



The Rt Hon Alok Sharma MP  
Secretary of State for Business, Energy and Industrial Strategy  
Department for Business, Energy and Industrial Strategy  
1 Victoria Street  
London  
SW1H 0ET

3 July 2020

Dear Secretary of State,

Over the coming months, family businesses across the country will be seeking to recover from the economic damage caused by the COVID-19 pandemic.

As the restrictions begins to lift, discussions about “building back better” provide an opportunity for business and policymakers alike to forge the future of our economy, working together to maintain and implement long-term policies focused on regional growth, investment, good jobs, and responsible business practices. Ensuring continued and sustainable growth of family businesses not only brings benefits to the whole economy, but to consumers, employees and the Exchequer too.

The Institute for Family Business is the UK’s family business organization. Our members include some of the most successful, world leading, businesses in the country. Together they employ over half a million people and have a combined turnover of £100 billion annually, and work across the whole UK in every region, and every sector. We work with family businesses to help them build better and stronger business for future generations of their families, employees and communities.

We are proud of the way in which the family business sector has responded to this ongoing crisis and the resilience that our members have demonstrated. We are also grateful for the support that the government has provided in supporting business throughout this difficult period. We believe that an ongoing collaboration between Government and the family business community is essential to ensure we repair the economic damage the crisis has caused, and look to build a robust and growing economic that delivers benefits across the whole of the UK. The road to economic recovery will be long, but the family business sector is well placed to play a central role, and it stands ready to do so.

We believe that this can be delivered most effectively in two stages:

- 1. Stabilisation** - No conversations can be had about growth without addressing the stability that businesses need in order to survive. These are extremely uncertain times for business, with many having to make difficult financial and operational decisions regarding their future. As part of the road to economic recovery, businesses need the confidence that they can start doing business again, accepting that it will require new and innovative ways of working. That includes confidence in how

they are expected to operate, but also a tax system which enables them to rebuild and invest.

- 2. Growth** - The Government should then look to stimulate investment as a means of achieving future economic growth. In particular, the Government must use all the levers at its disposal to help stimulate capital investment, investment in new jobs and investment in skills. As you look to level up the country and target regional growth we also need to take a strategic approach to supporting mid-sized businesses which play a hugely important role in our country but often seem to be overlooked in policy development.

Within this two stage strategy, we encourage you to focus in particular on **support and stimulus, investment, and on people.**

On **support and stimulus**, the Government must look to measures such as cutting VAT to help stimulate economic activity across the country and extending the time that businesses can apply for the Government's loan schemes in order to help those who have not yet been able to access support. Alongside this, the Government should also look to offer bespoke support for sectors that are going to be impacted longer term by COVID-19, while also reviewing the business rates relief system and consider extending this to more businesses in supply chains of sectors which have been most affected as a result of the pandemic. Furthermore, Government could support business cash flows by extending VAT payment deferrals.

Another crucial element in supporting businesses is to ensure that they are aware of, and make best use of, the support services available to them. Use of these services can vary between businesses depending on their size, region, ownership model and sector. For example, family businesses are more likely than others to seek advice from consultants, the government website, banks and LEPs, than from business networks, trade associations and local authorities. Ensuring that there is good quality support across the country, and that businesses can access that easily, will be crucial in ensuring our economic recovery.

On **investment**, the Government must look at how it can support and encourage those businesses to invest in themselves and their future. These measures should aim to help to lower the cost of entry for investment, in both people and capital expenditure. That includes extending the timeframe for the increased level of Annual Investment Allowance beyond the end of 2020, and providing incentives to companies to train and upskill their employees. This approach will help the UK increase productivity, while also supporting good quality job creation.

We welcome the Government's announcement this week on bringing forward infrastructure investments, and would encourage further investment, alongside additional measures to support R&D and capital expenditure.

The UK also needs a strategy which addresses the needs of mid-sized businesses and supports mid-sized business growth. These businesses are often family businesses, and are at the heart of communities outside of London and other cities. Supporting their growth is an opportunity to transform the business landscape in the UK, enabling them to take the step from regional player to international competitor. These businesses are often overlooked in policy-making, with the focus either on very large or small businesses. These firms – the UK's Mittlestand – have huge potential, which needs to be harnessed as we look to build a stronger economy at both a national and regional level.

We would also like to reiterate our support for the recommendations outlined in our pre-Budget submission earlier this year. These recommendations are now more important than ever, and include the following measures:

1. Supporting further investment, and the smooth transition of ownership in successful businesses by committing to maintaining Business Property Relief (BPR) in full
2. Unlock more investment in start-ups by removing the Connected Persons' Test for the Enterprise Investment Scheme (EIS)
3. Extending the EIS threshold to support growth in mid-sized businesses

On **people**, family businesses have a generational outlook and are acutely aware of the need to support and build opportunities for the generations following them. Family business owners are particularly concerned about the impact this crisis has had on young people, who are more likely to lose their jobs. Creating opportunities for young people and supporting them in getting back to work must be an immediate priority for the Government. That should include reforming the current apprenticeship system to make it work better for young people and employers, and the Government should incentivize employers to hire young people by reducing or removing employer National Insurance Contributions for people under 25.

In the UK family businesses employed over 13.4 million people prior to this crisis, and generate a quarter of UK GDP. Family firms are the backbone of our economy and the bedrock of communities across the whole country. As well as the economic benefits they bring, they also play an important role in their communities spearheading and supporting initiatives designed to improve the overall wellbeing of the area. Growth in this sector brings benefits to the whole UK economy, to consumers, to the exchequer and to the millions who work in family firms.

Family firms survive and thrive over generations by taking a long-term approach to innovation, growth and investment. They have shown their ability and drive to transform their businesses to adapt to changing circumstances over and over. Not only do family businesses have a direct role to play in our economic recovery, but the lessons of these multi-generational firms can help to inspire others too.

Given the scale of the family business sector, its voice is essential in ensuring the successful development and deployment of policies to help the UK recover and rebuild. We would be delighted to work with you and your team at the Department for Business, Energy and Industrial Strategy as you work on a longer-term plan to lead our economic recovery from COVID-19

Yours sincerely,

**Hugh Clark**  
**Chairman**  
**Institute for Family Business**

**Elizabeth Bagger**  
**Director General**  
**Institute for Family Business**