra classroom assistants, thereby raising the basic educational level of the future workforce.

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- **Introduce tax incentives for small and medium-sized enterprises to improve training.** Companies eligible would include those working with Investors in People, those introducing a company training plan under the Skills for Small Businesses programme, and those training an employee to 'master' training level.
- **Promote tourism.** We will bring together the marketing and infrastructure work of government, local councils and tourist boards. We will ensure that local communities are involved in the planning of tourism from the earliest stages.
- **Protect village pubs and local breweries** by extending the 50% mandatory rate relief currently enjoyed by some village shops and post offices to sole village pubs and encourage wider use of local authority powers to grant additional discretionary relief for services and businesses.
- **Cut the size and cost of central government.** We will reduce the number of ministers and (as part of voting reform) cut the membership of both the House of Commons and the Upper House.



*"Taxes must not be a barrier to the growth of businesses."*

**Matthew Taylor, Liberal Democrat Shadow  
Chancellor**

## Liberal Democrat Manifesto for Small Business

### Freedom to Compete

Consumers should have as much choice as possible, but more and more ownership is concentrated in the hands of fewer and fewer companies. Large concerns have been driving small businesses to the wall. The adverse exchange rate also makes it difficult for small business to compete internationally. We intend to level the playing field to support competition and smaller businesses. We will:

- Introduce tough legislation to control monopolies and cartels with a presumption against a high concentration of ownership. Even in apparently competitive markets, anti-competitive behaviour is creating localised monopolies where, for example, supermarkets, large newsagents and oil companies have an unfair advantage over small shops and independents. We will strengthen the powers of the competition authorities to tackle localised monopolies.
- Tighten controls on banks. We will require the banks to develop new codes of banking practice for small business, which would be monitored by the Office of Fair Trading. We will apply full competition law to banks, refer bank mergers to the Competition Commission, prohibit anti-competitive cash machine charges and regulate the clearance system.
- Support local markets including farmers markets by providing funds to regenerate local shopping areas, preserving a diverse range of retail outlets and encouraging flexibility in planning regulations for smaller outlets.

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- Create a competitive and sound economy, enabling British euro entry subject to the decision of the British people in a referendum. Membership of the euro at a competitive and sustainable rate would offer Britain considerable benefits. It would end the exchange rate instability which has destroyed many thousands of jobs, safeguard the investment in hundreds of thousands of further jobs by overseas firms, and reduce the costs of trade with the rest of the EU. Unlike the Conservatives, we believe the British people deserve the opportunity to have their say in a referendum.
- Establish fair competition for British freight companies. We will cut significantly freight vehicle excise duty, funding this by introducing a daily charge which includes overseas hauliers who currently escape VED.
- Promote diversity of ownership. We will initiate a review of policy governing mutual ownership of building societies, insurance companies and credit unions to encourage and develop them. We will also review legislation in order to stimulate employee share ownership and co-operatives.



*“Uncompetitive practice by banks is damaging small businesses. The matter must be referred to the Competition Commission to find new ways of increasing competition in the bank industry.”*

**Dr Vince Cable, Liberal Democrat Shadow Secretary of State for Trade and Industry**

## Liberal Democrat Manifesto for Small Business

### Freedom to Innovate

Liberal Democrats believe that our small businesses should have the opportunity and the confidence to embrace new technologies, so that they can fulfil their potential on a level playing field with larger companies. We will:

- **Work closely with international governments** to provide clear, concise guidelines on internet regulation, in order to create a secure environment in which small businesses can operate confidently.
- **Invest in a knowledge-based economy through research.** Scientific research is the cornerstone to a successful knowledge-based economy. We welcome the extra resources the sector has already seen as a result of partnership with charities and will further this by increasing government investment in scientific over current plans, funded by stopping the Export Credit Guarantee Department using taxpayers' money to support arms exports. We would give priority to research on climate change mitigation and cleaner production and consumption techniques, and set up an Academy of British Invention.
- **Encourage innovation** by measures including promoting links between academic and industrial research and strengthening the roles of local and regional authorities to stimulate development and implementation.
- **Raise skills, particularly at the technician level**, by providing the funding to allow any adult the chance to acquire a Level 2 qualification (the equivalent of 5 GCSEs at grades A to C, an intermediate GNVQ or a Foundation Modern Apprenticeship). We will fund those aged 16 to 24 up to Level 3 (equivalent to 2 A-Levels at grades A to E, an Advanced GNVQ or an Advanced Modern Apprenticeship). In the long term, our goal is to extend this further entitlement to every adult. Employers will be obliged to release their staff aged 16-24 for courses which are relevant to their work. The scheme will be implemented in consultation with small businesses.
- **Review the impact on the electronic commerce industry** of Labour's Regulation of Investigatory Powers Act.



*“Liberal Democrats recognise that only a partnership approach to our skills shortage can help solve the crisis. We want to create a win-win situation where state, individual and employer gain. By creating the right incentives, streamlining structures, and creating a culture where employees are seen as assets, we can succeed.”*

**Phil Willis, Shadow Secretary of State for Education and Employment**

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