Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
Westminster
London
SW1A 2HQ

Dear Chancellor of the Exchequer,

Ahead of the Autumn Budget, Enterprise Nation submits our proposals on behalf of over one million founders who use our platform each year and 150,000 active members. We act as the digital front door for small businesses, connecting them to advice, mentors and opportunities, and giving government a trusted route to engage at scale.

Our programmes deliver practical results. Help to Grow: Management (Mentoring) has recruited 8,000 mentors and delivered 45,000 hours of support, rated 4.9/5 by firms. Supply Connect is helping SMEs access public contracts. Through our Tech Hub, with Google, Sage, Dell and Square, we are driving digital adoption nationwide. Talent Hub insights inform where skills gaps bite hardest.

Data from our Small Business Barometer show a sector that is resilient but under pressure: 60% say now is a good time to start a business, yet 77% face cost-of-living pressures; over half plan to seek funding in the next year. The themes in our submission reflect this and align with government priorities.

Our priorities at a glance:

Access to markets

- Ensure UK Export Finance is sufficiently resourced to meet its target of supporting 1,000 SMEs per year by 2029
- Extend the deemed reseller regime to all marketplace sellers to close VAT fraud and level the playing field
- Champion small business exports through visible leadership and coordinated promotion
- Reinstate and modernise a UK Tradeshow Access Programme to catalyse SME exporting

Access to technology

- Mandate e-invoicing for UK businesses, phased from VAT-registered B2B
- Deliver CTO-as-a-Service to unlock digital adoption across UK SMEs
- Offer targeted tax incentives to support businesses with the cost of adopting AI and technology

Access to finance

- Expand Making Tax Digital to include companies with a turnover of less than £20,000 per year
- Raise the VAT registration threshold to £100,000 in Great Britain, with tailored arrangements for Northern Ireland
- Raise the UK's trading allowance to £3,000 to unlock low-barrier entrepreneurship

Access to talent

- Make unspent Growth and Skills Levy funds automatically flow to small businesses by default
- Improve support programmes to help older workers move from unemployment into self-employment
- Introduce targeted tax incentives to support small business upskilling
- Embed enterprise education across the curriculum to build a more innovative, work-ready cohort

Access to space

- Introduce a commercial conversion charge to rebalance tax incentives
- Empower local authorities to tailor business-rates reliefs and exemptions
- Commission a national support programme to make high street rental auctions work for small businesses

We would welcome a meeting to discuss how these practical measures can support growth, productivity and participation across every region. We can also convene founders quickly for Budget-focused roundtables, and share rapid insight from our programmes and Barometer.

Yours sincerely,

Polly Dhaliwal
COO of Enterprise Nation

Access to markets

Ensure UK Export Finance is sufficiently resourced to meet its target of supporting 1,000 SMEs per year by 2029

UK Export Finance (UKEF), the world's oldest export credit agency, plays a vital role in helping British businesses sell overseas through loans, guarantees, and insurance. As part of its current strategy, UKEF has committed to supporting 1,000 SMEs a year by 2029, a target set out in its business plan. Achieving that goal will require sustained investment, stronger regional presence, and clearer accountability.

While the agency has made progress, current data shows that UKEF supported 496 SMEs in 2024/25, a rise from previous years, but still only halfway to its annual target. According to its Annual Report and Accounts 2024–25, the department issued £14.5 billion of new support across 667 firms, underscoring its continuing focus on large-scale transactions. The majority of UKEF's exposure remains concentrated among a small number of major exporters, despite SMEs accounting for 99.9% of UK businesses.

This imbalance is not new. The *House of Commons International Trade Committee's 2021 inquiry* found that of the £12.3 billion UKEF committed in 2020/21, nearly £11 billion went to just 12 large transactions involving nine exporters, including Rolls-Royce, easyJet, and BAE Systems.

A 2023 government survey found awareness of UK government export and trade support services among exporters was just 31 %, signalling persistently low reach of support programmes. Moreover, a National Audit Office report uncovered a concerning lack of awareness among SMEs about UKEF and its potential benefits. In 2020, awareness of UKEF among its target audience of SMEs stood at just 31%. This low level of awareness indicates that many SMEs are not fully informed about the resources available to them, which could significantly enhance their exporting capabilities.

UKEF has introduced several initiatives to address these challenges, including a new online application portal and a Small Export Builder product due to launch in 2025/26, designed to simplify access for lower-value SME deals. Its performance report also notes a growing pipeline of smaller exporters. However, neither the Treasury nor the Department for Business and Trade has announced additional, ring-fenced resource to underpin these reforms.

Enterprise Nation welcomes UKEF's ambition and recognises the government's recent move to expand UKEF's capacity by £20 billion to £80 billion, as set out in its Small Business Plan. Yet capital capacity alone will not deliver the 1,000-SME goal without parallel investment in marketing, regional outreach, and operational capacity.

Ensuring UKEF is sufficiently resourced to meet its 2029 target would level the playing field for small firms, ensuring that the same tools available to multinationals are accessible to local exporters.

A stronger SME focus would help deliver the government's broader export ambitions, supporting innovation, job creation, and productivity growth across every region. To succeed, government should:

- **Ring-fence administrative and outreach budgets** within UKEF for SME marketing, regional Export Finance Managers, and product development;

- **Publish annual SME progress data**, including regional breakdowns, gender and ethnicity of business leadership, and value of deals supported; and
- **Accelerate delivery of the Small Export Builder** and expand partnerships with alternative and non-bank lenders through the *General Export Facility* to widen SME reach.

With proper resourcing, these measures would transform UKEF's SME offer from aspiration to delivery, ensuring that by 2029 Britain's export credit agency is genuinely serving small businesses.

Extend the deemed reseller regime to all marketplace sellers to close VAT fraud and level the playing field

The UK's deemed-reseller (DR) rules, introduced in 2021, make online marketplaces liable for VAT on goods sold to UK consumers by overseas sellers, including consignments under £135.

UK-established sellers remain outside scope and must account for VAT directly. This partial design has left a loophole: some overseas traders misrepresent themselves as UK-based to avoid the DR rules. HMRC's guidance explains current marketplace VAT liability, and its June 2025 update sets out what checks platforms are expected to make when verifying a seller's establishment.

Parliament's Public Accounts Committee (PAC) concluded in February 2025 found that HMRC has under-estimated VAT evasion in online retail, highlighting weaknesses around registration verification and coordination with Companies House and the Insolvency Service. The government has also committed to raising £6.5 billion a year by 2029–30 through tighter tax-compliance measures. Extending DR to all sellers would directly advance that goal.

Therefore, government should extend the DR regime to cover all marketplace sellers, regardless of establishment, so platforms collect and remit VAT on every B2C goods sale they facilitate. This would remove the establishment test, closing a clear fraud channel, while simplifying enforcement by focusing collection in a small number of platforms. It would also protect compliant UK SMEs from under-priced competitors who evade VAT.

Internationally, major economies are moving toward broader platform liability. In Switzerland, since 1 January 2025, online marketplaces are treated as *deemed suppliers* for goods they facilitate, obliging them to collect VAT rather than individual sellers.

The EU's VAT in the Digital Age (ViDA) package adds a deemed supplier regime for platforms facilitating short-term accommodation and passenger transport, embedding marketplace VAT liability in the EU's future tax architecture.

To safeguard small businesses, government should pair the change with a disapplication regime. Sellers below the VAT threshold (currently £90,000) would remain outside VAT; once their marketplace turnover exceeds that level, the platform would automatically collect and remit VAT on their behalf. This preserves the threshold's intent while removing the need for marketplaces to police establishment status.

This policy recommendation is timely for three reasons: first, there is a documented enforcement gap: PAC's 2025 report sets out the scale and nature of the risk and the need for tighter verification. Second, HMRC's June 2025 guidance shows the operational complexity created when liability hinges on establishment rather than the transaction. Third, the reform aligns with the government's stated aim of materially increasing receipts from anti-avoidance/compliance measures through the forecast period.

No primary legislation should be required. HMRC could implement the measure through secondary legislation, publish a safe-harbour standard defining reasonable platform checks, and run a short transition to update systems and communications. The policy should be reviewed after 12 months, assessing VAT receipts, marketplace compliance costs, and small-seller effects.

Online marketplaces are now essential trading routes for small firms: For example, in a UK government survey, over 54 % of retailers reported using eBay to sell, and among multi-platform users, 70 % use eBay. Closing this loophole therefore supports both fiscal integrity and fair competition.

Industry analysis available to HMT on request estimates that extending DR could raise around £1.25 billion a year in additional VAT, capture £3.2 billion of currently non-compliant sales, and return up to £2.7 billion in fair-trade opportunities to UK sellers. It also suggests that micro-sellers operating under the disapplication regime would spend only about four hours a year on VAT monitoring.

Champion small business exports through visible leadership and coordinated promotion

Exporting remains one of the most powerful routes for small firms to grow, yet too often it is seen as the preserve of large corporates. For many small and medium-sized enterprises (SMEs), the barrier is not lack of ambition or product quality but uncertainty, invisibility, and the sense that exporting is something "other" businesses do. The government's role must therefore go beyond enabling trade; it should actively champion small business exporters and make exporting feel achievable, aspirational, and central to Britain's economic identity.

The UK already has strong foundations. SMEs play a far greater part in the country's export story than they are given credit for. In 2021, for example, around 32,000 UK SMEs exported goods to the United States, generating £12 billion in exports. Yet only a small fraction of SMEs export at all. Research consistently finds that visibility, confidence, and peer influence are the key triggers that turn interest into action. The Social Market Foundation has shown that government export support is most effective when it combines practical advice with visible promotion and peer networks rather than remaining a technical back-office function.

International models show what a more vocal, coordinated approach can achieve. Australia's TradeStart network, Export Hubs, and the Export Market Development Grant scheme combine financial support with active regional promotion. The SME Export Hubs, in particular, provide matched grants of up to AUD 1.5 million to boost export capacity through local partnerships. These programmes work because they make exporting visible and social, not just a process but a point of national pride.

The UK should adopt the same mindset. From ministers to trade envoys, government should present exporting as a small business success story and treat SMEs as the face of British trade. Every overseas mission and major trade event should include an SME delegation, with opportunities for founders to present products, tell their stories, and meet buyers and media.

Embassies and trade missions could host *SME Showcase Days*, where small firms present directly to potential partners and local press, while trade envoys should have clear SME performance metrics within their remits and report publicly on outcomes.

A joint DBT–UKEF "Small Business Export Champions" programme would reinforce this message. Selected SME exporters could receive communications training, digital content support, and a role in national campaigns and regional outreach. These visible ambassadors would normalise exporting, particularly for first-time founders and microbusinesses that rarely see themselves in the trade narrative.

The same approach should extend across government. Procurement teams overseas, from embassies to development projects, should include British SMEs wherever feasible, giving them practical exposure to international contracts. All public-facing agencies, DBT, FCDO, regional growth hubs, and local authorities, should adopt a unified export brand and messaging toolkit so that, wherever a small firm encounters government, it hears the same message: *Yes, you can export*.

Visibility needs substance behind it. A national First-Export Campaign could combine storytelling with targeted starter grants for translation, market testing, or trade-fair attendance. Peer webinars led by experienced exporters would build confidence and share lived experience. Modest investment in digital storytelling, SME media training, and collateral would ensure the campaign cuts through across regions and sectors.

Evaluation should be built in from the outset. Independent reviewers should track the number of new exporting SMEs each year, the value of SME exports, and which promotional levers, media, events, or showcases, most effectively shift behaviour. Results should be published annually alongside the Budget or Autumn Statement to signal accountability and momentum.

This is not a call for large new subsidies but for consistent, visible leadership. When government speaks proudly and repeatedly about small business exporters, at home and abroad, it builds the confidence that drives action. The UK Trade Strategy already recognises the need to align export promotion with SME growth initiatives and includes new tools such as the *Small Export Builder* to expand access to export insurance. Yet too often the story of trade still feels distant from the everyday entrepreneur.

A louder, more human export narrative, integrated with ongoing work on trade finance and market access, would change that. Start with pilot sectors where UK SMEs are globally competitive, such as clean tech, food and drink, and creative industries. Embed SME championing in existing trade missions rather than creating parallel structures, and commission third-party reviews to identify what visibility tools have the biggest impact. Export growth ultimately begins with belief.

By making small business exporters a central part of Britain's trade story, government can turn more "maybe next year" firms into "we're exporting now" firms, unlocking growth, confidence, and global reach for the next generation of UK entrepreneurs.

Reinstate and modernise a UK Tradeshow Access Programme to catalyse SME exporting

To boost small business exports, the Department for Business and Trade (DBT) should relaunch a UK Tradeshow Access Programme with improved design and delivery, focusing on inclusivity, accountability, and sector targeting.

UK small exporters currently lack a systematic, well-resourced government mechanism to offset the high fixed costs of exhibiting overseas. The previous UK Tradeshow Programme (a pilot launched by DIT) was discontinued after March 2023 amid low uptake and limited success: the government admitted it "did not yield the successes we might have hoped."

Before that, the older Tradeshow Access Programme (TAP) offered grants for exhibition space, stand design and attendance costs, but was withdrawn in 2021. In 2022–23, the allocated budget was around £904,512, of which only ~£347,755 was actually spent, supporting 56 exhibitors and 35 attenders.

More broadly, trade show participation is a proven route to export leads, brand recognition, and buyer networks. A well-designed programme reduces risk for smaller firms and enables scale in export missions.

A revamped programme should start with broader eligibility. A tiered model, from £50,000 to £10 million in turnover, would better reflect the SME base, offering proportionate support for micro, small, and medium businesses. Flexibility should replace the old "first-time-only" rule, allowing repeat participation where firms can show measurable growth or entry into new markets. Additional weighting should favour underrepresented regions, such as the North of England, the devolved nations, and historically under-exporting sectors, to help level the national playing field.

Financial assistance alone is not enough. The new scheme should combine grants with wraparound support, moving from simple cost reimbursement to genuine capability-building. Grants would cover the practical essentials, exhibition space, stand design, travel, and promotional material, with clear limits set by market risk and cost. Around this, firms would receive pre- and post-show training, from cultural briefings and negotiation tips to lead conversion and logistics planning. Embassies and in-market teams could host matchmaking sessions and help exhibitors follow up with potential buyers.

For firms not yet ready to exhibit, an "attendee track" could offer modest travel and entry support, alongside structured learning packages and introductions to peers. This lower-risk route would help new exporters gain experience before committing fully to a show.
The programme's market focus should follow UK strengths, clean technology, food and drink, creative industries, and advanced manufacturing, while targeting fast-growing markets in the Commonwealth, Southeast Asia, and other dynamic regions. To reduce costs and strengthen visibility, government could pilot "thematic trade show clusters", such as climate tech or MedTech pavilions, where firms share space and branding under a UK banner.

Continuous improvement should be built in. Post-event surveys, export tracking, and cost-benefit reviews would capture what works, with an independent evaluation after two to three years assessing return on investment and regional reach, similar to London Economics' evaluation of the former Tradeshow Access Programme. A live performance dashboard could track participation, exports generated, and cost per pound of exports, ensuring transparency and accountability.

Awareness and accessibility will determine success. A national outreach campaign, run with trade associations, chambers of commerce, regional growth hubs, and devolved governments, would bring the offer to where businesses already are. Integration with the Export Support Service and Open to Export would create a single, visible entry point. A digital application portal with smart guidance, a single form per show, and clear deadlines would make applying intuitive and friction-free.

Delivery should be pragmatic. Accredited Trade Organisations and sector bodies such as BEAMA, and/or Enterprise Nation already have the infrastructure to manage show participation; using them as delivery partners would reduce administrative burden. The scheme could launch in phases, with match-funding used to stretch budgets and tie support to measurable export performance.

Risks are manageable. Fiscal cost can be controlled through phased rollout and performance-linked budgets. Low uptake, an issue in past pilots, can be mitigated through strong outreach and simpler eligibility. Market concentration risk can be tackled by reserving places for micro-exporters and weighting applications toward diverse regions and sectors.

A reinvigorated tradeshow programme would not solve every barrier to exporting, but it would fill a critical gap in the government's toolkit. When paired with export finance, trade missions, and innovation support, it becomes a scalable lever for SME internationalisation, one that visibly projects confidence in British enterprise and ensures small firms once again have a front-row seat on the global stage.

Access to technology

Mandate e-invoicing for UK businesses, phased from VAT-registered B2B

Following the Industrial Strategy and the Small Business Plan, the government should move ahead with mandating e-invoicing for UK businesses. The UK has a strong digital base to build on. Under Making Tax Digital, all VAT-registered businesses already keep digital records and file returns using compatible software, so the core plumbing is in place; what remains is to digitise the connections between firms by standardising invoices in structured, machine-readable form.

The prize is material. Late payment continues to hold back growth and resilience, costing the economy about £11 billion each year and contributing to unnecessary business failures. Mandating e-invoicing would shorten payment cycles, reduce errors and fraud, improve transparency and compliance, and give government near real-time insight to shape policy.

Among 43 OECD and remaining EU countries, only 3, including the UK, have not publicly announced plans to actively support e-invoicing adoption to some extent.

The evidence outlines the prize on offer through eInvoicing adoption. According to Sage, on average, SMEs get paid 7 days faster through e-invoicing, helping tackle late payments. 82% of SMEs still use manual processes, spending 10-36 days per month on invoicing[1].

[1] Sage Group PLC response to Revenue consultation on 'Modernising Ireland's administration of Value-Added Tax (VAT)'

In addition, economic modelling from Sage shows that if SMEs unlock technology's full benefits, an extra £232 billion per annum could be added to the UK economy.

The government has recognised this, launching a 12-week consultation on promoting and standardising e-invoicing across the private and public sectors. It is the right moment to act.

We propose a phased mandate starting with B2B transactions among VAT-registered firms, leveraging existing MTD software. This first phase would require suppliers above a sensible turnover floor to issue structured e-invoices to VAT-registered buyers, with a clear transition period so businesses and vendors can update systems. A second phase would lower thresholds and widen scope once the market has adapted, allowing non-VAT-registered small businesses the time to adopt without pressure. This approach provides long-term certainty about direction, minimises disruption, and avoids a cliff-edge for the smallest firms.

International experience supports this path. Countries that have mandated structured e-invoicing report measurable gains in VAT compliance and payment discipline. In Italy, the e-invoicing obligation formed part of a wider digital tax push associated with a marked reduction in the VAT gap in the years after introduction, illustrating how real-time data improves accuracy and enforcement.

In addition, leading economies like Japan, Singapore, Australia, and the EU are mandating or actively encouraging eInvoicing adoption as part of tax reporting measures and digital transformation initiatives.

These economies have witnessed a steady increase in digital tool usage, driving all sectors to digitise and adopt modern financial software for accounting and payments management.

The principle is clear even if local contexts differ: real-time or structured invoicing reduces the VAT gap and cuts processing costs. The UK should learn from this and adopt open, interoperable standards from the outset.

Mandates can face initial resistance. Recent UK reforms show why they are still worthwhile. As with Real-Time Information for PAYE and auto-enrolment, once embedded they deliver durable benefits in accuracy, timeliness and planning. A clear e-invoicing mandate would likewise underpin faster payments, lower administrative burden and stronger compliance, while signalling to software providers that the UK is committed. Without that signal, vendors will under-invest and product roadmaps will stall, to the detriment of SMEs.

To make this work in practice, government should set open standards and interoperability (for example aligning with common profiles used across Europe), publish a realistic timetable, and fund targeted support for smaller firms and vendors during transition. Implementation should include soft-landing enforcement and a formal evaluation of impacts on payment times, SME burden and VAT compliance, aligned with the objectives already set out in the consultation and the Small Business Plan’s late-payment commitments.

UK small businesses are resourceful and resilient but continue to trade in tight conditions. With the right standards, guidance and adoption support, e-invoicing can be the foundational layer that helps them get paid faster, plan with confidence and compete globally, while strengthening the integrity of the tax base.

We stand ready to partner with government to ensure the transition works for businesses of all sizes and across every region.

Deliver CTO-as-a-Service to unlock digital adoption across UK SMEs

UK small and medium businesses (SMEs) routinely struggle with digital adoption: unclear choices, limited expertise, and uncertain ROI slow transformation. To overcome these barriers, the government should deliver a Chief-Technology-Officer-as-a-Service (CTOaaS) offering, enabling SMEs to access market-proven, cost-effective digital solutions with guidance and support.

The idea is simple but powerful: SMEs would undergo a digital health check, have access to unbiased expert advice on technology strategy, and receive hands-on support in implementation. The service would partner with digital solution providers to streamline adoption, remove bias, and reduce risk.

This is not a theoretical concept. It is modelled on Singapore's Go Digital programme, where IMDA runs a CTOaaS service that allows SMEs to self-assess readiness, browse vetted solutions, and commission consultancy support. The first layer of advisory is offered free to eligible firms.

In the UK, Enterprise Nation already runs a Tech Hub in partnership with Google, Cisco, Dell, Sage, and Square, functioning as an SME digital adoption "one-stop shop." The Hub provides a diagnostic tool to gauge digital maturity, personalised action plans, training content, and vendor signposting. To date, it has engaged tens of thousands of users across tools, webinars, and campaigns.

We propose scaling and formalising this model into a national CTOaaS programme. All registered SMEs (up to 250 employees) would be eligible over the span of one Parliament. The programme would begin by building a coalition of delivery partners, digital adoption providers, trade bodies, regional Growth Hubs, technology firms, local authorities and central government agencies, that would design roles, define responsibilities and build shared resources.

The core offer would match diagnostics with adviser support: SMEs would receive up to 15 hours of adviser-guided technical support, funded via a grant or voucher, for example £1,000 per business. Initially, the service would direct businesses toward lighter diagnostic and AI-powered tools; as maturity grows, it would escalate to bespoke advisory and implementation support. In subsequent tiers, firms could access higher value digital audits, project management or specialised grants (e.g. those under Made Smarter or digital audit vouchers).

To make the platform viable and scalable, the CTOaaS system would maintain an open, impartial library of vetted digital solutions, tools, training, grants, mentorship offers, and advisory services. That resource bank must be actively curated, governed and monitored to maintain quality and relevance. On the ground, a cadre of offline "Wayfinders" or digital champions (50–100 regionally based) would support SMEs with low digital confidence or limited online access. AI and platform support can reduce the load of that team over time.

Continuous data and policy feedback are essential. A public policy arm would track performance, feed real-time insights into national SME digital strategy, and support dynamic adaptation over the programme lifecycle.

Enterprise Nation's modelling estimates that a CTOaaS scheme of this design might cost ~£13.75 million per year, with £7.5 million going to SME adviser funding; over four years, total spend would be c. £53.35 million, of which £30 million supports direct adviser grants.

Recent government work confirms this idea is not speculative: the SME Digital Adoption Taskforce's final report explicitly recommends the development of a scalable online CTO service offering AI-powered guidance and support as part of wider digital and AI adoption support.

The case is compelling. SMEs uniformly report lack of capacity, expertise, or clarity as the main barrier to tech uptake. The UK's previous Help to Grow: Digital programme, though well-intentioned, fell short because it lacked coordination, effective reach and credible adviser engagement. International programmes such as Singapore's Go Digital and New Zealand's Digital Boost show that combining diagnostics, advisory services, grants and outreach can deliver scalable transformation.

If coupled with e-invoicing mandates, export support, and digital infrastructure (broadband, ID, interoperability), CTOaaS becomes a foundational pillar in modernising the UK's SME sector. The upshot is clear: better adoption, stronger productivity, more resilient businesses, and stronger alignment between SME demand and tech supply.

Offer targeted tax incentives to support businesses with the cost of adopting AI and technology

Enterprise Nation's research, Time is money: How adopting technology can make businesses more productive, found that the cost of software licences – perceived or actual – is preventing the smallest businesses from adopting new tools and becoming more productive.

To support investment in digitalisation, the government should consider offering enhanced tax reliefs for expenditure on digital services.

SMEs could claim an additional deduction against their corporation tax bill for qualifying 'productivity enhancing software' expenditure with a cap per company.

This initiative would be simple for both businesses and government to administer as it would only require an additional box on a tax return. The level of the incentive should be high enough to have a material impact on a company's investment plans.

As such, we recommend an enhanced support of 140% super deduction on the first £50,000 of expenditure on productivity enhancing digital services, which equates to an additional 40% versus standard business expenditure.

Sage has projected that, assuming the current Corporation Tax rate of 25% is maintained, this additional 40% deduction would be worth 10% of the purchase cost.

This would enable small businesses to reduce their taxable income by more than the amount they spend on digital services. This provides a substantial financial incentive to invest in these technologies.

The limitation to the first £50,000 ensures that the tax relief primarily benefits smaller businesses. By providing a significant upfront benefit, the tax relief encourages small businesses to adopt digital tools early on, giving them a competitive advantage and potentially accelerating their growth.

Setting the proposed super deduction at 140% would strike the balance between providing a substantial incentive while ensuring that the tax relief remains fiscally responsible, and not creating an excessive burden on the government's finances.

Moreover, the 140% rate strikes a balance between providing a strong incentive for small businesses to invest in digital technologies and ensuring that the tax relief is not so generous that it could lead to unintended consequences, such as excessive claims or distortions in the market.

Economic modelling by Sage has projected that this proposal would come to an overall cost of between £300-£350m for a year-long incentive, which is in line with the budgeted costs of £395m for Help to Grow: Digital.

On who would be eligible to claim the deduction, the Government could target small or medium-sized businesses (those with up to 500 employees) or limit it to companies with fewer than 250 employees.

This proposal is similar to the Australian Small Business Technology Investment Boost, which allows small businesses to deduct 120% of the cost from digital adoption, capped at $100,000 and limited for 1 year. With a 25% corporation tax rate, this equates to 5% cashback and is estimated to cost $1bn over 3 years (~£570m).

The scheme’s qualifying expenditure includes digitally enabling items - hardware, equipment, software, systems/services for computer networks as well as digital media & Ecommerce.

Providing targeted tax relief will mean small businesses will be more likely to invest in digital tools and services, such as AI, that can improve their operations and competitiveness.

Access to finance

Expand Making Tax Digital to include companies with a turnover of less than £20,000 per year

The UK’s Making Tax Digital (MTD) programme has already proved its worth in modernising the tax system. For VAT-registered small businesses, it has simplified record-keeping, reduced paperwork, and cut errors, saving valuable time that can be redirected to running and growing a business.

Yet the full benefits of MTD are still limited to firms above certain turnover thresholds and to specific types of taxpayers. Under current plans, MTD for Income Tax Self Assessment (MTD ITSA) will only apply to unincorporated businesses, namely sole traders and landlords, earning over £50,000 from April 2026, over £30,000 from April 2027, and over £20,000 from April 2028. Those with qualifying income below £20,000 remain excluded altogether. At the same time, plans to extend MTD to Corporation Tax, which would have brought incorporated companies into scope, have been shelved, leaving more than a million micro-companies outside any digital reporting regime.

Enterprise Nation believes this creates an unnecessary divide between larger, digitally-enabled firms and the smallest businesses, which stand to gain the most from simpler systems and better financial visibility. Expanding MTD to include all businesses, regardless of legal structure or turnover, would bring the benefits of digitalisation within reach of every entrepreneur.

Research from *Enterprise Nation, The Entrepreneurs' Network and Intuit* found that more than half of businesses with turnover below £20,000 said using digital accounting software encouraged them to adopt other productivity-boosting technologies. This shows that MTD can act as a gateway to wider digital adoption and efficiency gains, particularly for micro-enterprises that often lack access to professional accounting support. The case for expansion is strong:

- **Time and resource efficiency.** MTD reduces the burden of manual record-keeping and filing, freeing up time for business development.
- **Improved financial management.** Real-time digital records give business owners clearer insight into cash flow and performance.
- **Reduced errors.** Automated reporting cuts the risk of mistakes and penalties.
- **Digital upskilling.** Using MTD tools fosters digital literacy and confidence among small business owners, enabling them to compete more effectively.

Bringing both incorporated and unincorporated micro-businesses into MTD would also create a more consistent and transparent tax system. The reform should be phased, starting with voluntary adoption supported by grants for approved software, free guidance, and tailored help for the digitally excluded. Over time, a universal digital reporting framework across VAT, Income Tax, and Corporation Tax would simplify compliance, reduce duplication, and strengthen HMRC's data accuracy.

By expanding MTD to cover businesses with turnover below £20,000, and by reinstating plans for MTD for Corporation Tax, the government can demonstrate its commitment to cutting red tape, encouraging digital adoption, and ensuring that every business, however small, benefits from a simpler, smarter tax system.

Raise the VAT registration threshold to £100,000 in Great Britain, with tailored arrangements for Northern Ireland

The UK's VAT system still creates a sharp "cliff edge" for small firms. Once a business's taxable turnover exceeds £90,000 in a 12-month period, it must register for VAT, triggering new pricing, accounting, and cash-flow burdens. Although the threshold rose from £85,000 to £90,000 in April 2024, this modest change has not resolved the underlying distortion or provided future flexibility.

We recommend raising the threshold further to £100,000 in Great Britain, supported by a legally compliant approach for Northern Ireland under the Windsor Framework.

<u>The case for reform</u>

1. Distortion from a long freeze

The threshold was frozen at £85,000 between 2017 and 2024, even as prices and nominal turnover grew. The Office for Budget Responsibility (OBR) estimates that this freeze will bring around 169,000 additional firms into VAT by 2027–28, raising £1.4 billion in extra receipts but creating widespread "bunching" behaviour, firms artificially capping turnover to stay below the limit. The number of such firms is forecast to double from 23,000 to 44,000 over a decade.

2. The asymmetry of burden for marginal firms

Crossing the threshold typically means charging 20 % VAT on sales, even where customers cannot reclaim it. For small firms with thin margins or consumer-facing models, this is a major competitiveness shock. The ICAEW notes that many firms struggle to reprice products, manage cash flow, and absorb compliance costs once registered.

3. Evidence of growth suppression

Small businesses often turn down contracts or close temporarily to stay under the line, as documented in Parliamentary debates and HMRC's own research. The recent move to £90,000 will remove an estimated 28,000 firms from registration in its first year and save around £5 million in compliance costs (HM Treasury, 2024). But this still leaves many operating within a narrow "danger zone" close to the limit.

4. Strategic and political alignment

The UK's threshold remains high by OECD standards, yet that does not remove the distortion for firms clustered just below it. Raising it to £100,000 is supported by business groups, economists, and tax specialists, and would reinforce the government's stated ambition to make the tax system simpler and more growth-friendly.

<u>Managing the risks</u>

Revenue impact – The fiscal cost is real but manageable. HMRC should publish an updated impact assessment and consider phasing the increase (£95,000 in year 1, £100,000 in year 2) or offsetting it with targeted base-broadening elsewhere.

Fairness and distribution – Larger firms may gain more in absolute terms. Any reform should therefore be paired with broader measures that support smaller traders, such as relief on business rates or simplified VAT accounting for those just above the line.

Avoidance risk – Higher thresholds can encourage artificial splitting of operations. Anti-avoidance rules and active audit of "borderline" firms should accompany the change, alongside a tapered or buffer zone (e.g. simplified VAT or reduced rates between £95,000 and £105,000).

Northern Ireland constraint – A central legal constraint is that, under the Windsor Framework, Northern Ireland's VAT rules must not diverge such that NI firms gain an unfair advantage vis-à-vis EU VAT regimes. ICAEW notes that under the Framework, the VAT registration threshold in Northern Ireland cannot exceed its current level.

Without automatic indexation, the same distortion will return within years. The threshold should therefore be linked to inflation or reviewed every three to five years by an independent body.

Implementation blueprint

- **Stage the increase:** move to £95,000, then £100,000 after 12 months.
- **Create a taper zone:** simplified VAT or lower effective rates between £95,000 and £105,000.
- **Apply robust safeguards:** anti-avoidance rules to prevent turnover splitting.
- **Index the threshold:** tie to inflation or business growth metrics.
- **Differentiate by nation:** £100,000 in England, Scotland, Wales; bespoke mechanism for Northern Ireland.
- **Review after five years:** assess revenue, compliance, and behavioural impacts.

Raising the VAT threshold to £100,000 in Great Britain would ease pressure on small firms, reduce growth-suppressing behaviour, and signal a clear pro-enterprise direction. With careful design, phasing, safeguards, and fiscal transparency, the policy would rebalance incentives so that small businesses can grow with confidence rather than fear the tax cliff.

Raise the UK's trading allowance to £3,000 to unlock low-barrier entrepreneurship

We recommend that the Government raise the UK's Trading Allowance from £1,000 to £3,000 per annum in the forthcoming Autumn Budget, as part of a wider package of pro-growth, pro-enterprise measures.

The Trading Allowance, introduced in April 2017, was designed to simplify tax for individuals earning small amounts from self-employment, freelancing or casual trading. Currently, individuals with trading income up to £1,000 are exempt from reporting or paying tax on it. Yet the threshold has remained frozen for eight years. Over that period, inflation, rising costs and stagnant earnings have eroded its real value by more than 25 %. A modest uplift to £3,000 would restore its original intent and signal that the UK is serious about encouraging entrepreneurship at every level.

Economic inactivity remains a structural challenge. According to the Office for National Statistics and parliamentary briefing, approximately 9.19 million people aged 16–64 were economically inactive in mid-2025, corresponding to an inactivity rate of ~21.3 %. This is an increase of around 500,000 since 2019 (i.e. pre-pandemic levels).

At the same time, the stock of private sector businesses has declined since 2020, reflecting post-pandemic attrition and weaker business formation. (NB: precise percentage changes vary by dataset; e.g. some business registries report a ~6 % decline in small business counts). For instance, media reports and business commentary cite that half a million small businesses have vanished since 2020 (which is ~8–9 % of the prior 6 million base).

Side hustles and micro-enterprises offer one of the most accessible routes back into economic participation. They allow people to test ideas, build skills and confidence, and earn supplementary income without major risk or cost.

Raising the Trading Allowance would directly incentivise this behaviour at a time when the Government has made "making work pay" and boosting participation central to its Industrial Strategy and Small Business Plan.

A £3,000 allowance would put roughly £400 back into the pockets of basic-rate taxpayers who currently declare small-scale self-employment income (i.e. assuming a 20% rate on the additional £2,000). It would also reduce unnecessary reporting obligations and administrative friction, freeing HMRC capacity and lowering compliance costs.

By enabling individuals to earn up to £3,000 tax-free, the policy would:

- Support business incubation and experimentation by removing early tax disincentives.
- Help underrepresented entrepreneurs, students and returners take first steps into business.
- Stimulate local economic activity by allowing more income to be recycled into goods, tools and services.

Crucially, this change aligns with HMRC's current review of the Self Assessment income reporting threshold, where ministers have signalled intent to raise it from £1,000 to £3,000, a move expected to remove up to 300,000 low-income traders from the system.

The cost of the measure would be limited relative to its impact. Treasury's own modelling of the original £1,000 allowance in 2017 projected minimal behavioural distortion because of its narrow base; expanding to £3,000 would primarily formalise income already untaxed below personal allowances.

Over time, the reform could produce measurable dynamic gains, e.g. more start-ups, higher VAT registrations, and reduced welfare dependence as individuals shift into self-employment. Implementation would be administratively simple. HMRC systems already recognise the trading allowance; only the threshold needs amendment via the Finance Bill 2025.

Communications could be aligned with the government's "Back to Work" and "Start Up Britain" messaging to ensure visibility among households, students and career returners.

Raising the Trading Allowance to £3,000 would be a low-cost, high-impact measure that rewards enterprise and helps people turn side hustles into sustainable ventures. It complements wider Budget priorities on growth, participation and productivity. Above all, it would send a clear signal that government backs small business creation and the entrepreneurial spirit that underpins the UK economy.

Access to talent

Make unspent Growth and Skills Levy funds automatically flow to small businesses by default

The Growth and Skills Levy (GSL) was introduced to give employers a more flexible way to fund skills, widening the offer beyond traditional apprenticeships. Government materials confirm the GSL's purpose and product set, with Skills England positioning it as a key tool for workforce capability, and the DfE's public guidance setting out how the levy will work in practice.

From 1 August 2025, foundation apprenticeships launched to provide shorter entry-level routes, and from April 2026 the levy will also fund short courses, adding modular options alongside full apprenticeships. Funding rule changes for 2025/26 include a reduced minimum apprenticeship duration of 8 months (where prior learning permits), further increasing flexibility for employers and learners.

Under the previous system, Enterprise Nation argued for higher transfers from large to small employers. That recommendation has been implemented: since 22 April 2024, levy-payers may transfer up to 50% of their annual funds to other employers via the Apprenticeship Service.

Despite this, the manual brokerage required to identify partners and approve each transfer means sizeable balances still go unused; levy funds expire 24 months after they enter an employer's account if not committed.

The next step is straightforward system plumbing, not new spend. Government should add a default-on, opt-out auto-match to the Apprenticeship Service so that uncommitted transferable funds are automatically directed, before expiry, to approved SMEs in the levy-payer's supply chain or local area (with employer preferences for sector, level and geography).

This converts the existing 50% transfer allowance from a passive option into an active mechanism that routinely moves funds to where they deliver most value. It also aligns with the GSL's policy direction, foundation apprenticeships are now live, and short-course funding begins in April 2026, so smaller firms can access support as these new routes scale.

This reform keeps employers in control and fits within current rules and infrastructure. The Apprenticeship Service already administers transfers; an auto-match feature would simply prioritise SMEs with verified demand before funds lapse. It is consistent with the government's stated intent to increase flexibility and responsiveness in the skills system under the GSL, and with Skills England's emphasis on targeted sectoral needs.

In practice, the change can be piloted quickly. A time-limited trial with combined authorities or sector partnerships would test matching logic, reporting and audit within the existing framework, while the Department for Education's funding rules for 2025/26 provide the operational parameters (including the 8-month minimum and off-the-job adjustments).

The practical fix now is to make transfers automatic by default, so every eligible pound reaches small businesses that will use it to train people, build local supply chains and raise productivity.

Improve support programmes to help older workers move from unemployment into self-employment

Many older workers were disproportionately displaced by Covid-19 and have found re-entry into paid work difficult. Self-employment offers a viable pathway to reclaim income and purpose, yet today there is no strong, dedicated support system helping 50+ individuals make that transition.

Official data shows that the economic inactivity rate for those aged 50–64 remains significantly above pre-pandemic levels: in 2025, 26.1 % of 50-64s are inactive, a rate higher than in 2019. At the same time, the employment rate for that age group is 71.6 %. Many inactive 50- to 64-year-olds report that their status is due to illness or disability.

Policy observers warn that the number of 50–64s economically inactive has increased since the pandemic by hundreds of thousands, with around 3.6 million older people now inactive, some 300,000 more than before Covid. Only about one in ten out-of-work people aged 50–64 engage with government back-to-work programmes.

According to Enterprise Nation's report, Access all areas: Older workers, 67% of entrepreneurs over the age of 50 believe now is a good time to start a business. This sentiment suggests a strong entrepreneurial spirit among older workers, yet they may not be accustomed to navigating the support systems required to turn their aspirations into reality.

When the New Enterprise Allowance (NEA) programme was scrapped, it removed a key support mechanism for those moving from unemployment to self-employment. That absence is felt more keenly among older cohorts who face steeper barriers to digital skills, network access, and business confidence.

To rectify this, we suggest the following, within existing support frameworks:

- **Better integration of Access to Work** for older self-employed individuals. While Access to Work supports people entering or remaining in work with disabilities, its uptake remains low among older cohorts. Abstracting and promoting eligibility, and streamlining the application and funding process, could help more over-50s access adaptations, tools or mentoring as they build their own enterprises.
- **Expand Work Adjustment Passports** (or equivalent personal accommodations records) to people aged over 50. These documents would formalise the adjustments they might need (e.g. flexibility, differentiated income flow), giving confidence to lenders, partners or clients.
- **Streamline and unify application gateways** across DWP, DBT and regional growth services so older self-starters face a single, intuitive path. Legacy forms, multiple eligibility checks, and siloed services deter use.
- **Allocate targeted outreach and adviser support** for older cohorts within business support schemes (e.g. Growth Hubs, Start-Up Loans), with specialist mentoring attuned to late-career transitions, health constraints and network building.

Because we build on existing programmes rather than inventing new ones, government can act with limited administrative strain and modest cost. A visible “older entrepreneur pathway” could feature in the next Budget or Autumn Statement.

For credibility, the reforms should be piloted regionally, monitored rigorously, and tied to outcomes: business survival, turnover, income stability, and demographic spread of participants.

By implementing these measures, the government can demonstrate its commitment to empowering older workers and unlocking the immense potential of this underutilised segment of the population.

Introduce targeted tax incentives to support small business upskilling

Small and micro firms drive the UK economy. According to the government’s *Business Population Estimates*, there were 5.45 million small businesses (0–49 employees) in the UK. Early data for 2025 suggest a rebound to around 5.64 million, still below the pre-pandemic peak of 5.94 million in 2020. SMEs (small and medium enterprises) account for nearly 60% of private-sector employment and over half of turnover.

Yet many small firms struggle to access the skills they need locally. National reports highlight widespread skills gaps: employers across sectors cite deficiencies in digital, managerial and technical skills. According to a CIPD insight, nine in ten UK employees will need to reskill by

2030. In one McKinsey study, reskilling investments delivered net gains in roughly three quarters of cases, with productivity uplifts in the order of 6-12%. These gaps matter for growth.

If small firms cannot build the skills they need, their productivity, innovation, and local job creation suffer. Moreover, public funding and skills policy risk being under-utilised if firms lack incentives to invest.

To address this, the government should undertake a feasibility review for small business tax incentives for workforce upskilling. The review should examine:

- **Targeted training grants**: tax-free or exempt grants for SMEs investing in high-priority or regionally strategic skills (for example, green technologies, digital transformation, health tech).
- **Investment tax credits for collaborations**: giving small firms a tax credit when they partner with colleges, training providers or business consortia on co-designed training programmes.
- **Co-funded training schemes**: matched funding: the government matches SME investment in certified upskilling programmes, reducing risk and widening uptake.

By embedding these incentives into fiscal policy, the government can bridge the gap between national skills goals and the real decisions of small firms. That alignment is crucial to fulfilling the "good jobs", "productivity", and levelling-up missions.

Embed enterprise education across the curriculum to build a more innovative, work-ready cohort

Enterprise capability is still patchy in English schools. Careers provision has been strengthened and updated in 2025, including a clearer expectation on work experience and access for training providers, but there is no statutory requirement to teach entrepreneurship as a cross-curricular element in primary or secondary education. This remains an open policy space.

A stronger national approach is now timely. Recent indicators point to both demand and opportunity: business groups report low exposure to enterprise education among young people despite high interest in starting a business, while teachers highlight the need for better professional development and practical programmes. The Federation of Small Businesses' 2025 call during National Careers Week argues for embedding enterprise within the National Curriculum, citing low exposure rates; Young Enterprise's latest impact materials show continued large-scale participation but also uneven access across regions and schools.

International evidence also supports a move from isolated projects to embedded, project-based entrepreneurship learning. OECD's recent publications emphasise the shift towards competencies such as problem-solving, initiative and collaboration, and highlight teacher development as a binding constraint; the 2024 TALIS wave underscores the importance of sustained CPD to deliver new pedagogies. Embedding enterprise learning outcomes across subjects aligns squarely with these trends.

Our recommendation is that government should make entrepreneurship education a defined, assessable strand within the curriculum, integrated through existing subjects rather than a standalone bolt-on.

Delivery should focus on three enablers. First, teacher capability: fund accredited CPD in enterprise pedagogy within initial teacher training and ongoing professional development, so teachers can run real projects that involve opportunity spotting, prototyping and iteration. Second, school capacity: provide modest capital and revenue grants for "enterprise labs" and challenge-based programmes, partnered with local employers, FE/HE and social enterprises. Third, evidence and accountability: require robust evaluation in each phase, with longitudinal tracking of learner outcomes (progression, work readiness, business formation) and independent publication of results. This complements current careers guidance and employer-encounter requirements without duplicating them.

This approach is coherent with the government's wider post-18 reforms. The Lifelong Learning Entitlement, updated in September 2025, is designed to support modular, flexible upskilling for adults. A school-level enterprise strand would prepare young people to use those routes more effectively later on, creating a clearer pipeline from school projects to FE/HE enterprise offers and modular study.

Nothing in current statute prevents enterprise education from being embedded; the policy lever is curriculum and guidance, with teacher development and light-touch funding the main costs. Evidence on long-term firm creation from school-age programmes is still developing, so evaluation discipline is essential. But the direction of travel is supported by up-to-date OECD analysis and by domestic signals from business organisations and delivery partners that exposure is low and demand is high.

Access to space

The government has committed to modernising the business-rates system to make it fairer, more responsive, and better aligned with high-street renewal. The direction of travel is set out in *Transforming Business Rates* (HM Treasury, 2024), which outlines plans to simplify valuations, improve local incentives and support investment. The *Business Rates Forward Look* confirms that from April 2026, government will introduce two lower multipliers for retail, hospitality and leisure properties with rateable values below £500,000, funded by a higher rate on the largest properties.

While these structural reforms progress, immediate, targeted steps can strengthen local resilience and correct persistent distortions that are accelerating commercial decline.

Introduce a commercial conversion charge to rebalance tax incentives

The imbalance between business rates and council tax continues to encourage landlords to convert commercial premises to residential use, even where commercial demand remains strong. A property with a rateable value of £51,000 typically faces around £26,000 in annual business rates, whereas converting the same site into five dwellings may reduce the total council-tax burden to roughly £7,000, a saving approaching £19,000 a year.

The expansion of *Class MA permitted development rights* in March 2024, which removed the 1,500 sqm cap and three-month vacancy requirement, has further tilted incentives toward residential conversion. Without local fiscal tools to offset this, communities risk losing viable commercial space that underpins employment, small-business growth and civic life.

A commercial conversion charge, applied in designated high-street and town-centre zones where commercial use remains viable, would correct this distortion. The charge would reclaim a portion of the tax advantage realised when commercial property is converted to residential use, calculated over a defined period such as three to five years.

Revenue from the charge should be retained locally and reinvested directly into high-street renewal. Funds could support High Street Rental Auctions (HSRAs), provide grants for meanwhile use and pop-up enterprises, and contribute to refurbishment and rent incentives for small occupiers.

This approach complements the HSRA powers that took effect on 2 December 2024 under the *Levelling Up and Regeneration Act 2023* and accompanying *non-statutory guidance*. Local authorities are already supported through the *HSRA Fund*, which provides grants of up to £1.5 million for vacancy registers and refurbishment.

The charge should apply only in designated zones with clear commercial demand, exclude derelict properties and affordable housing schemes, and operate initially as a time-limited pilot to evaluate effectiveness.

Empower local authorities to tailor business-rates reliefs and exemptions

The current business-rates system remains heavily centralised, with uniform national schemes such as the *Retail, Hospitality and Leisure Relief*, set at 40 per cent for 2025/26 and capped at £110,000 per business, applied across diverse local economies. This one-size-fits-all approach cannot reflect the differing needs of high streets, innovation hubs and social-enterprise clusters.

While the government's forthcoming reset of the Business Rates Retention System in 2026–27 will move toward greater local accountability, there is scope to pilot enhanced local discretion ahead of that timetable.

Councils should be empowered, within national parameters, to tailor reliefs for small businesses, co-working spaces and charities that play a vital role in community renewal. Local authorities are best placed to identify where targeted rate reductions could save a cornerstone business, encourage investment in shared workspace or enable a charity to sustain essential services.

Providing controlled autonomy over discretionary reliefs would allow faster, evidence-based interventions to sustain local economic activity. These pilots could operate under Section 47 of the Local Government Finance Act 1988, supported by guidance and capped budgets to ensure fiscal discipline. A national evaluation and knowledge-sharing framework would identify which models deliver the strongest outcomes, informing the full system reset in 2026–27.

Both proposals, a commercial conversion charge and enhanced local discretion over business-rates reliefs, align with the government's existing policy direction. They complement HSRA powers to reactivate vacant space and reinforce the long-term transformation of business rates by offering practical, place-based action before structural reform takes effect.

They also advance the government's wider devolution and levelling-up commitments by giving councils meaningful fiscal levers to influence their economic landscape while maintaining national consistency.

A modernised business-rates system will take time to design and implement. In the interim, these two measures provide practical, locally focused reforms to sustain high-street activity and small-business growth.

Introducing a commercial conversion charge would prevent the unnecessary loss of commercial space and fund regeneration. Empowering local authorities over business-rates reliefs would allow councils to act swiftly and strategically to support local enterprise and community assets.

Together, they would strengthen local fiscal capacity, align tax policy with planning and regeneration objectives, and help deliver the government's vision of vibrant, mixed-use town centres across the United Kingdom.

Commission a national support programme to make high street rental auctions work for small businesses

High street rental auctions (HSRAs) are now live in England. The powers, created by the Levelling-up and Regeneration Act 2023 and commenced on 2 December 2024, allow councils to require landlords to let long-term vacant premises through an auction process. Government has since issued detailed non-statutory guidance for councils, landlords and prospective tenants. The policy intent is clear: bring empty shops back into use faster and support local regeneration.

The challenge is delivery capacity and "trade-readiness". Early analysis shows only a handful of authorities have moved first, with take-up constrained by legal, procurement and resourcing demands on councils. The statutory instrument's own explanatory memorandum notes that running auctions will create new administrative and marketing costs for authorities, typically contracted out. Without practical help for prospective tenants, especially micro and small firms, we risk low additionality or short-lived lets.

A targeted national support offer would raise the odds of success. Vacancy remains elevated and uneven across the country, with new analysis this year showing city-centre rates more than twice as high in places like Newport and Bradford as in Cambridge and London. Independent estimates suggest national high-street vacancy still sits in the mid-teens, reinforcing the need to convert HSRA powers into viable, lasting occupations.

Our recommendation is that government commissions a time-limited national programme to make small businesses "auction- and trade-ready" wherever councils deploy HSRAs. This would not alter the legal framework already in force. It would sit alongside it, focusing on three practical gaps:

1. **Readiness and compliance:** Provide hands-on support before bidding: basic premises law and obligations, insurance and licensing, fire and health-and-safety checks, rates and utilities set-up, and light-touch fit-out planning. Delivered through accredited local partners, this de-risks entry for first-time bricks-and-mortar traders.
2. **Brokerage and matching:** Help councils and agents surface a pipeline of credible small-business tenants for eligible units, with light due diligence on trading models and

cash-flow. This complements, rather than duplicates, the council-run auction process and responds to the administrative burden highlighted in the secondary legislation's impact notes.

3. **Aftercare to sustain lets:** Offer 3–6 months of post-handover mentoring on cash-flow, merchandising, staffing and local marketing for new HSRA tenants. Evidence from UK SME programmes shows that structured mentoring and wrap-around support improve management capability and early business performance, and are associated with higher survival rates. Applying this support to first-time high-street occupiers is a sensible way to reduce avoidable early failures and the risk of units falling vacant again, while councils focus on running the auction process.

The legal powers and guidance exist, pilots have expanded during 2025, and several authorities are beginning to mobilise. But the model relies on already-stretched councils and on small firms that may never have taken a physical unit. A light, centrally commissioned programme that local partners can call off will reduce friction at the point of use and make each auction more likely to result in a viable, lasting tenancy.

Commission the programme through DLUHC with a simple framework open to councils running HSRAs. Use existing local ecosystems to deliver (for example, Business & IP Centres, town-centre partnerships, or chambers), and publish a short common playbook so support is consistent. Keep eligibility focused on micro and small firms taking HSRA units, with modest per-tenant caps to control cost. Evaluation should track conversion from enquiry to successful let, survival at 6 and 12 months, and local spillovers (footfall, neighbouring occupancy). This respects the current legal scheme while addressing the administrative and tenant-side gaps identified by Parliament's briefing and the SI memorandum.

To enact this recommendation, no legislative change is required. The ask is a practical complement to the scheme now in force. Councils retain all HSRA powers; the programme supplies the missing "people and process" capacity that turns an auction into a stable business on the street. Given the concentration of vacancy in specific centres, a call-off model lets funding follow use, not formula.

About Enterprise Nation

Enterprise Nation is a business support platform and provider delivering support to more than 1,000,000 small businesses every year. Its aim is to help people turn their good ideas into great businesses – through expert advice, events, acceleration support and networking.

We connect entrepreneurs with practical support through expert advice, events, and tailored programmes delivered in partnership with government and industry. From digital adoption and access to finance to exporting and sustainability, Enterprise Nation provides the tools, connections, and insight small businesses need to succeed.

Our mission is simple: to make starting and running a business easier, better supported, and more rewarding for everyone with an idea and the drive to build it.

Enterprise Nation was founded in 2005 by the Small Business Commissioner, Emma Jones CBE.