

## New government package to support small businesses

1 year ago



Rishi Sunak, in his first economic speech since the Spring Budget, has announced a package of reforms to support small businesses. In summary, the benefits of the package are:

- £60million in new investment to enable up to 20,000 more apprenticeships, including for young people and small businesses
- Unnecessary regulatory burdens to be slashed through Brexit freedoms saving around £150 million per year for thousands of small businesses
- New taskforce to be established to boost private investment in women-led businesses and make the UK the best place in the world to be a female founder

### Supporting the next generation of workers

The Government will fully fund apprenticeships in small businesses from 1 April by paying the full cost of training for anyone up to the age of 21 – reducing costs and burdens for businesses and delivering more opportunities for young people to kick start their careers.

This will remove the need for small employers to meet some of the cost of training and saves time and costs for providers like further education colleges who currently need to source funding separately from the government and businesses.

The move is underpinned by an additional £60million of new Government funding for next year, guaranteeing that where there is demand for apprenticeships from businesses, the government will ensure there is enough funding to deliver them.

From the start of April, the government will also increase the amount of funding that employers who are paying the apprenticeship levy can pass onto other businesses. Apprenticeships can currently be funded by a levy paying employer transferring up to 25 per cent of their unused levy to a different employer.

Under the new measures, large employers who pay the apprenticeship levy will be able to transfer up to 50 per cent of their funds to support other businesses, including smaller firms, to take on apprentices. This will help SMEs hire more apprentices by reducing costs and enabling more employers to get the skilled workers they need while unlocking more opportunities for young people in a huge range of sectors, industries, and professions.

Taken together, these measures are expected to enable up to 20,000 more apprenticeships, primarily for young people, and is part of the Government's plan to build a stronger economy and deliver a brighter future where hard work is rewarded and young people get the skills they need to succeed in life.

Over the last decade, the Government has helped 5.7 million people start an apprenticeship, working with employers to develop almost 700 new high-quality standards and increasing the funding for apprenticeships to over £2.7 billion from next year.

Prime Minister Rishi Sunak said: *"Growing up in my mum's pharmacy, I know first-hand how important small businesses are. Not just for the economy, but as a driver for innovation and aspiration, and as the key to building a society where hard work is always recognised and rewarded."*

*"Whether it's breaking down barriers and red tape for small businesses, helping businesses hire more young people into apprenticeships and skilled jobs or empowering women to start up their own businesses – this government is sticking to the plan and leaving no stone unturned to make the UK the best place to do business."*

*"Taken together, these measures will unlock a tidal wave of opportunity and make a real difference to businesses and entrepreneurs across the country."*

Education Secretary, Gillian Keegan said: *"This Government has built a world-leading apprenticeship system from the ground-up – with apprenticeships now available in around 70 per cent of all occupations."*

*"Apprenticeships are a fantastic way for businesses to develop the skills they need, and these new measures will help more businesses and young people benefit from them."*

*"Our plan to deliver a high-growth, high-skilled economy is working, with more opportunities available to young people than ever before."*

#### Deregulatory measures

The Prime Minister is also expected to announce further deregulatory measures to simplify both non-financial and financial reporting for SMEs which is expected to save thousands of businesses across the UK around £150 million per year.

This includes increasing the number of companies which qualify as a smaller or medium sized business through a 50 per cent uplift to the thresholds that determine a company's size. This is expected to benefit up to 132,000 businesses who will be spared from burdensome form-filling and non-financial reporting

requirements.

The Government is also removing several duplicative and bureaucratic EU reporting requirements, including for what companies must set out in their annual reports, whilst also making it easier for companies to share digitalised annual reports rather than paper copies – ensuring businesses practices are fit for the modern age.

Taken together, these changes are expected to deliver around £150million of savings for SMEs per year and save small businesses at least one million hours per year in total.

The Government will also consult on further changes later this year including exempting medium-sized companies from producing strategic reports, which could save them a further £148 million a year and raising the employee size threshold from 250 to 500 employees, which will mean around 1,000 more large companies could become SMEs.

Secretary of State for Business and Trade Kemi Badenoch said: *“Almost every job in the UK is owed to what is, or what previously was, an SME. They are the engines of economic growth for this country.*

*“Whether it’s through cutting red tape, unlocking investment or lowering business costs, today’s announcements show that this government is committed to doing all it can to turbo-charge SMEs so that they can go further and faster than ever before.”*

#### Private investment in female business leaders

Speaking directly to businesses and delegates at the event, the Prime Minister will underline the Government’s plan to create the economic conditions to encourage entrepreneurship and drive growth. As part of this, the Prime Minister is expected to announce a new industry-led Invest in Women Taskforce to unlock private investment in female business leaders and make the UK the best place in the world to be a female founder.

For too long, innovative, women-led start-ups have been held back due to a lack of finance and the proportion of equity capital investment going to all-female founder teams has been stuck at around two per cent in the UK for the past decade.

The core aim of the Taskforce is to raise a bespoke funding pot for female-founded businesses through private capital and address the wider challenges that female entrepreneurs specifically face to help unlock their potential to establish and grow their enterprises.

The new taskforce will be industry led and co-chaired by entrepreneur Debbie Wosskow and Barclay’s Hannah Bernard, with Small Business Minister, Kevin Hollinrake, representing the government. The membership of the taskforce will be set out in due course.

#### The SME – the “lifeblood of the economy”

In 2024, the year of the SME, the Government continues to back small businesses as the *“lifeblood of the economy”* and says the single biggest way it is backing businesses is by the economic conditions for them to thrive, which is why it has *“worked hard to deliver on priorities to halve inflation, grow the economy and cut debt”*.

The Government states it has made “good progress” on its plan. Inflation has fallen from 11.1 per cent to 4.0 per cent, the economy has performed better than forecast, wages are rising, mortgage rates are starting to come down, the economy has outperformed European neighbours and debt is on track to fall as a share of the economy.

As a result of the progress made, the Government added: *“The economy is turning a corner and we have been able to afford tax cuts as part of our plan to reward work and grow the economy. But we know there is more to do which is why we’re sticking to the plan to keep building an even stronger economy to support businesses to establish and grow their roots in the UK.”*

Martin McTague, National Chair at the Federation of Small Businesses, said: *“We welcome these very important announcements on apprenticeships, as well as other action including helping more women start up in business. The Prime Minister is right to take decisive steps to support small employers do what they do best, providing jobs and opportunities in their local communities.”*

Last month, the Department for Business and Trade held the first meeting of the newly established Small Business Council which acts as a powerful voice for small businesses within Government and has been tasked with overseeing three key areas for small firms – access to finance, skills and support as well as removing barriers.

The [Help to Grow campaign](#) website has also been relaunched and refreshed, as a one-stop shop for SMEs to find the information they need to grow and scale up. This includes helping small firms to clearly identify what funding they can access, helpful webinars as well as the basics of how to set up a business for the first time.