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Most small businesses receive funding boost

The overwhelming majority of small businesses that applied for finance in the first six months of 2018 were successful, statistics show.

UK Finance commissioned market research firm BDRC to carry out its SME Finance Monitor Q2 2018 and found 85% of small businesses in the UK secured finance in the first half of the year.

Additionally, around six in 10 SMEs reported that they had a high level of trust in their main bank.

Stephen Pegge, director of commercial finance at UK Finance, said the figures show SMEs "should be confident" when approaching their bank to seek finance.

Despite high numbers of successful applications, however, 73% of small businesses said they would rather grow their business slowly than borrow to grow quickly.

Businesses that did expect to seek finance in the future took a cautious attitude, with 48% saying they were reluctant to borrow in the current climate.

Overall, SME owners said the main barriers to running their business were legislation and regulation (18%), political uncertainty (16%) and the current economic climate (15%).

Pegge added:

"Overall appetite for finance among SMEs remains subdued, with many reluctant to borrow.

"Legislation and red tape, political uncertainty and the current economic climate are all increasingly cited as issues holding SMEs back, while only one in 20 see access to finance as a major barrier."

Get in touch to discuss your funding options.

Small firms not ready for no-deal Brexit

Small businesses are woefully unprepared should the Government deliver a no-deal Brexit, according to a report.

The Federation of Small Businesses (FSB) surveyed 1,234 business owners, and found only 14% had contingency plans in place for the UK exiting the EU without arrangements having been agreed.

The research revealed that 41% of UK SME owners fear the impacts of a no-deal Brexit, compared to one in 10 owners who believe no deal will have a positive impact on their business.

Almost half (48%) believed a no-deal Brexit will have a negative impact on their ability to do business after the UK is scheduled to leave the EU on 29 March 2019.

This figure increased sharply to 66% for small businesses that trade with the EU, and to 61% for those UK SMEs with members of staff from the EU.

Mike Cherry, chairman of the FSB, said:

"Our small firms are not prepared or ready for a no-deal Brexit and the impact it will have on their businesses.

"If you sell your products to the EU, buy goods from the EU or if your business relies on staff from the EU, you now see this outcome as a threat to your business.

"The prospect of a no-deal Brexit is seeing many small firms shelving business decisions, pausing investment and more drastically, thinking about cutting staff.

"It's understandable that some small businesses haven't started preparing as they aren't actually aware of what they are planning for."

Talk to us about your business.

Government announces apprenticeship levy reforms

Chancellor Philip Hammond has announced a package of new measures to reform the under-fire apprenticeship levy.

Under the revised rules, employers who pay the apprenticeship levy will be able to transfer a quarter of their funds to organisations in their supply chain, including smaller employers.

Levy-paying businesses have been able to transfer up to 10% of their training funds to other employers in their supply chain since April 2018, but the new measures will increase this to 25%.

The reforms also include £5 million of extra funding for the Institute for Apprenticeships, to improve training standards and update existing ones.

The Government is also to review the future role of the levy.

The announcement follows rising calls for reform among several business organisations, which criticised the levy for its inflexibility and burden on businesses.

After the year-on-year number of new apprenticeships dropped by 39% in April 2018, the Confederation of British Industry (CBI) said the levy system was "not working as intended".

In response to the Chancellor's announcement, Carolyn Fairbairn, director-general at the CBI, said businesses will be "delighted" to hear of the Government's commitment to change.

Fairbairn added:

"Improving the range of high-quality courses available and helping supply chains work together to provide what is needed locally is what business has been calling for.

"But more is needed. The Government must act now to deliver a meaningful review of the levy that demonstrates it will continue to collaborate with companies."

Adam Marshall, director-general of the British Chambers of Commerce (BCC), called the measures "an important step in the right direction", but agreed that further action should be taken.

He said the Government's review "must introduce greater flexibility to the apprenticeship system, to ensure that businesses of all sizes can find and train the workforce they need".

The Chancellor announced additional apprenticeship reforms in Budget 2018, including reducing the co-investment required from smaller firms from 10% to 5%.

We're happy to discuss the apprenticeship levy.

Budget 2018: Tax and business round-up

At a time of political and economic uncertainty, the announcement of several substantial measures in the Budget on 29 October 2018 came as a surprise for many businesses.

In fact, the Budget was met with an overall positive reception from industry groups, with the FSB calling it the Chancellor's "first small-business-friendly Budget".

A range of measures were announced to support high street businesses, including a reduction to **business rates** by a third for many independent shops, pubs and cafes with rateable values below £51,000.

This will apply for two years from April 2019, subject to state aid limits.

Pressure was also eased for smaller firms funding **apprenticeships**, as the co-investment rate required for training will be halved from 10% to 5%.

Meanwhile, businesses investing in plant and machinery were boosted by the **annual investment allowance** rising from £200,000 to £1 million for a two-year period from 1 January 2019.

Employers will need to pay attention to the **national living wage** when planning for next year, which is set to increase from £7.83 an hour to £8.21 an hour from 6 April 2019.

The **VAT-registration threshold** was frozen at £85,000 until 1 April 2022, with the Government planning to review it once the terms of the UK's exit from the EU have been confirmed.

Suren Thiru, Head of Economics at the BCC, said:

"We are pleased that the Chancellor listened to our call to keep the VAT threshold unchanged over the near term, providing much-needed certainty to firms across the UK.

"A reduction in the VAT threshold could well have proved to be a tipping point for some of our most promising young firms."

For some, however, the Budget wasn't all good news, as the Chancellor confirmed that reforms to the off-payroll working rules – known as **IR35** – will be extended to the private sector in April 2020.

The responsibility for operating these rules will move to the firm engaging the worker.

Chris Bryce, chief executive at the Association of Independent Professionals and the Self-Employed, called the IR35 rules "complex and crude", and warned that genuinely self-employed people could be impacted.

To ease some of the burden, small organisations will be exempt, while medium and large organisations will be given support and guidance by HMRC.

Speak to us about how these measures affect you.