

## **Small Business, Enterprise and Employment Bill**

The Government is committed to fostering and encouraging the entrepreneurial spirit that thrives in the UK. **The Small Business, Enterprise and Employment Bill** is designed to reduce the barriers that can hamper the ability of small businesses to innovate, grow and compete. It paves the way for Government to be more supportive of small business in the UK.

This Bill will open up new opportunities for small firms to innovate, compete and get finance to create jobs, grow and export. Small businesses will have access to finance and reduced red tape to thrive so that honest hardworking businesses can be confident in the rule of the law and aren't disadvantaged by those that don't play by the rules. It will ensure that the UK continues to be recognised globally as a trusted and fair place to do business.

The following measures are included in the Bill;

1. Access to Finance
2. Regulatory Reform
3. Public Sector Procurement
4. The Pubs Code Adjudicator and the Pubs Code
5. Childcare and schools
6. Education Evaluation
7. Companies: Transparency
8. Company filing requirements
9. Directors' disqualification
10. Insolvency
11. Employment

### **1. Access to Finance**

Many small businesses still struggle to access the finance they need to expand. The Bill will introduce measures to;

- improve small businesses' access to finance by removing legal barriers to invoice finance;
- incentivise businesses to improve their payment policies and practices;
- encourage greater competition in banking by improving the ability of challenger banks and alternative finance providers to conduct accurate risk assessments and making it easier for small and medium sized businesses to seek a loan from a lender other than their bank;
- require banks (which meet a certain market share threshold) to share information on small and medium sized businesses that they reject for finance (where businesses have given their consent) with online platforms that will help those businesses be linked up with alternative lenders.

- enable UKEF to better support UK businesses engaged, or wishing to become engaged, in exporting or in an exporting supply chain;
- provide for an innovation called cheque imaging that will make paying in cheques quicker and easier;
- ensure that the Payment Systems Regulator's powers on access are aligned with the requirements of the Payment Services Directive and the Settlement Finality Directive.

## **2. Regulatory Reform**

Unnecessary regulation can get in the way of doing business and impose additional burdens to businesses of all sizes. The Bill will introduce measures to;

- commit the government to creating a more streamlined process to incorporate a new company and register for tax purposes;
- review the business appeals procedures via the creation of a Small Business Appeals Champion, ensuring that the complaints and appeals procedures in non-economic regulators are user-friendly for business and that business have an easy pathway to challenge decisions from non-economic regulators;
- require the financial services Independent Complaints Commissioner (ICC) to produce an annual report on its investigations;
- entrench in law the setting of a deregulation target – similar to the “One-in, Two-out” approach – and transparent reporting of new regulatory burdens on business.
- ensure that all new regulations affecting business are reviewed regularly and that regulations are effective and necessary and not subjecting businesses to unnecessary burdens.
- create statutory definitions for the terms “small business” and “micro business”.
- support home businesses by amending Part 2 of the Landlord and Tenant Act 1954 to ensure that agreeing to business use of a home will not result in the creation of a business tenancy.
- allow the CMA, at its discretion, to make recommendations on the impact on competition of legislative proposals, which it must then publish.
- Introduce a new power for the Secretary of State to introduce an exemption from liability for bodies concerned with accounting standards to take effect without it being conditional on the awarding of a grant to a body.

## **3. Public Sector Procurement**

There should be a simple and consistent approach to procurement across all public sector authorities so that small businesses can gain better and more direct access to this market. The Bill will introduce measures to:

- Provide government with the ability to implement a number of measures relating to public procurement in the future, as necessary. These will remove barriers for small businesses and make procurement practices across the entire public sector more streamlined and efficient.
- Provide the Minister for the Cabinet Office or the Secretary of State with a general power to investigate procurement processes and practices carried out by UK Government Departments and other contracting authorities, as defined in the Public Contracts Regulations, who are not wholly or mainly undertaking devolved functions.

#### **4. The Pubs Code Adjudicator and the Pubs Code**

The Bill will introduce a Statutory Code of Practice to govern the relationship between large pub-owning companies and their tied tenants. A new independent Adjudicator will enforce the Code. The measures will address the imbalance in bargaining power between large pub-owning companies and the thousands of tenants that run tied pubs across England and Wales, who are often sole traders and small businesses, to ensure tenants are treated fairly by their pub-owning company.

Following amendments made at Report stage of the Bill, the measures also include a Market Rent Only option. This requires large pub-owning companies to offer their tied tenants the right to become free-of-tie at certain trigger points. The tenant would then pay a market rent for the pub but be able to purchase beer and other products from any source.

#### **5. Childcare and schools**

The Bill will introduce measures to:

- allow information supplied by HMRC and the Department for Work and Pensions to be shared for the purposes of providing funding related to the early education entitlement (which includes the Early Years Pupil Premium).
- make it easier for schools to take two-year-olds by removing the requirement to register separately with Ofsted for provision for two-year-olds. This will reduce the bureaucratic burden on schools – and has already been done for three and four-year-old provision.
- enable multiple premises to be included in a single registration for provision of childcare, promoting a prosperous and growing childcare market which meets the needs of working families.

## **6. Education Evaluation**

The Bill will introduce measures to provide new and improved information on learning outcomes by tracking students through education into the labour market and allow us to share, at student level, information on the destinations of former students with colleges in England and Wales. This will provide evidence of which schools and colleges best enable their students to progress to positive destinations and sustainable employment.

## **7. Companies: Transparency**

It is important that the UK is seen as a trusted and fair place to do business. The Bill will introduce measures to;

- require UK companies to keep a register of people with significant control over the company (a 'PSC register'). This will increase transparency around who ultimately owns and controls UK companies. It will help deter, identify and sanction those who hide their interest in UK companies to facilitate illegal activities. Enhanced transparency will also promote good corporate behaviour.
- abolish bearer shares, to remove an easy means of facilitating illegal activity, and ensure we are compliant with international standards. This will increase transparency around who owns and controls UK companies, prohibit the use of corporate directors – one company as the director of another - with limited exceptions (to be set out in regulations). This will help counter the use of opaque arrangements involving company directors.

## **8. Company filing requirements**

The Bill will introduce measures to simplify the current filing requirements for companies, remove duplication and complexity and improve the accuracy and integrity of the public companies register by making it quicker and easier to remove inaccurate information.

## **9. Directors' disqualification**

The Bill will introduce measures to modernise and strengthen the director disqualification regime to give the business community and consumers greater confidence that wrongdoers will be barred as directors. This will lead to an increase in confidence in the director disqualification regime, greater transparency of the conditions that can lead to disqualification and more opportunities for creditors who have suffered from director misconduct to receive compensation.

## **10. Insolvency**

The Bill will streamline insolvency law to remove unnecessary costs and ensure effective oversight of insolvency practitioners;

- Modernise the insolvency framework, through increasing creditor engagement in the insolvency process by encouraging the use of decision-making processes fit for the 21st century and removing burdens that add no value for creditors.
- Strengthen the regulatory framework for IPs to deal effectively and efficiently with poor performance and abuse and provide greater confidence in the insolvency profession.
- Create a reserve power to prohibit 'pre-pack' administration sales to connected parties if certain criteria are not met, for use if non-legislative voluntary solutions do not have the desired effect. This will provide greater confidence to unsecured creditors and other affected stakeholders that a pre-pack administration represents the best outcome to them.

## **11. Employment**

The Bill will introduce measures to;

- Reform Whistleblowing procedures to achieve a consistent standard of best practice for handling disclosures and provide greater reassurance to the whistle-blower that action is being taken by the prescribed person and as a result increase the confidence in the actions of the prescribed person.
- Deter business non-payment of employment tribunal awards by creating strong financial consequences of non-payment.
- Reduce the delays in Employment Tribunals caused by frequent and short notice postponements, and addressing the costs arising from short notice postponements.
- increase the penalties imposed on employers that underpay their workers in breach of the national minimum wage legislation on a per worker basis.
- Make exclusivity clauses in zero hours contracts invalid and unenforceable so that no one is tied into a contract without any guarantee of paid work. This will enable employers and employees to benefit from the flexibility of zero hours contracts whilst addressing abuse of these contracts.
- recover exit payments from public sector employees that leave and re-join the same part of the public sector within a year.