

Encouraging entrepreneurship

The lifeblood of an enterprise economy comes from the ability of the many to set up and run a business for themselves if they wish. A vigorous private sector has easy ways for new businesses to be born, and sensible ways for failing businesses to be wound down or stopped.

The ability to set up a business rests on self belief, access to property, skills and capital, and a favourable balance of risk and reward for doing so. The UK has a relatively good rate of new business formation compared to the rest of the EU, but falls behind the USA in capacity to set up and grow businesses, especially beyond a certain small scale.

The first thing the government should do is to advise schools and Colleges that self employment is a serious career option. Indeed, the brightest and most energetic students are above all the people that should be asked if they will set up a business of their own rather than seeking the comfort of a cosy job with a large corporation or state actor. Enterprise should also be for the many, as many people who are not interested in academic subjects or who do not excel at passing exams may be excellent at understanding customer needs and meeting client requirements.

People training at Colleges to be plumbers, electricians, cooks, house maintenance people and other skills should be offered supporting courses on how to offer their services through their own business.

The government needs to revisit IR35. It should be easy to gain self employed tax status for all those who are offering their work to clients and customers other than through someone else's company as a company employee.

The government should raise the VAT threshold higher so people can increase their turnover more before needing to get help and advice on how to comply with VAT.

The government should derate small business premises altogether so starter units are rates free.