

A map of England with white county boundaries overlaid on a blue background. The map is centered on the country, showing its geographical outline and internal regional divisions.

# Reforming business support in England

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**Newable**

## Introduction

As of 2023, the most up-to-date government figures<sup>1</sup> show a total of **5.5 million businesses** currently active in the UK. The total number of Large Businesses (over 250 employees) stands at only 7,700 - meaning Small and Medium sized businesses (SMEs) make up **99.9%** of private sector businesses. However, an inconsistent landscape of support for ambitious SMEs continues to hold back the economy, and shackles growth. Newable believes that the best way to resolve this is for central government to define an evidence-based minimum service level, and to then empower well-funded local government to deliver it across England.


## The issue

The BVA-BDRC SME Finance Monitor<sup>2</sup> reported that 27% of SMEs saw “*political uncertainty and future Government policy*” as a barrier in Q4 2022, with smaller firms finding it a larger issue, equating to around 650,000 English businesses, with over £250billion of turnover.

At the heart of this uncertainty is lack of clarity about what support an SME is eligible for - and in what location. Two examples illustrate this across the country:



**1** A high-growth SME in Elstree, Hertfordshire, with a turnover of £10million and services to export can receive tailored one-to-one exporting advice from the Department for Business and Trade. Two miles away in Edgware, an identical business would not, as this service is not provided in London.



**2** A small SME in Leeds looking for productivity support can find, within 10 seconds, clear advice on the West Yorkshire Combined Authority website about how to obtain support and a grant of up to £50,000 to help them. In Sheffield, there is no grant scheme currently available.

Effective programmes and forms of support exist but are not universally available, while ineffective support programmes are offered in isolation in some areas, with no systematic approach to best practice. The result of this is that a high proportion of UK SMEs are left with inadequate support, or alternatively, no support at all. As SMEs are responsible for 51% of private sector turnover, the impact of curtailing their growth is clearly a macroeconomic one.

<sup>1</sup> [gov.uk/government/statistics/business-population-estimates-2022/business-population-estimates-for-the-uk-and-regions-2022-statistical-release-html](https://www.gov.uk/government/statistics/business-population-estimates-2022/business-population-estimates-for-the-uk-and-regions-2022-statistical-release-html)

<sup>2</sup> [bva-bdrc.com/products/sme-finance-monitor/](https://bva-bdrc.com/products/sme-finance-monitor/)

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## A growing problem

UK businesses face an immense challenge to find what is right for them. Local policy responses do, of course, well reflect the needs of local businesses, but the inconsistent national framework creates significant divergence in what is developed and offered. This issue has become more noticeable since the rollout of the UK Shared Prosperity Fund (UKSPF) as there are now over two hundred entities empowered to deliver business growth support, against 38 under the former LEPS/Growth hubs structure. Aside from the macro-economic impact of inefficient approaches, there are significant taxpayer costs from developing a multiplicity of approaches to the same problem. It is worth noting that the biggest risk identified by the Institute for Government's report<sup>3</sup> into UKSPF highlighted the potential for duplication and fragmentation, which we have already seen whilst bidding for work across England.

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## What we think needs to change

There is ample evidence<sup>4</sup> that the landscape for business support is too complex, piecemeal, and lacks measurable objectives. Government must grasp this challenge quickly and decisively. Newable believes this should happen in three ways:

- 1** Reform the support landscape by defining a minimum service offer which must be offered in all parts of England. This would cover types of support and financial incentives but still allow local development of programmes to meet these minimum service levels. This "Small Business Service" would use consistent terminology and branding to help businesses navigate support no matter where they are based.
  - 2** Use the levers of increasing local devolution to reduce the number of support providers. Local programmes should be owned at the highest level of local government, for instance, Mayoral Combined Authority level, not delivered differently in Barnsley, Rotherham, Sheffield, and Doncaster. This would drive out the systemic inefficiencies of multiple identical programmes of work being defined, bid for, reviewed, and mobilised.
  - 3** Fund this minimum service in these areas appropriately, using an evidenced-based approach that reflects both the current business population, but also the growth potential. Eliminate unnecessary competition for funding but allow top-up funding to be awarded.
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## How Newable can help

Newable helps businesses thrive, supporting over 20,000 SMEs across the UK annually. We provide advice for businesses looking to grow, finance for helping them achieve their ambitions, and workspace for them to base themselves whilst they do so.

With over four decades of experience in the business advice and investment industry, we see the good and bad of business practice in the UK and have developed an approach to business engagement that identifies what SMEs are experiencing and what they need to grow. We have worked extensively with local, regional, and central Government and understand the reporting and audit required when working with public money. We also recognise the ways in which public investment applied wisely, can enable business growth. Therefore, we are uniquely placed to help design and deliver a programme of SME growth for and on behalf of Government. Our engagement with businesses does not rely on active participation in a sentiment survey, or to be a member of an organisation such as a Chamber of Commerce, FSB, or CBI.

Consequently, we believe we have a unique insight to offer in developing a single coherent and relevant baseline offer for SMEs across England, that can still be customised to reflect specific local or business needs.

We would be happy to follow up this paper with a detailed conversation with your policy teams about how this might be developed.

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<sup>3</sup> [instituteforgovernment.org.uk/publication/shared-prosperity-fund](https://instituteforgovernment.org.uk/publication/shared-prosperity-fund)

<sup>4</sup> [nao.org.uk/reports/business-support-schemes/](https://nao.org.uk/reports/business-support-schemes/)

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Helping businesses to thrive

