

Written evidence submitted by Fiona Scott (Managing Director at Fiona Scott Media Consultancy Ltd)

Dear Committee Members,

I write to you and ask for my submission to be considered when investigating the government support for small business across the UK during Covid19 and lockdown.

To give you some context – I was made redundant in 2009, having been told I would lose my job the year before. I set up my first sole trader company and later in 2013, on the professional advice of my accountant, my company became Fiona Scott Media Consultancy Ltd. I have always employed myself and worked with a team of self-employed freelancers to deliver services for my clients.

Since then my micro business has grown steadily until last year's accounts showed a turnover of around £114,000 and the business was profitable. This year, due to a gradual leakage of clients which led to a flow once lockdown was introduced, I'm expecting turnover to be down to around £70,000 (best case scenario) across my latest financial year, a reduction in turnover of about 40 per cent.

While I supported and understood lockdown, in the early stages I was heartened by the support being offered by the government for all businesses including SMEs which included microbusinesses – or so I thought. However as each level of support came on stream, it became clear that none covered me – and there are thousands of business owners like me throughout the UK. We are #forgottenLtd

On top of that there emerged a view – led by government – that people like me who pay ourselves a low salary on the advice of our accountants and top up our income with dividends when we can – were somehow bereft of morals. There emerged a view that we were practising tax evasion, when in fact what we did was not only entirely legal but historically had been seen as a benefit of taking the risk of running our own businesses without claiming, in my case, any other benefits or state aid. Many of us actually employ people too. In the majority of cases, our dividends come from the business and are not the result of investments from shares etc.

Further irony emerged in that many small businesses then were able to furlough staff and claim some of that cost back to keep their jobs – however business owners were unable to claim anything to support themselves. Without this support many will go bust or decide to fold their businesses as they WILL NOT borrow and go into debt just to keep things going.

As for my personal situation, it never once occurred to me that I was dodging any tax, I've always paid my VAT and corporation tax on demand. In fact to date the only 'support' I've been able to access is to delay paying my corporation tax payment date by three months to July. Even then I was informed by HMRC, I'd have to pay interest upon 'the debt'.

On top of this I have been to date unable to claim anything for my office space which is sublet from another small business. I've had to keep up my rent payments however have

been unable to access any grant for this. Therefore my turnover has dropped dramatically but my overheads have not dropped with it. While my landlord has been supportive and offered me time to pay, that simply pushes debt further down the line and will still have to be paid so he can meet his financial commitments.

Why have we been forgotten – and even worse – made to feel like we are criminal in some way? We are the backbone of the British economy. We are the hairdressers, the plumbers, the small builders, the consultants, the graphic designers, the book-keepers, the coaches, the chauffeurs and so on...every community all over the UK has people like us and we have been excluded from support so far.

As for solutions to this thorny issue here are my thoughts:

*Those businesses who get nothing from the state at this time, should not have to cope with any tax increases within their businesses in the future to pay the government back for the enormous cost of Covid19. They did not benefit, therefore survivors should not be penalised.

*If payment of salary via dividends is deemed to be so wrong – stop it. Take the risk that some business owners will simply stop running their own business as there's no reward. Close that loop hole if it's deemed to be a loophole. Some of us will continue if we can as we are not bound to this way of being paid. We simply followed professional advice.

*Small businesses like mine should either be able to get a property grant to cover fixed costs of their properties or help towards payment of their own salaries – all taxable.

*Those businesses which got support, once back into profit – should be asked to donate to a 'pay it forward' fund over time which would support SMEs who are in this position again due to act of God eg. flooding or pandemic. This money should be ringfenced for this, and companies should give back at least the amount they were given in terms of grants or furloughing grants over time. This should not apply to any loan support.

*As a society, there needs to be a wider debate about the NHS and the cost of social care, tax rises here will be inevitable and the country will accept it due to this experience. This is particularly true of social care. Health care cannot be run on a business or PFI type model as these do not allow enough slack in the system. Slack needs to be in the system ready to cope with unforeseen circumstances eg. epidemic or pandemic.

*Fine any company which has made money out of this situation where their turnover or profit has risen – and yet they still claimed money for furloughing staff or for premises and have not paid it back. Don't penalise the microbusinesses and let big businesses work the system to their advantage.

*Late payment – the biggest cause of business failure prior to lockdown is late payment across the board of business. It's not just from big business to small, it's from micro to small, from small to small etc etc. Lockdown has made this much worse and it impacts on productivity. Beef up the powers of the Small Business Commissioner, introduce fines,

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naming and shaming (once a warning has been issued) and show that small business matters.

I'm going to end this with a word of praise for my own MP Robert Buckland representing South Swindon (Secretary of State for Justice). As part of the campaign group #forgottenltd I have seen the behaviour of many MPs and I want to praise Robert for not only listening to me, for phoning me to discuss, for offering to represent me an any of my clients affected in Parliament and for hearing my concerns. Many MPs simply copy and pasted generic responses to business owners, thinking we wouldn't spot that. In a group of thousands of business owners it became clear who the MPs were who actually cared – and who did not. Those who did not, may pay a high price later when their jobs come up for election.

May 2020