

We need to halt the meddling

Mark Prisk, shadow business minister, reveals his plans for small firms if the Tories get into power



Looking for new ways to support firms: Mark Prisk, shadow business minister

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Should Mark Prisk find himself in the corridors of power later this year, one of his first acts as a Conservative small-business minister would be to scrap Business Link.

The advisory service, which costs £190m a year to run, is in the gun sights of the shadow minister for business and enterprise. “We believe that regional Business Links are failing in their task,” said Prisk.

“Many surveys show that only a small proportion of businesses use them and those that do are dissatisfied with the service they receive.”

Part of the problem, according to Prisk, is that regional Business Links — which employ 1,600 advisers across the country — spend most of their resources directing enquiries elsewhere.

“I also take the view that you shouldn’t employ civil servants to tell small-business owners how to run their firms,” said Prisk as he laid out his vision for small business under a Tory administration.

The proposal to axe the regional Business Links is part of a wider belief held by the Tories that small businesses would be much better off if government were to take a more hands-off approach.

“Our job in government — if we are elected — will be to create the right environment for small businesses to start and grow, not for us to tinker and meddle,” said Prisk.

“What businesses need is clarity and certainty so they can get on and create the wealth and the jobs. Our job will be to support them but in a way that will free them to do what they do best. That is a very important shift. Government does not know best when it comes to free enterprise.”

In place of Business Link — an idea conceived in 1993 by a Conservative cabinet minister, Michael Heseltine — Prisk would like to see the role and number of enterprise agencies expand.

“They are local and they are face-to-face, and they are able to adapt to what businesses in that locality need,” he said.

What’s more, these agencies already have a considerable overlap with the Business Link services. To support enterprise agencies, the Conservatives would offer to match current funding for the first three years — with half the money put up by councils and chambers of commerce.

After three years, Prisk expects that the enterprise agencies would have replaced their government funding with other streams of income — from providing incubator space for small firms, for example.

The Tory plan mirrors the conclusions of the Entrepreneurs' Manifesto, launched last month by Doug Richard, a former member of the panel on Dragons' Den. His report recommended that Business Link be scrapped because it was ineffective. Richard was previously chairman of the Conservative party's Small Business Task Force, which last year produced the Richard Report on small-business reform.

Business Link has come under criticism from all sides. Small businesses are unhappy with the service, and others are unhappy with its cost to the taxpayer.

"Business Link has improved and its website is vastly better, but there is still a long way to go," said Stephen Alambritis of the Federation of Small Businesses. "Currently only a fifth of our members use Business Link services."

Professor David Storey at Warwick Business School, one of the authors of a 2006 study on the economic impact of Business Link's local service, offered a cautious view. "Is the taxpayer getting value for money from Business Link? On balance the answer is yes," he said. "Is it going to save firms from going out of business? Probably not. Is it going to assist a business that wants to do a little bit better? Probably yes."

As part of the Tory proposal to improve advice to small firms, Prisk is looking at the possibility of building on the success of the British Library's Business and Intellectual Property Centre. "From talking to customers of the centre, we think this makes a lot of sense. The centre has specialist expertise, and it is accessible," said Prisk.

Small firms would be able to get access to basic business information about government rules and regulations from a new website or mobile-phone application to replace the current Business Link website.

After reading land management at Reading University, Prisk, 47, joined Knight Frank & Rutley, the upmarket estate agency. He has experience of small business, having run his own chartered surveying firm for 10 years until he was elected MP for Hertford and Stortford in 2001.

Prisk recognises that most new businesses begin at home, so he wants to abolish the clauses in council and housing association tenancy agreements that prevent start-ups by tenants.

"I have no problem with sensible regulations on noise and nuisance, but this is an additional rule specifically to prevent social tenants from starting a business," said Prisk.

"So we would seek to prevent councils and housing associations including clauses in tenancy agreements that stop tenants from starting a business at home. It is about taking away barriers and making it easier for businesses to progress."

Prisk is developing other plans to help people start their own businesses. One planned initiative, a programme called Work For Yourself, is similar to the old Enterprise Allowance Scheme that provided a weekly allowance for would-be entrepreneurs to get their business off the ground.

"What I am looking at is how best we can encourage people, particularly those who are unemployed, to work for themselves," said Prisk.

The tax system must also be simplified for small business, he said, and corporation tax reduced from 22% to 20%.

"We are going to look at the whole tax system and then simplify it — and then have the discipline not to tinker or meddle with it or complicate it," he said. "Our view is that if you can make taxes simpler

then you can lower the tax rates. Take corporation tax — there is a whole raft of reliefs, allowances, conditions and thresholds added in and we feel that if we strip away those we can reduce the headline rate.”

Prisk is also keen to cut red tape by requiring every government department that wishes to bring in a new regulation to show how it plans to reduce its total regulation by 5%.

“That is an important principle because it is not the single measure, it is the cumulative burden that breaks the back of a small business,” said Prisk, whose wife Lesley Titcomb is a senior regulator at the Financial Services Authority, the City watchdog.

In addition, a new Conservative government would introduce a “sunset” clause for every regulatory body, meaning that they would be required to justify their existence. The Tories would review all 150 regulatory bodies in their first term and decide whether they should be scrapped, merged or reduced in size.

If the Conservatives get into power at the next general election, Prisk promises that he will also keep a close eye on the banks and the way they deal with small businesses, especially in the light of the problems many small firms face getting bank funding.

“There are still big issues for small firms getting credit from banks and elsewhere. We are not going to come in and assume the matter has been resolved,” he said.

“We are also looking at how the government can give guarantees for smaller businesses that would be on a simpler and broader basis than the current government rules and regulations. The Enterprise Finance Guarantee scheme has been one of the better government schemes and we want to look at how we can make sure that what is already in place is more effective.”

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