



Introduction

Enterprise Nation is a small business support platform and membership community, representing over 140,000 small business owners and aspiring entrepreneurs across the UK. Our members are part of the 5.5 million small businesses that keep the economy running, from bakers and florists to coders and consultants.

These businesses are vital to Britain's economic future. But too often, they face the same entrenched barriers: fragmented support, inaccessible finance, and burdensome bureaucracy.

Despite these barriers, our latest *StartUp Ambition* report found that the UK's entrepreneurial spirit is growing. In 2025, 47% of UK adults said they were considering starting a business or side hustle, up 12 percentage points on 2024¹. This points to a cultural shift, with self-employment becoming a mainstream career aspiration.

Through a combination of digital support, in-person events and partner-led programmes, we deliver practical guidance on accessing finance, winning procurement contracts, adopting new technologies and hiring talent².

Our partnerships with government have yielded tangible outcomes, including recruiting over 8,000 mentors and logging 35,000+ mentoring hours for the Help to Grow: Management scheme. We have also launched targeted initiatives like Tech Hub, supported by Google, Sage and Dell, to accelerate technology adoption in the small business community³.

As an organisation founded on the principle of helping people start smart and grow fast, we believe this is the moment for change. We welcome the Committee's inquiry as a chance to ensure that small businesses are not only seen, but heard, and supported in ways that reflect how they actually operate.

Our response draws on extensive engagement with our members, including programme data, live platform feedback, and focus groups conducted with DBT and small business owners in 2025.

The government has a genuine opportunity to shift the dial, but that will require delivery models that are inclusive, accessible, and aligned with how small businesses operate in practice.

¹ <https://www.enterprisenation.com/learn-something/almost-half-uk-adults-thinking-starting-business-2025/>

² <https://www.enterprisenation.com/>

³ https://www.enterprisenation.com/tech-hub/?utm_medium=cpc&utm_source=google&utm_campaign=programme_signup&utm_content=TH_google_ad&gad_source=1&gclid=CjwKCAiAmZGrBhAnEiwAo9qHiYMxFdpLaowtC1qu9X298VWN8r_1sY7xBhg8rRJK8Ftt_aeJ8LeZwBoCNh4QAvD_BwE

Q2. How can policymakers ensure that the voice of small businesses is heard in government?

Drawing on engagement with our members – particularly early-stage and underrepresented founders – as well as recent focus groups conducted with DBT officials and small business owners, we believe there are four practical ways to improve how government listens to and responds to small businesses.

1. Make engagement simpler and more consistent

Participants in our focus groups noted that traditional consultation methods – such as lengthy written calls for evidence or formal roundtables – are poorly suited to micro business owners. There was a strong preference for more accessible formats, including short surveys and digital channels.

Enterprise Nation routinely uses these formats across our programmes, generating real-time feedback loops. We recommend government adopt similar methods, particularly when seeking views from sole traders and underrepresented groups.

2. Broaden the range of businesses consulted

Participants expressed frustration that consultations often rely on the same types of firms, with younger, creative and minority-led businesses underrepresented. Language and framing also matter – engagement must feel relevant to the founder's experience.

Our work through the Strive UK and Help to Grow: Management mentoring programmes shows that diverse founders will engage – but typically through trusted channels. Government should actively partner with organisations that already reach these communities, rather than defaulting to traditional trade bodies.

3. Appoint a Small Business lead in every government department

Each department should appoint a Small Business Lead responsible for embedding SME priorities across departmental policy, acting as a liaison between officials and representative bodies. This could build on the previous network of SME Champions, who were tasked with developing SME Action Plans focused on meeting departmental spending targets.

4. Establish regional Small Business Boards

Government should introduce regional Small Business Boards made up of local entrepreneurs, membership bodies, and local authorities. These boards could meet regularly to discuss region-specific challenges and submit recommendations to relevant departments. This would help surface local insights and hold departments to account for regional delivery.

Finally, we welcome the creation of targeted forums such as DBT's Small Business Growth Forum and SME Digital Adoption Taskforce. These can provide strategic input – but their credibility with small firms will depend on whether action follows.

Q3. How straightforward is it to start a business, and what difficulties do entrepreneurs face when starting up?

The UK offers a relatively accessible environment for starting a business, with a clear legal and administrative process. Founders can register a business, write a plan, understand tax obligations and explore finance options using a variety of government-backed and private-sector tools⁴. Enterprise Nation's one-stop shop⁵ and platforms like Help to Grow: Management and local Growth Hubs help guide individuals through this journey.

However, despite efforts to streamline the process, many prospective entrepreneurs still find it daunting. The core barriers extend far beyond form-filling or registration steps.

The most significant obstacle to entrepreneurship in the UK is the lack of startup funds, a concern cited by 36% of aspiring entrepreneurs⁶. This financial challenge is notably more pronounced for women, with 40% identifying funding as their primary hurdle. In 2023, all-female founder teams secured only 8.2% of equity deals, amounting to £232 million, while all-male teams closed 1,413 deals worth £6.5 billion⁷. Furthermore, a substantial proportion of individuals (22%) express concern about giving up a stable income to start a venture. This concern peaks among those aged 45-54 (33%), likely due to greater financial responsibilities such as mortgages or childcare⁸.

Targeted government support can make a tangible difference. Businesses supported by the British Business Bank's Start Up Loans programme show a 69% five-year survival rate, compared to just 43% for comparator firms⁹. This stark difference highlights how high-quality, accessible support can de-risk entrepreneurship, particularly for those from underrepresented or financially vulnerable backgrounds.

In addition to financial barriers, emotional and psychological factors play a significant role. Fear of failure was cited by 29% of potential founders, while 22% reported low self-belief. These challenges are more pronounced for women, with 27% identifying low confidence as a barrier compared to 17% of men. A further 24% of aspiring entrepreneurs simply said they "don't know where to start"¹⁰.

These individual barriers are compounded by broader structural uncertainty. Economic volatility, rising taxes, and ongoing fiscal pressures are undermining confidence. Founders at our policy events and focus groups consistently express hesitancy about launching or scaling a business in today's economic climate.

The implication is clear: improving the ease of starting a business in the UK is not just about removing red tape. It's about actively supporting entrepreneurs – financially, emotionally and practically – to navigate the risks that come with building something new.

⁴ <https://helptogrow.campaign.gov.uk/i-want-to-start-a-business/>

⁵ <https://www.enterprisenation.com/strive/>

⁶ <https://www.capitalontap.com/en/blog/posts/uk-business-barriers/>

⁷ Ibid

⁸ Ibid

⁹ <https://www.british-business-bank.co.uk/news-and-events/news/smaller-businesses-backed-by-the-start-up-loans-programme-have-higher-survival-rates>

¹⁰ <https://www.capitalontap.com/en/blog/posts/uk-business-barriers/>

Q5. How accessible are public procurement processes for SMEs, and what are the consequences of the Procurement Act 2023 for small businesses?

The Procurement Act 2023 rightly sets a clearer ambition to open up public sector contracts to SMEs. But legislation alone is not enough. Practical barriers persist, and many small firms continue to see public procurement as inaccessible.

SMEs make up more than 99% of UK businesses¹¹ and around 80% of suppliers directly contracted by government¹². Yet their share of total procurement spend remains low. In 2021, SMEs secured just 21% of total public procurement value – around £38 billion out of £181 billion¹³. This figure has barely shifted in subsequent years, remaining at 20% in both 2023 and 2024¹⁴.

The new Act introduces welcome reforms: streamlined tender processes via a Central Digital Platform, reduced documentation requirements, and a change from “Most Economically Advantageous Tender” to “Most Advantageous Tender” to give more weight to social value and sustainability. It also mandates 30-day payment terms and requires contracting authorities to consider SME accessibility when designing procurement exercises¹⁵.

However, these provisions do not address the core issues:

- Buyer behaviour is still risk-averse and skewed towards large incumbents.
- There is limited accountability for departments that miss SME spending targets.
- Procurement remains siloed across central and local government.

In addition, SMEs must now navigate new complex compliance challenges¹⁶. The centralised debarment list and broader supplier challenge mechanisms will require greater legal literacy and capacity – something most small firms lack¹⁷.

To address these gaps, Enterprise Nation is launching *Supply Connect*, a new national programme to help SMEs become “supply ready”. The programme will provide training on how to respond to tenders, track buyer-supplier matches, and share procurement data with government to inform future policy.

We would welcome collaboration with DBT and the Cabinet Office on aligning this delivery model with strategic government objectives – particularly around broadening the pipeline of SME suppliers and improving access to procurement opportunities at all levels of government.

¹¹ <https://researchbriefings.files.parliament.uk/documents/SN06152/SN06152.pdf>

¹² <https://www.britishchambers.org.uk/wp-content/uploads/2024/08/BCC-Tussell-SME-Procurement-Tracker.pdf>

¹³ <https://www.tussell.com/hubfs/British%20Chambers%20of%20Commerce%20&%20Tussell%20%20-%20SME%20PROCUREMENT%20TRACKER%202022%20.pdf>

¹⁴ <https://www.britishchambers.org.uk/wp-content/uploads/2024/08/BCC-Tussell-SME-Procurement-Tracker.pdf>

¹⁵ <https://baranovassociates.co.uk/public-procurement-act-2023-what-small-businesses-need-to-know/>

¹⁶ <https://esgpro.co.uk/procurement-act-2023-procurement-risk-and-challengesnology-and-ai-2/>

¹⁷ <https://www.rotherham.gov.uk/downloads/file/3984/procurement-act-guide>

Q10. Does the Government's current business support offer meet the needs of SMEs, and how could the offer be improved?

The UK Government provides a wide range of support to small businesses, including advice, loans, investment schemes, and tax reliefs¹⁸.

The British Business Bank (BBB) plays a central role, having facilitated over £32 billion in funding to 209,000 businesses over the past decade¹⁹. Its Start Up Loans scheme has led to significantly higher five-year survival rates – 69% for supported firms compared to 43% for others²⁰. Other initiatives, such as the Growth Guarantee Scheme and UK Export Finance (UKEF), have also delivered measurable economic benefits, with UKEF contributing £3.3 billion to the economy in 2023–24²¹.

Despite this, small businesses continue to face a fragmented and often confusing support landscape. Founders frequently report being overwhelmed by the sheer number of schemes, platforms, and eligibility rules. Many describe support as “buried” behind outdated websites or complex gateway processes.

In our focus groups, business owners expressed frustration at being required to speak to a ‘gatekeeper’ before accessing help. Most preferred direct access to tools, funding and content, with human support offered only where needed.

Lack of awareness remains a major barrier. A recent British Business Bank survey found that 70% of intermediaries identified this as the main reason SMEs do not seek finance²². The issue is not necessarily the absence of support, but that too many businesses simply cannot find or navigate what already exists.

Regional variation also remains a concern²³. Although 84% of BBB-supported firms are located outside London, founders at our policy roundtables reported what they perceive as a “postcode lottery” in business support availability and quality.²⁴

To improve the offer, we recommend that the proposed Business Growth Service signpost to existing digital platforms, such as Enterprise Nation, that already simplify access to funding, advice, digital adoption and export opportunities. This would reduce duplication, increase reach, and address the administrative burden many SMEs face.

The Government should also work with trusted membership organisations and delivery partners to launch proactive awareness campaigns. These campaigns should highlight the full range of grants, tax reliefs and support available and should be tailored by region, sector and founder demographic to improve reach and impact. For example, local growth hubs could be strengthened and supported by regionally based “AI champions” to improve digital capability.

¹⁸ <https://researchbriefings.files.parliament.uk/documents/CBP-7690/CBP-7690.pdf>

¹⁹ https://www.charteredbanker.com/resource_listing/news/british-business-bank-celebrates-10-years-of-impact.html

²⁰ <https://www.british-business-bank.co.uk/news-and-events/news/smaller-businesses-backed-by-the-start-up-loans-programme-have-higher-survival-rates>

²¹ <https://researchbriefings.files.parliament.uk/documents/CBP-7690/CBP-7690.pdf>

²² <https://committees.parliament.uk/writtenevidence/124172/html/>

²³ <https://www.1stformations.co.uk/blog/uk-business-growth-service/>

²⁴ <https://www.enterprisenation.com/learn-something/unlocking-the-potential-of-local-businesses/>

Finally, Government should continue to tackle barriers to finance, particularly those affecting digital investment. Targeted incentives could help increase SME technology adoption and improve overall business resilience and productivity.

Q13. How effectively are productivity-enhancing practices, such as new technologies, being shared and adopted among SMEs? Is the Innovate UK Catapult Network meeting the needs of small businesses?

The shift to digital has transformed how small businesses operate. Around 44% of UK SMBs now describe themselves as digital businesses²⁵. However, the UK continues to lag behind its G7 peers in technology adoption and investment²⁶.

The UK ranks 25th worldwide for future digital readiness in the IMD 2024 index²⁷, while 43% of SMEs surveyed by the British Chambers of Commerce in 2024²⁸ said they have no plans to use AI, compared to 48% in 2023²⁹.

This risks undermining productivity growth, particularly among smaller firms. According to research by the Tech Hub Consortium, small business owners could gain over three weeks of productive working time annually through more effective use of technology³⁰. Separate analysis by Sage estimates that widespread SME adoption of digital tools could add £232 billion to the UK economy each year³¹.

Yet uptake remains slow across most of the SME population. The so-called ‘long tail’ of firms still face multiple barriers to adoption. The most frequently cited is cost, with 69% pointing to expensive licences or subscriptions. Other key obstacles include lack of skills (37%), lack of trusted advice (34%) and confusion caused by too many options (34%)³².

To address this, Enterprise Nation created Tech Hub – a self-led digital platform funded by partners including Google, Sage, Dell and Square. It helps small businesses identify the right tools, access discounts, and connect with vetted digital advisers. The platform also provides short guides, webinars and e-learning materials, and allows users to select the format that suits them best³³.

²⁵ <https://www.enterprisenation.com/learn-something/confidence-reboots-fifth-of-small-businesses-expect-to-grow/>

²⁶ <https://bethebusiness.com/our-thinking/be-the-business-g7-sme-productive-business-index#:~:text=Our%20G7%20Productive%20Business%20Index,SMEs%20in%20the%20G7%20countries.&text=The%20G7%20Productive%20Business%20Index,in%20capabilities%20linked%20to%20productivity.>

²⁷

<https://cedakenticomedia.blob.core.windows.net/cedamediatest/kentico/media/attachments/2024/2024-digital-competitiveness-full-report-final.pdf>

²⁸ <https://www.britishchambers.org.uk/news/2024/07/most-smes-still-struggling-to-embrace-ai/>

²⁹ <https://www.britishchambers.org.uk/news/2023/09/half-of-businesses-have-no-plans-to-use-ai/>

³⁰ https://a.storyblok.com/f/102007/x/7785bb982c/tech_hub_report-online-new.pdf

³¹ <https://www.sage.com/investors/investor-downloads/press-releases/2022/06/untapped-tech-adoption-could-boost-uk-economy-by-232-billion-annually/>

³² https://a.storyblok.com/f/102007/x/7785bb982c/tech_hub_report-online-new.pdf

³³ https://www.enterprisenation.com/tech-hub/?utm_medium=cpc&utm_source=google&utm_campaign=programme_signup&utm_content=TH_go

Crucially, it has been designed with business owners who identified their key challenges as knowing which technology to invest in, understanding the costs and finding the experts to guide them.

Peer learning is embedded into the model, supported by case studies and live communities. Strategic alliances with major tech providers have extended reach, while partnerships with government have enabled us to share insights and data.

Tech Hub reached 49,868 users directly, hosted over 5,200 attendees at events, and reached more than two million people through digital policy campaigns in 2024 alone. Our estimate is that a national, self-led service of this type could be delivered for around £50 million over 10 years – with potential to reduce costs further through continued industry partnerships.

Similar platforms overseas, such as those in Singapore and New Zealand, have achieved strong results, reaching between 32,000 and 50,000 firms. Proportionate to the UK business population, this could translate to 300,000–450,000 businesses, even without fully leveraging emerging generative AI tools.

Businesses engaging with Catapults saw turnover grow by 27% over the short term, rising to 50% after six years. This evidences the long-term value of targeted innovation support – particularly where public and private sector expertise are brought together effectively.

Alongside this, the Catapult Network has had a positive impact. Since its launch, Catapults have supported more than 8,000 SMEs and facilitated over 14,750 industry collaborations³⁴. Businesses engaging with Catapults saw turnover grow by 27% over the short term, rising to 50% after six years. This evidences the long-term value of targeted innovation support – particularly where public and private sector expertise are brought together effectively³⁵.

Q15. What metrics should the small business strategy use to measure its success, and how should delivery against these objectives be monitored?

To evaluate the success of the Small Business Strategy, the government should commit to a clear, consistent set of performance indicators. These should track outcomes that matter most: business creation and survival, access to finance, procurement opportunities, technology adoption, and job creation.

Key indicators should include:

- Annual business start-up and closure rates, broken down by sector, region and founder demographics;
- Survival rates at one, three and five years;
- Total value of finance reaching SMEs, disaggregated by geography and source;
- SME share of public procurement spend, number of SME suppliers, and median contract value;

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³⁴ <https://assets.publishing.service.gov.uk/media/6065a7a9d3bf7f0c8d06b811/catapult-network-review-april-2021.pdf>

³⁵ <https://www.ukri.org/blog/empowering-business-growth-catapults-are-fueling-economic-growth/>

- Uptake of key technologies (e.g. AI, cloud, automation);
- Productivity growth (e.g. turnover per employee);
- Proportion of turnover reinvested in R&D;
- Net job creation by SMEs, particularly those supported by public programmes.

These should be backed by robust evaluation and oversight mechanisms. The government should consolidate SME data from across departments into a single digital platform, mandate regular KPI reporting, and assign clear ownership for each indicator.

Public reporting should be consistent and transparent. Regular updates should be published on GOV.UK, and the Business and Trade Committee should adopt these metrics as part of its ongoing scrutiny of the strategy.

Independent evaluations, such as those used for the Start Up Loans scheme, should be commissioned regularly to assess impact and value for money. Surveys and qualitative feedback from SMEs should be used to complement quantitative data. Longer-term studies, such as those used by the Catapult Network, can also help show the enduring effects of targeted interventions.