

Urgent clarity from Welsh and UK governments needed on future business support in Wales, says FSB

The Federation of Small Businesses (FSB) has called for an economic development bill in Wales as it says urgent clarity is needed from both the Welsh and UK governments on the future support for SMEs.

The organisation, which represents small and medium-sized businesses, has released a report on the future of business support which sets out a list of recommendations it wants to see from governments to help businesses in Wales.

It said the Welsh Government should pursue an economic development bill to provide a framework to address regulation, tax, skills and wider policies, and encourage a 'think small business first' policy across devolved and central governments.

The FSB has also called for the UK Government to set out a detailed plan on the Shared Prosperity and Levelling Up Fund, which launched as a successor to European structural funds following Brexit.

Wales previously received approximately £400m a year of European Structural funds with a quarter of Welsh SMEs benefiting. However, the FSB said the future of this support remains unclear reinforcing the need for urgent clarity from both governments.

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It suggested that potential economic growth following the lifting of Covid restrictions is being threatened by the concerning disconnect between Westminster and Cardiff Bay on future business support, causing confusion and risking a bad return on investment for public money.

Current support from both Welsh and UK governments played an essential role in helping many small businesses survive the pandemic, the report found.

The number of small businesses accessing funding after March 2020 rose to 78% as Welsh firms combatted the impact of the pandemic and restrictions, with many small businesses accessing support from Business Wales and other streams to recover.

Despite this, the FSB said many small businesses in Wales still have ambitions to grow at least 20% per annum, however it added that growth is dependent on joined-up support from both Westminster and Cardiff Bay.

The report, Building Businesses: Building Communities Through Business Support in Wales, also found that 40% of small businesses in Wales expect to seek public sector business support in the next two years.

Currently 83% of small Welsh businesses are aware of the Welsh Government's support service, Business Wales, which recent data suggests boosted the Welsh economy by around £790m a year by mid-2021.

FSB Wales policy chair, Ben Francis said: "Supporting small businesses has never been more important. For some, the doors will have only just recently opened after a particularly challenging festive period.

"As we look to the potential for an end to the current restrictions at the end of March, many small businesses will be preparing for an influx of rising costs at once, with National Insurance contributions for employers set to increase by 1.5%, along with energy bills and VAT rising from the current reduced rate to 20%."

Mr Francis added: "Combined with staffing difficulties and supply chain issues, providing long term sustainable room for growth for small businesses in Wales is of the utmost importance. This will require UK and Welsh Governments working together to overcome the current political impasse and provide long term clarity.

"If we are to look to sustainable economic re-growth and long-term development, then we need services and institutions underpinned by strategic vision and long-term stability. That's why we're calling for an Economic Development Bill in Wales to cement that architecture around business support and growth to meet the aims of businesses and the communities of Wales."

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