

10 May 2018

Britain's cash-strapped SMEs call on government for more support

- **Research reveals 80% of entrepreneurs believe the government is NOT doing enough to support small businesses**
- **71% of SMEs are not making use of government support and 36% do not know government support even exists**
- **Over half of Britain's small businesses have less than £1,000 in cash-flow or business savings**

The government is being urged to re-think its approach to supporting small and medium sized businesses after a new survey revealed the vast majority of entrepreneurs do not think enough is being done to back SMEs.

Just one in five (21%) business owners who responded to the survey by Specialist Bank, Aldermore, think there is enough support from the government, with four in ten (43%) calling for better enterprise education and training.

When entrepreneurs do try to make use of government support services, the results appear to be equally disappointing; less than a quarter (24%) found it easy to find information about government schemes and only just over a fifth (22%) found it easy to find out who to contact for help; less than one-fifth (19%) found it easy to access schemes that were relevant to their business.

The research also highlights concerns around existing initiatives that are in place to help small businesses and entrepreneurs. Four-in-ten (40%) small businesses said they were aware of government funded start-up loans, but only 6% said they had used them. 36% said they knew about grants for taking on apprentices, but only 4% said they had used them. And just over a quarter (27%) of those surveyed said they were aware of capital allowances for installing energy saving equipment, but only 5% had made use of the scheme.

When asked what kind of support they would like the vast majority of entrepreneurs responded with suggestions that revolve around finance. More than half (53%) said a cash bonus to help start a business would be useful, four in ten (42%) said better tax incentives would help and 39% said they would like improved rates on business loans.

There was also support for the creation of an 'Entrepreneur ISA', targeted specifically at those looking to start their own business and the idea of a 'Small Business Savings Allowance' that benefits the self-employed. See table below for more details on both.

The research also reveals why such support is much needed: over half (54%) of businesses surveyed hold less than £1,000 in cash flow while 1-in-7 (15%) are experiencing cash flow problems. This suggests over 750,000 self-employed business owners across the UK are experiencing financial difficulty.

Ewan Edwards, Head of Savings, Aldermore says: "Governments rightly recognise the key role that small businesses play as an engine of the economy – they represent five million enterprises employing over 15 million people in the UK. But our findings reveal that the current system of support suffers from needless complexity, low awareness and low-take up across the board. We believe the government needs to take a fresh approach with better targeted support and better publicity to increase awareness of what is available.

“There is a clear gap in the market for providing well-targeted small business support. We know from speaking with self-employed and SMEs that what they need are simple tax breaks, which are readily accessible. Over half of our small business respondents (53%) believe that introducing a tax-payer funded cash bonus to help them get started would help to fill that gap.

“That is why we are calling on the Chancellor to consider the introduction of an Entrepreneur ISA and a Small Business Savings Allowance in his 2018 Budget. This would provide a simple and accessible tax incentive to give business start-ups and existing small businesses a financial boost.”

ENDS

Notes to editors

The research was conducted by Toluna via an online panel during March 2017 and March 2018. The sample consisted of 1,799 UK residents, including 642 entrepreneurs, self-employed people and business owners.

Below: An outline to how the Entrepreneur ISA and The Small Business Saving Allowance could work

Entrepreneur ISA	The Small Business Savings Allowance
<p>The Entrepreneur ISA builds on the highly successful ISA wrapper by helping future business owners to build the capital they need.</p> <p>Under our proposal:</p> <ul style="list-style-type: none"> • Ability to save into a tax-free wrapper of up to £20,000 per year in line with the current ISA limit. • Ability to benefit from a potential 25% matched government bonus. • The bonus would be limited at a maximum of around £3,000. • The bonus could be paid when the company is incorporated or files its first tax return. <p>Purpose: To help those starting a business by overcoming the biggest single challenge: accessing the capital to get started.</p>	<p>The Small Business Savings Allowance (SBSA) would mirror the existing Personal Savings Allowance (PSA) – introduced in 2016 – and would help businesses to shelter more of their business earnings from the taxman. Under our proposal:</p> <ul style="list-style-type: none"> • Up to £4,000 a year of income from Savings would be tax-free for all limited companies, Sole Traders and Partnerships with a turnover of less than £250,000. • Savings income includes account interest from bank and building society business accounts but also includes interest distributions (not dividends). <p>Purpose: To strengthen the financial resilience of existing small businesses by allowing them to retain more of their earnings for cash flow or investments to support future business investment or growth.</p>

Campaign Links

Microsite: <https://www.supportmoreentrepreneurs.com/resources/#>

Petition: <https://www.change.org/p/philip-hammond-aldermore-call-on-the-government-to-do-more-for-britain-s-small-businesses>

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Aldermore

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