

The Rt Hon Liam Byrne MP
Chair, Business and Trade Committee
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Dear Liam,

Backing your business: Our plan for small and medium sized business

The Government's Plan for Small Businesses sets out a long-term direction in support for smaller firms. It places their growth and productivity at its core, whilst improving the operating environment to start and run a business. We want to make the UK the best place to start and grow a business with a culture that supports entrepreneurship in every community and high street.

Economic growth is the number one mission of this government. The 5.5 million small and medium sized businesses are the engine room for growth in every community across the UK.

We have developed this Plan in collaboration with small and medium sized businesses. As set out in every chapter of this plan, we have listened closely to business and co-designed these solutions.

Our key actions include:

1. Fixing the fundamentals

- o **We will legislate to end the scourge of late payments** which costs the UK economy £11bn per year and closes down 38 UK businesses every day. This will be the most significant legislation to tackle late payments in over 25 years and will give the UK the strongest legal framework on late payments in the G7.
- o **Cut the administrative costs of regulation for business by 25%**, to save businesses time and money so they can focus on running successful businesses.
- o **Modernising the tax and customs system**, as referenced in HMRC's Transformation Roadmap, including AI powered tech that makes it easier for small businesses to navigate their tax affairs
- o **Accelerate planning delivery**, addressing the UK's infrastructure gaps and making it easier for smaller housebuilders to build.
- o **Support businesses to** realise the opportunities of net zero and bring down their energy costs, with targeted information and advice to help firms decarbonise, and expanded training in the retrofit and energy efficiency sector.

2. Unlocking access to finance

- o **Expand [Start-up Loans](#)** to offer 69,000 new businesses the chance of finance and mentoring.
- o **Boost access to finance by committing to the British Business Bank's [Growth Guarantee Scheme](#)** for the longer term.

- **Expand the capacity of the [ENABLE](#) programme by £3 billion to £5 billion**, helping lenders to unlock more finance options for small businesses.
- **£340m to help boost the availability of early-stage equity finance for innovative businesses across the UK.**
- **Work with private lenders on the appropriate use of Personal Guarantees**, including a mandatory Code of Conduct for loans issued under the Growth Guarantee Scheme, to ensure their use is fair and transparent.

3. Backing the everyday economy

- **New framework for local authorities** and new Hospitality and Night-time Economy Zones, in response to the Licensing Taskforce.
- **High Streets and Growth Incubators** to back high street businesses, redevelop commercial space and trigger private investment.
- **Communities funding for up to 350 places around the UK** to help local people and businesses drive forward changes in their neighbourhoods.
- **Transforming business rates** in this Parliament, introducing permanently lower business rates multipliers for high street retail, hospitality, and leisure (RHL) properties with rateable values below £500,000, starting in April 2026.
- **Banning Upward Only Rent Review clauses** in commercial leases to make running a business on the high street fairer and more affordable.
- **Continuing to champion High Street Rental Auctions** to bring empty properties and unused space into use, alongside a new Community 'Right to Buy'.
- **We will grow the coops and mutuals sector** over this parliament, launching a call for evidence on how we can support the sector and its businesses to grow.
- **Creating safe places to do business** with 13,000 more police officers to provide visible community policing to crack down on shoplifting, rolling out our Safer Streets initiative this Summer and working with industry and small business representatives to tackle the problem of tool theft.

4. Future-proofing business skills

- **Boost greater adoption of the latest technologies amongst small businesses, guided by their needs - launching digital adoption pilots**, partnering with wider industry to provide support and best practice and expanding the [Made Smarter](#) tech adoption programme that provides specialist funding and advice.
- **Give more business leaders the skills and networks they need to succeed**, by continuing to provide leadership training and supporting an industry-led Business Mentoring Council.
- **Back the next generation of young entrepreneurs**, by promoting enterprise education and competitions in schools, colleges and universities, and launch a new 'Youth Entrepreneur' category of the King's Awards for Enterprise.
- **Ensure the needs of smaller firms are met through the skills and apprenticeships system**, including through £1.2 billion of additional investment per year by 2028-29, engaging with SMEs on accessing apprenticeships and T-Levels, and promoting the government's skills offer through the Business Growth Service

5. Opening up opportunities

- **A new [Business Growth Service](#)** to make it easier to find and access the advice and support you need, aligned with our blueprint for a modern digital government.
- **Support under-represented entrepreneurs** through better data collection and support for initiatives like the Lilac Review for disabled business owners.
- **Improve smaller firms' understanding of export opportunities**, by integrating [export support and advice](#) into the new Business Growth Service. In addition, we will consider how we can best support exporting businesses to increase their exporting activity, including future financial support.
- **Support more small firms win business and increase sales overseas**, by expanding [UK Export Finance](#)'s capacity by £20 billion to £80 billion, including a Small

Export Builder insurance product - and opening new markets through our Trade Strategy

- o **Making it easier for smaller businesses to win government contracts**, by making SMEs a national priority in our new procurement policy system, launching a new SME Procurement Education programme, and forming a new Defence SME Support Centre to simplify access to defence opportunities.
- o **Support more firms to innovate by leveraging their Intellectual Property and managing security risks**, with targeted guidance and enhanced resources from the Intellectual Property Office and the confidence to grow securely through Security Reviews via Innovate UK.

We will continue to hardwire the voice of small business into everything we do, as we deliver for them throughout this parliament. I encourage you to share '**Backing your business**' with committee members and ask them to share with businesses in their constituencies. By sharing widely, you will help businesses understand and benefit from the Plan to enhance growth and productivity across the UK. This letter also includes direct links to all available support.

I hope you will join me in celebrating small businesses throughout summer and when we return to parliament in September. I welcome your feedback on the Plan and how it has been received in your constituencies. I look forward to working with you as we continue to deliver on our Plan for Change for the UK.

I am depositing a copy of this letter and the late payments consultation in the Libraries of both Houses.

Yours sincerely,

A handwritten signature in black ink, reading "Gareth Thomas". The signature is written in a cursive, flowing style.

GARETH THOMAS MP
Minister for Services, Small Business and Exports
Department for Business and Trade