



Support on public sector contracts demanded

AN influential review to implement proposals to ensure small businesses win at least 30 per cent of all public sector contracts has been called for.

Responding to a Government push to improve small firm's access to public contracts, the FSB told the Glover Review on the Role of SMEs in Public Procurement that it welcomes the target for SMEs to win 30 per cent of all public sector contracts, but urges that the target is specifically aimed at the micro end of the SME scale.

The FSB is calling on the Glover Review to ensure micro businesses benefit by speedily implementing the following proposals:

■ Guarantee small businesses have a minimum of three weeks for tender response.

■ Ensure local authorities hold tender briefing meetings with local micro businesses.

The FSB also suggests that:

■ Small businesses should be allowed to complete a Pre-Qualifying Questionnaire (PQQ) only once.

■ Larger contracts should be broken into smaller lots.

■ Local authorities should give greater focus to the benefits of creating micro business consortia.

■ More training should be given to procurement officers in relation to engaging with micro businesses in the tendering process.

■ It should be mandatory for all local authorities to sign up to the Cabinet Office Small Business Friendly Concordat

Directors need to stay alert to the risk of personal liability during insolvency

A RECENT court case has highlighted the need for company directors to be extremely vigilant and careful if they commit their company to financial obligations, which it [the company] finds itself unable to fulfil.

In a recently handed down decision by the Court of Appeal, it was held that the director was personally liable for the debt. The director signed an order for goods to be delivered which the company subsequently failed to pay due to its insolvency. It ruled that the director had made an implied misrepresentation to the supplier as the director either knew, or should have known, that the company was unable to meet its debts.

This decision by the Court of Appeal will have a far-reaching impact for directors who will no



Vic Peake: FSB National Councillor and South Kent branch chairman

longer be able to hide behind the perceived protection of "Limited Liability". It's a common fallacy among directors that they can enter any financial commitment, and if it all goes wrong they can walk away and start again. This is simply now not the case.

The Companies Act 2006 places

a statutory duty of care on the directors to adhere to strict standards and consider the effects of decisions on any third party. This can even apply to "Shadow Directors," i.e. those from whom they normally take advice such as an ex-director. This specifically excludes occasional professional advice from solicitors or accountants – although they too have to be careful in not falling into the trap of being considered a "Shadow Director".

Under the 2006 Companies Act, the message is crystal clear. Any financial commitment undertaken by a director must be very carefully considered BEFORE contracts are signed. This can even apply to long-term contracts such as leases or bank loans.

We are entering a period of turbulent economic conditions when businesses could be trading when *technically* insolvent, and therefore, the old adage *Caveat Emptor* has never been more apt.

BUSINESS BITES

Plea for equal marks for diplomas and A-levels

THE FSB congratulates students on another year of excellent A Level and AS Level results but is calling for new diplomas to be given equal value when they are introduced in the next academic year.

Vocational diplomas will be introduced for 14-19 year olds from September and the FSB believes that the new qualifications will help encourage entrepreneurship and better prepare students for the workplace.

Only a quarter of small business owners have a degree (27.7 per cent) with nearly half (48.4 per cent) having GCSE or equivalent and professional qualifications instead.

An eighth of entrepreneurs (12.7 per cent) have no formal qualifications.

New law on restaurant tipping is welcomed

THE Government's announcement that restaurants and bars will no longer be able to pay below the minimum wage and make up the difference using employee's tips has been praised by the FSB.

An overwhelming majority of members (99 per cent) do not use tips to subsidise wages and a significant number (85 per cent) said they are in favour of legislation changing.

Members believe it will have a positive impact on their business.

They are keen to create a level playing field between small businesses who pay a fair hourly rate, and big companies who use tips to avoid paying wages.

FSB calls for fairer energy pricing for small firms

A REPORT by MPs into the consequences of rising energy bills has been welcomed by the FSB.

The Business and Enterprise Select Committee called for action on rising gas and electricity invoices, and the FSB has reiterated its concerns that the situation will only get worse with the closure of Energywatch.

It has called for recognition of the similarity between small businesses and domestic consumers in the energy market.

With more than 30,000 calls from small businesses received every year, Energywatch is a familiar brand to many business owners.

But from October 1, 2008 it will be disbanded.



Hold tight: Members travelled to Parliament in a Routemaster to lobby for a cut in red tape

REDuce BUSIness regulatory burdens

KENT and Medway members of the FSB travelled to the House of Commons as guests of Paul Clark, MP for Gillingham, in a red Routemaster bus to lobby for a reduction in the burden of regulation on small businesses.

Issues discussed with the MPs, who included Damian Green (Ashford), Hugh Robertson (Faversham and Mid Kent) and Sir John Stanley (Tonbridge and Malling), covered the notification of regulatory changes, guidance on compliance, sunset clauses and regulatory impact assessments. The FSB is now preparing case studies for Paul Clark to take to the Ministers.

Tom McHugh of MQL Technologies, said: "A most valuable part of the day was, for me, listening to Paul Clark MP and understanding that these laws must come as last resorts after information and educational initiatives fail and after guidelines are ignored. I admit to being pleasantly

surprised by the kind attention of the MPs and their staff in the Commons.

"Legislate First, Ask Questions Later is creating a system serving only the system, which can only serve as activities for their creators and the insurance companies who will offer protection against."

David Milham, ASC Finance, said: "I was impressed by all the MPs' understanding of the importance of small and micro businesses to the economy and the willingness to listen to the range of issues affecting businesses that we raised. Specific issues included ever-increasing red tape and the need to make it easy for small businesses to recycle products such as paper and packaging. It is up to us to provide specific examples so our MPs can ask questions of the Government and from there get changes made to benefit small businesses and the county as a whole."

The members enjoyed lunch at the FSB London Office in Westminster and a brief presentation from Roger House, Southeast Policy chairman, John Walker, national chairman of the FSB Policy Committee and from Stephen Alambritis, head of the FSB Press and Parliamentary Office, covering topics from involvement with the regional Assembly and SEEDA to national issues and the discussions with Ministers.

■ The Department for Business Enterprise and Regulatory Reform released its latest stats on small businesses during August. The figures confirmed the FSB's own concerns that while thousands of new small and medium-sized businesses are starting up each year, many are hesitant to take on staff because of the administrative and legislative burden. View the latest stats at <http://stats.berr.gov.uk/ed/sme/smestats2007-ukspr.pdf>

Back our Charter for High Street survival

IN A bid to save small businesses from being driven out of the UK's high streets, the FSB is urging the Government to support its Keep Trade Local campaign.

Inspired by FSB members, the Keep Trade Local manifesto unites campaigning from small businesses with a concrete plan for the Government to alleviate the plight of independent retailers. In our economic climate, the problems that face small businesses are obvious to all – we are sleepwalking into a disaster.

The Communities Secretary, Hazel Blears, made some welcome comments on

planning this week, but the country's biggest business organisation is challenging her to deliver by launching a Keep Trade Local manifesto that covers changes to five other key areas which would benefit small businesses as well:

1 Parking charges; Business rates relief; Crime prevention; Post Office closures; and Public procurement.

The FSB's Keep Trade Local Manifesto sets out how our high streets can be kept alive through grassroots change. The manifesto also raises awareness of the value that small businesses provide to consumers, including local produce and personal service.

Get the experts' view on managing the downturn



A lesson to us all – FSB Kent and Medway regional chairman Roger House pays tribute to Sir Sandy Bruce-Lockhart and sings the praises for the efforts of Kent's young pupils and students

THE FSB-sponsored breakfast conference Tougher Times? Staying in Control, will be held at The Russell Hotel, Maidstone at 7am for 7.25am, finishing at 9.30am, on Thursday, October 9.

This is a great opportunity to hear from the experts what they believe you should know.

Speakers include Shirley Moore, head of Debt Recovery and Insolvency at Brachers solicitors, and Steve Tancock, head of Maidstone Office, Smith and Williamson Restructuring and Recovery.

The conference, covering topics such as getting the basics right, early warning signs, turnaround procedure and insolvency procedures, is free to members and guests are welcome at £10.

■ For bookings, contact Fran Smith on 01622 688134, or email: office.kent@fsb.org.uk



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