



Small Business
Commissioner

The Office of the Small Business Commissioner Annual Report and Accounts

For the period ending 31 March 2019



HC 27

The Office of the Small Business Commissioner Annual Report and Accounts

For the period ending 31 March 2019

Presented to Parliament pursuant to Section 9(3) of the Enterprise Act 2016

Ordered by the House of Commons to be printed 20 January 2020

© Crown copyright **2020**

This publication is licensed under the terms of the Open Government Licence v3.0 except where otherwise stated. To view this licence, visit nationalarchives.gov.uk/doc/open-government-licence/version/3.

Where we have identified any third party copyright information you will need to obtain permission from the copyright holders concerned.

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at enquiries@smallbusinesscommissioner.gov.uk

ISBN 978-1-5286-1482-5

CCS0619531292 01/20

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

The Performance Report	4
Forward by the former Small Business Commissioner	5
Mission and Priorities	11
Strong Financial and Governance Controls	13
Building Capability and Capacity	14
Late Payment Complaints Handling	15
The Office of the Small Business Commissioners Risks	17
Performance Analysis	18
Performance Summary	19
Performance on other measures	29
The Accountability Report	34
Corporate Governance Report	37
Statement on internal financial controls	44
Remuneration and Staff Report	47
Audit Report	57
Notes to the Accounts	65
Glossary	72
Annex A: Cases from December 2017 – March 2019	73

The Performance Report

The Purpose of the Small Business Commissioner

The Small Business Commissioner (SBC) was established under the provisions of the Enterprise Act 2016 ("the Act") to provide general advice and information to small businesses in connection with their supply relationships with larger businesses, including signposting small businesses to existing services; to consider complaints from small businesses relating to payment matters in connection with the supply of goods and services to larger businesses and make (non-binding) decisions and recommendations.

The Department for Business, Energy and Industrial Strategy (BEIS) is the responsible department for the Office of the Small Business Commissioner. The Office of the Small Business Commissioner is classified as a Non-Departmental Public Body.

The Secretary of State will review the Commissioner's performance every three years in accordance with the requirements of Section 10 of the Act. The first review period is from 6 April 2017 to 31 March 2020. The Commissioner will be reviewed every three years after this first period.

Overview

The Performance Report section of this Annual Report is designed to satisfy the requirements set by Parliament in the Enterprise Act 2016, as well as the Small Business Commissioner's obligations for financial reporting that apply to all public bodies.

The introductory sections cover our mission, priorities and strategy for the first three years of operation, including the key risks that could affect delivery. The Performance Analysis section covers our key performance indicators, our financial review, and our performance review from launch in December 2017 to the end of the first full financial year in March 2019.

The key highlight for 2018-19 was the first use of the Commissioner's naming powers, alongside aiding to recover over £3.5 million pounds for small businesses. These two achievements showcase the Commissioner's role as a champion for small businesses and a constructive critic of larger businesses. For small businesses, what matters to them is recovering the payments they are owed, and the interest payments due on those payments. For larger businesses, the Commissioner's role in highlighting what poor practice looks like, recommending ways to improve payment practices is how we can make the most difference. These short-term achievements feed into the longer-term progress on culture change in payment practices and help us to achieve our aims.

In the next year, we hope to expand on both these achievements, recovering more for small businesses, and helping more larger businesses improve their payment practices.

Forward by the former Small Business Commissioner

This forward was written by Paul Uppal when he was in post as the Small Business Commissioner before he stepped down from his role on 10th October 2019. Suzanne Burke has been appointed as Interim Accounting Officer by the BEIS Permanent Secretary for the Department for Business, Energy and Industrial Strategy with effect from 11th October 2019.

As the first UK Small Business Commissioner, I have had my work cut out in tackling the pervasive issue of late payments. As any recently established business will know, the first year of a new organisation is tough. The infrastructure that established businesses take for granted needs to be procured, new processes and procedures need to be agreed, and extensive marketing is needed to put your name out there. We were lucky to have a head start because of our Sponsorship Team in the Department for Business, Energy and Industrial Strategy, but there is still an awful lot to do.

In the first 18 months, I attended events up and down the country to make sure that businesses had as many opportunities as possible to speak to me in person. I've also spent a lot of time talking about late payment and my office in the media. Measuring how successful our efforts have been is difficult, but we do know that small businesses are more likely to get in touch with my office after they have heard me on the radio than through any other medium. I have also built up good relationships with business representative bodies such as the Forum of Private Business and the Federation for Small Business, both of which have been very supportive of my role. I hope to build on our success so far to make sure that more and more businesses are aware of the services we offer, and to gain their support to help me change the culture around late payment.

I am particularly proud that we have been directly involved in the recovery of more than £3.5 million for small businesses who have sought our advice. I personally know how every penny is vital for cashflow. I hope that more small businesses will recognise the service that we can provide and help us to build on this achievement next year with further late payment complaints resolved.

Our complaints handling function serves a dual purpose of supporting small businesses and providing an important source of information on where larger businesses can change their practices for the better. Towards the end of the reporting year, I published a report which identified a large business who had paid their small business supplier late. This was the first report where the supplier was also willing to be identified, and it was a watershed moment for the Office of the Small Business Commissioner. I am confident that all the work we are planning in 2019-20 will encourage other small businesses to come forward and that I will continue to be able to highlight good and poor examples of payment practice throughout 2019-20.

In particular, we intend to encourage more small businesses to come forward to submit complaints so that we can have a more public and transparent conversation about payment practices.

Aside from my core functions, I have also had a busy year supporting other interventions into late payment. In January 2018, there was the sudden liquidation of Carillion, which plunged hundreds of small businesses into peril. I joined the Secretary of State for Business taskforce to make sure the interests of small businesses were considered during this difficult time. I also gave evidence to the Select Committee for the Department for Business, Energy and Industrial Strategy. They asked me to investigate the payment practices of several large companies. I was pleased with the interactions, as many large businesses are doing a lot to try to ensure their small business suppliers are paid on time. What I did find disappointing was that many of these large businesses were reluctant to come forward and publicise their actions for fear of being the only ones. Their concern about putting themselves out there could suggest they have something to hide, but I understand that one vexatious former supplier could make headlines on a fabrication. That is why I think it's important to change the culture more generally so that larger businesses are confident that they are doing the right thing in looking after their suppliers, and there are no barriers to doing so.

The Commissioner's view on the issues facing small businesses in 2018-19

I have personally heard from hundreds of businesses in the last year and I hope to hear from hundreds, if not thousands, more in the next year. It's hard for small business owners not to get emotionally involved with all the time and effort they invest into their enterprises. It can be lonely and exhausting running your own business and I've often heard how small businesses feel their skills, services and goods are taken for granted.

What we hear most often from small businesses, when they learn what our service has to offer, is that it is too good to be true and there must be a catch. There is no catch. We are a free service, here to help small businesses to resolve their payment-related issues. If you have fewer than 50 staff, I am here to help as much as I can. The other thing that I often hear is that 'The Commissioner won't be able to make a difference', and while it's true that late payment is a pernicious problem with no silver bullet, there are things that we can do to slowly improve payment culture. But these actions rely on small businesses coming forward with evidence of late payment.

Statutory reporting requirements

Since the Office has launched, the Commissioner has travelled throughout the UK in a bid to raise organisational awareness amongst small businesses; engage with key Stakeholders; educate small businesses on the preventative measures they can take to avoid late payment and collate evidence to further understand the existing late payment landscape.

What has the Commission done so far?

The Commissioner has been working closely with high street banks including Santander, Lloyds and Barclays, to promote our free service amongst its small business customers. As a result, Relationship Managers, who manage small business accounts, are providing literature about the Office of the Small Business Commissioner to their customers and have links on their website signposting to the [Small Business Commissioner website](#).

The Commissioner has met with Metropolitan Mayors and representatives from their offices, Local Enterprise Partnerships (LEPS)/ Growth Hubs and Chambers of Commerce to inform them about the role of our Office. These stakeholders actively promote the Office through their networking events where there is a vast small business presence, with the Commissioner attending and speaking at some events.

Members of the Commissioner's team have also spoken at University graduate start-up events, providing guidance on how students who are planning to start their own businesses can avoid the pitfalls of late payment.

The Office has built links with organisations to strengthen our signposting visibility including the National Debt Line, Business Debt Line and Financial Ombudsman. The Commissioner has visited these organisations and they now forward relevant enquiries and complaints to our office.

The Commissioner has been working with Financial Technology Companies such as; Previser, Growth Street, Sage and Proactis to discuss how technology can make payment processes more efficient. This research has helped form part of the Commissioner's future strategy to work with small businesses and educate them on the advantages of using technology.

The Commissioner has explored the issue of late payment from both sides of the coin by engaging with both small and large businesses. The Commissioner has held meetings with CEOs of large businesses to discuss their payment practices and found that unpaid invoices do not tend to reach their attention. The Commissioner gained assurances from every CEO he met with, that if our Office were to present a case of late or unfair payment practices exercised by their large business to its small business supply chain, they would provide our office with a direct point of contact for investigation without any damaging repercussions for the small business.

Most significant matters raised by small businesses

Based on the Commissioner's interactions with small and large businesses, he has found there is a clear imbalance of power and has witnessed a common theme where small businesses are reluctant to come forward due to fear of retribution; this has been evident in our complaint investigations.

The most significant issue raised to the Commissioner by small businesses is payment terms. He has found small businesses often agree to lengthy payment terms when signing contracts and make no attempt to shorten payment terms because they don't feel in a strong enough position to negotiate or challenge payment terms. Anecdotally, we have learned larger businesses tend to offer longer payment terms, as do capital-intensive industries such as construction.

It has been dismaying to hear about the effect long and late payment terms have on the everyday lives and mental health of small businesses owners, with many having to endure the stress and embarrassment of turning to family and friends for financial assistance in order to pay staff, business and household bills. In the worst-case scenarios, we have heard of small businesses being forced to file for insolvency because they can no longer carry the burden of escalating debts derived from a late or non-payment.

Commissioner's recommendations

The Office consistently promotes preventative measures small businesses can incorporate into their payment processes to help them negotiate terms and avoid late payments. Through the period that this report covers, and the evidence we have gathered through activities carried out by the office, we have considered what measures we can promote in this report that might resolve or prevent the issues we see on a regular basis. We have identified actions that could be taken by small and large businesses.

Our recommendations to Small Businesses:

- Negotiate the contract terms. When presented with a contract, remember that this is your starting point. You can negotiate the terms of nearly every agreement. Understand the purpose and remit of the contract and ask for the payment terms you want. You want to make the deal happen, but so does the large business. The worst that can happen is they say "no" and they negotiate these terms with you
- Carefully read the entire contract because rights and responsibilities are typically scattered throughout an agreement. Thoroughly read, check and understand the contract before signing it. Seek our advice if you are unsure, take your time and don't feel pressured into signing too quickly
- Check that you are not signing away your statutory rights with regards to any statutory late payment interest rate
- Include a statement on all invoices, and within contracts where possible, stating that the small business will charge interest on late payment, and that any late payment disputes will be referred to the Office of the Small Business Commissioner.

This will set out explicitly the small business's intentions from the start of the contractual relationship and give them greater confidence to act and raise issues.

- It's also good practice to periodically review existing contracts to determine whether they still meet your business needs.

Our recommendations to Large Businesses:

- Identify small businesses in their supply chain and consider offering them preferential terms. We know that there are several large companies who are undergoing, or have completed, this exercise and have reduced their terms from 60 days to 30 days, specifically for their small business suppliers. These companies should be applauded for their proactive approach and we think others should follow suit.
- Provide single points of contact in the finance department for small businesses to contact when issues arise regarding payment
- Often administrative errors are the reason given for late payment. Large businesses need to review their procurement processes on a regular basis
- Create opportunities for large and small businesses to understand one another better. Events, such as supplier days, would be useful as these can bring together all parties and help develop enhanced working relationships through better understanding, and imparting knowledge
- The Commissioner to recommend time restrictions on resolution of disputed invoices

Numerous small businesses have communicated to us that their invoices remained in dispute for a considerable length of time without resolution. A major obstacle faced by small businesses is not being able to speak to a decision maker, and often being passed between departments without getting a definitive answer of when their invoice will be paid. This could be overcome by each large business having a single point of contact in its payment team for small businesses to approach directly.

Large businesses should clearly set out their dispute resolution and invoice payment escalation processes at the start of the contract.

After speaking to large businesses to understand their perspective better, the Commissioner has learnt that the issue of late payment appears to be concentrated in a number of specific sectors and the reasons for this needs to be explored further.

Small businesses, operating on small margins with limited capacity to raise their prices, become increasingly fragile when faced with unethical and extended payment terms. Small businesses are still struggling with this issue along with the continued pressure to agree to extended payment terms. This behaviour is not in the best interest of large businesses because what it gains in momentary improved cash flow is later diminished in late payment interest, causing reputational damage. The Commissioner will continue to publish reports to highlight this type of practice.

The Commissioner will work with Government to get small businesses a fairer deal and shorter payment terms and welcomes the recent response to the 'Creating a Responsible Payment Culture Call for Evidence'.

The announcement on reform, and the transfer of the Prompt Payment Code to my office, is welcomed by many and the Commissioner looks forward to working with BEIS on its reforms of the Code and engagement with the current signatories.

The Office of the Small Business Commissioner also looks forward to working with BEIS on a more proactive approach to getting companies who show exemplary conduct, and who are developing best practice in this area, to encourage them to sign up to the Code.

The Payment Practices Reporting data shows that there are many companies who currently comply with the Code standards but are not yet signatories.

The issue of late payment, and the disproportionate impact it has on smaller businesses, is a long-standing issue and will not be solved overnight. However, that means we must work harder to keep the spotlight on late payment and instil confidence in the minds of small businesses. We don't only want to talk about small businesses being the backbone of the UK economy but also demonstrate that we will take action to ensure they have the full support of Government to grow and be sustainable for the foreseeable future. The Government's announcements on action to further tackle this issue are welcomed – and will make a difference.

This statement was made by the former Small Business Commissioner, and I (Suzanne Burke) as Accounting Officer for the Office of the Small Business Commissioner have reviewed and agree with this statement.

A handwritten signature in black ink that reads "S.J. Burke". The signature is written in a cursive, slightly slanted style.

**Suzanne Burke, Accounting Officer
Small Business Commissioner**

Date: 8th January 2020

Mission and Priorities

Our Mission

Our mission is to make a meaningful contribution towards helping drive culture change in payment practices. We achieve this by supporting small businesses by providing information, advice, signposting and a complaint handling service.

Small businesses are particularly vulnerable to larger businesses with poor payment practices. Culture change in payment practices is a significant undertaking, and we are part of a portfolio of measures designed to tackle the issue. As well as the Small Business Commissioner, there is also the Payment Practices Reporting Requirement, the Prompt Payment Code, and the Public Procurement Review Service. Some of these interventions cover the public sector as well as the private sector, but all help to change the culture around late payment.

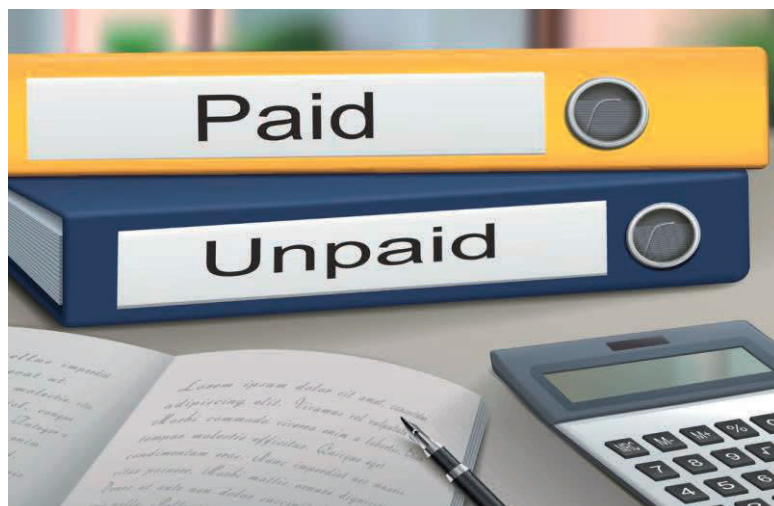
Taken together, these interventions form a strong basis for culture change in payment practices and we hope to play our part in tackling late payment by publicising poor payment practice and highlighting good payment practice in order to set new standards which will ultimately benefit small businesses.

Our Priorities

Our aim is to support small businesses through our complaints service, and by providing information, advice and signposting to other services.

Our priority for the complaints service is to handle complaints in a fair and reasonable way. We also intend to publish reports containing recommendations for both parties involved and other businesses.

Supporting small businesses with information and advice will continue to be delivered through our website. We will continue to review the information to make sure we meet the expectations of small business.



Our Strategy

Our key functions all aim to change the culture around late payments. Engaging with both small and large businesses is essential. For small businesses, improving knowledge and understanding can make all the difference in key business decisions.

For large businesses, raising awareness of the impact of late payment is important to ensure better business decisions.

Getting the basics right first time will assist organisations to succeed.

Building capability and capacity in the team sustainably and within budget means that we can continue to grow.



Information gives small businesses power to negotiate and resolve payment issues independently. We also provide information to large businesses about best practice.

Building a successful complaint handling function will allow us to help small businesses get paid, as well as provide the evidence to talk to large businesses about their practices with a view to changing the culture.

Ensuring businesses are aware of the organisation will be key to growing the operation.

Strong Financial and Governance Controls

Legislative Requirement

- The Commissioner will publish and provide an Annual Report which will be laid in Parliament.

Governance Objectives

- Deliver high quality payment resolution through excellent, timely case management, decision-making advice and casework preparation.
- Maintain business confidence by being fair, effective and independent.
- Continuously improving how we work by listening to the needs of businesses and adapting our approach accordingly.

Finance Objectives

- Spend within budget and ensure value for money in line with Managing Public Money and other HM Treasury guidance.

Our ambition is to be a small organisation exemplar for good governance. All processes are subject to regular review, with suggestions for improvements being considered and approved by the Strategic Board. Continuous improvement is key, and we work with other similar organisations to learn from their experience

Our financial controls are delivered through our shared services provider, UKSBS, and through our sponsor department, BEIS. Our ambition for financial controls is to spend responsibly, within budget and ensure value for money.

The statement of Taxpayers Equity, within the financial statements shows expenditure of £756,742 and grant in aid from BEIS of £726,450, resulting in a net expense of £30,292. This is largely due to the creation of a provision during the year, which results as an expense in the accounts, but for which Grant in aid from BEIS has not yet been paid to SBC. BEIS continue to fund the SBC and have committed to covering their expenses for the 2020 financial year.

Building Capability and Capacity

Objectives

- Sustainably grow our staff numbers to the maximum of 16 by 2020
- Hire an apprentice
- Support the successes of staff

We grow our workforce according to demand. We expect to appoint between 3 and 5 staff in the 2019-2020 financial year. We will continue to invest in training and development of staff and invest in local talent by hiring an apprentice.

Raising awareness of the Small Business Commissioner service

Objectives

- Raise the profile of the Small Business Commissioner's office to increase the number of complaints received
- Publicise recommendations that improve payment practice to enable businesses to learn from them
- Publicise collected evidence about the main issues for small businesses, and work with key stakeholders to ensure that these issues are remedied, where possible
- Build effective partnerships with stakeholders to increase the efficiency of our messages

We have established that the most successful method for reaching small businesses has been through local and national radio channels. We will continue to focus on this in conjunction with events for small businesses and social media outlets.

Throughout 2019-20, we intend to engage medium and large businesses in conversations about their payment practices. Small businesses, at the bottom of the supply chain are particularly vulnerable to late payment issues, and we intend to provide information to larger businesses as to how they can help mitigate this. There are other organisations with similar goals, and we will continue to seek out opportunities for joined up, collaborative working and joint messaging.

Late Payment Complaints Handling

Legislative Requirements

- The office of the Small Business Commissioner will maintain the complaints handling scheme and enquire into, consider and make determinations on relevant complaints.
- When determining a complaint, the Commissioner will act fairly and reasonably.

Objectives

- The Office of the Small Business Commissioner will, where possible, publish complaint reports with recommendations.
- Increase the numbers of complaints we receive.

Our strategy for the first three years of operation is to give businesses confidence in the Office by publicising a clear message about the services we provide and our previous successes. This will encourage more small businesses to engage with us and, in turn, increase the number of complaints we receive. Publishing more complaint reports will show small businesses that we can protect their interests and successfully address and deal with their complaints.



Provide Information and Advice

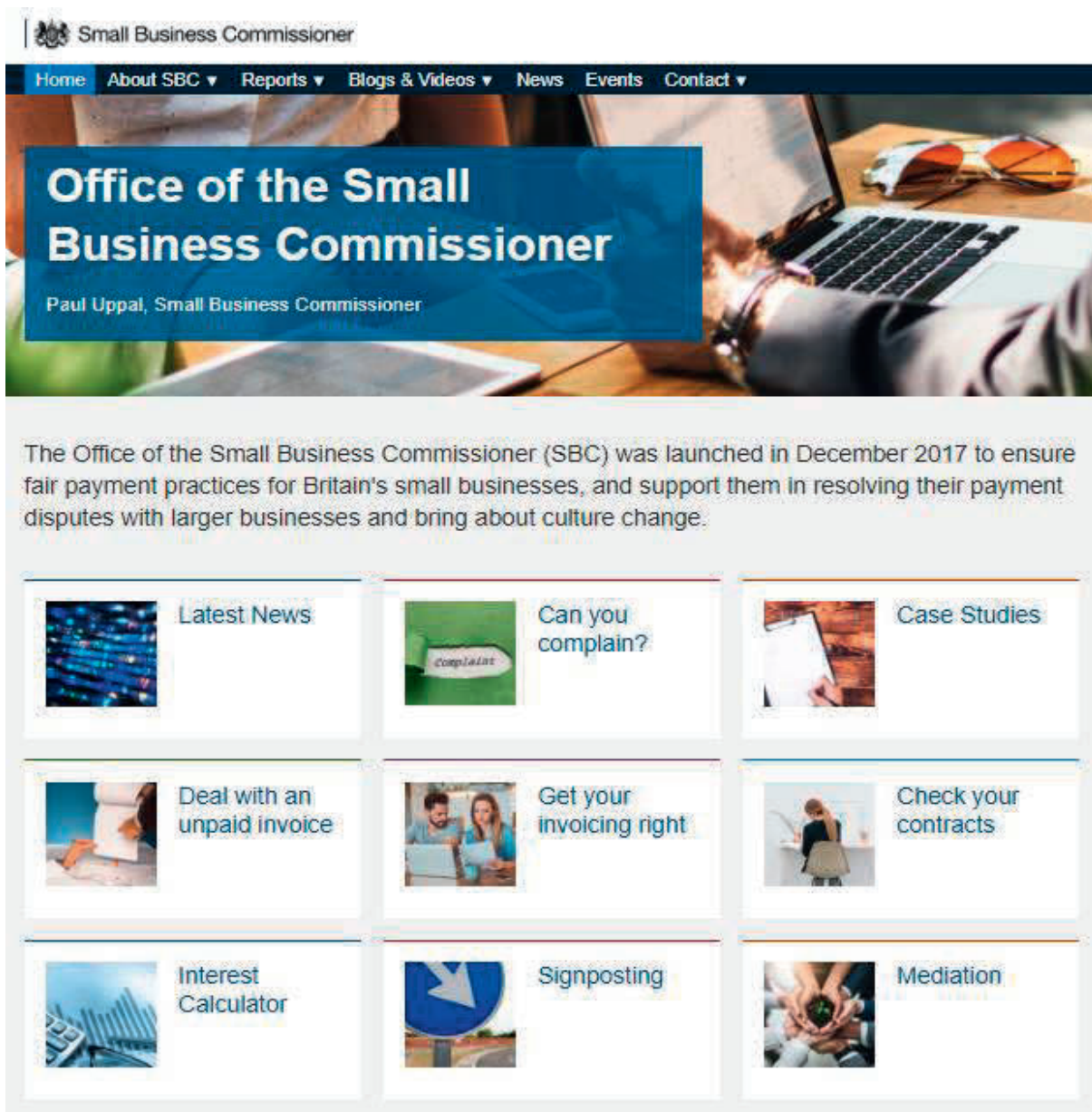
Legislative Requirement

- The Commissioner will provide general advice or information that the Commissioner considers may be useful to small businesses in connection with their supplier relationships with large businesses.

Objectives

- Support small businesses by providing advice, guidance and signposting to other services.

Providing small businesses with the right information to make sure they get paid is a statutory obligation for us. Our information provision is primarily through our [website](#), which we review on an ongoing basis.



The Office of the Small Business Commissioners Risks

Robust risk identification and management arrangements are in place with regular monitoring being undertaken between the SBC Senior Managers, BEIS Sponsorship Team, and SBC Casework Managers and staff, following the principles of the Corporate Risk Management Strategy.

Initially our risks in the first year were centred around securing office space and getting the right staff in post to take forward and implement the service.

We embarked on a recruitment campaign using seconded staff from other government departments to ensure that we had a variety of staff, with skills to help us create the office from an implementation phase to a live, running, business as usual status.

One of the ongoing risks is if we experience a significant increase in volumes of work, given our small team of appointed staff. We have contingency plans in place and would look at flexible working opportunities to manage any upsurge in workloads. Whilst we would assess any upward trend which could be linked to an event, such as an economic downturn or socio-political issue which may affect our work.



Performance Analysis

How do we measure performance?

The link between our key performance indicators, our risks and future uncertainties

Performance of the Office of the Small Business Commissioner is measured against our three key delivery strands of:

- Complaints handling
- Information and Signposting
- Communications and Governance



The key performance indicator for the service is a measure of how many complaints we receive. Each of the other objective's feeds into this one. For example, we can measure how successful certain communications have been by the number of enquiries and complaints we receive thereafter. Most of the specific risks around our work arise from challenges relating to the volume of complaints.

Drivers for our work are largely outside of our control. For example, an economic downturn could have a significant impact on our workload.

Before launch, demand for our services was difficult to predict. Therefore, the estimates made in the Impact Assessment that accompanied our founding legislation were not met in the first year and are not expected to be met in the following three years. This is because the barriers for small businesses coming forward with their complaints are much higher than was previously anticipated.

This makes our communications objectives that much more important as they are key to breaking down those barriers. We measure ourselves on the numbers of businesses spoken to, but also on how many complaints we receive after a radio interview, business expo or other activity designed to raise awareness of the Office of the Small Business Commissioner.

Good governance provides us with the basis to succeed in providing a quality service for small businesses, but it is impossible to entirely eliminate the risks that potentially threaten our ability to deliver.

Performance Summary

Overview

Since October 2017, staff of the Office of the Small Business Commissioner have been working hard to give the Office an energetic start. For the first six months, the focus was on the establishment of the Office. Following the public launch in December 2017, raising the profile of the work of the Office and the services we provide became the main priority, and as a result, the Commissioner attended a significant number of events and undertook media engagement activities. By mid-2018, our priorities began to shift away from recruitment and operations, with more emphasis on publicising our work along with the launch of our social media sites. By the end of 2018, we had several successful case studies where small businesses were happy to waive their anonymity in order to help us publicise our work.

Successes in 2018-2019

- We published the [first report](#) in March 2019, which identified a large company who had paid their small business supplier late
- We engaged with over 1000 small businesses and distributed more than 1500 leaflets to businesses across the UK
- £3,544,189.06 was paid to small businesses as a result of our intervention.
- Almost 10,000 people accessed our website
- Our [Interest Calculator](#) and [How to deal with an unpaid invoice](#) became two of our most popular website pages
- We have signposted 60 cases to alternative support and solutions, including legal action, Government departments and agencies, and to adjudication
- When we receive a complaint, we engage with the small and large business involved, and aim to come to an agreement that is fair and reasonable to both parties

Promoting the work of the Office of the Small Business Commissioner

Communication has been a key focus during the first year. We have measured the impact by monitoring the following:

- Website hits
- Enquiries from small businesses
- Number of complaints received

A high quality, focused communications strategy will continue to be high on the agenda. This is to proactively respond to a recent consultation which reported that 38% of respondents did not think that the Small Business Commissioner would affect the payment practice culture.

Further, 8% said they were aware of the Commissioner but that it needed to be publicised further. Following the consultation, several representative bodies responded that most of their members were unaware of the Small Business Commissioner.¹

Stakeholders

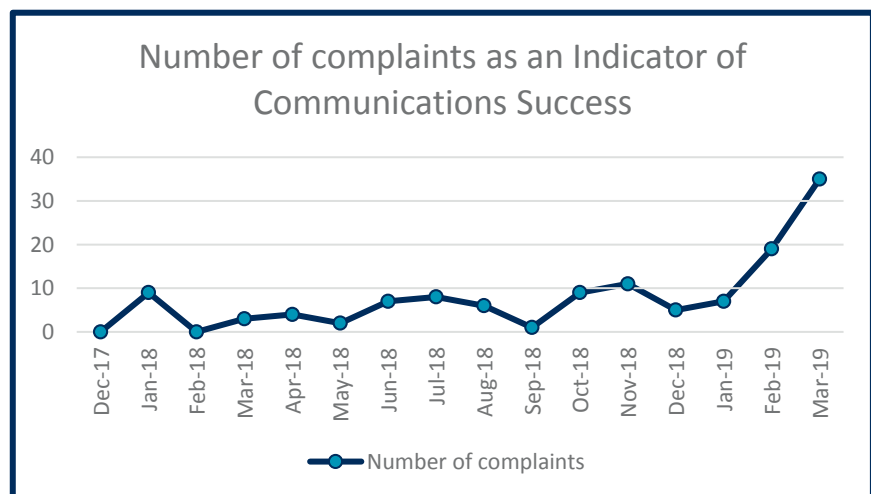
Our stakeholders can be split into four broad categories: small businesses; large businesses; business representative bodies and other interested organisations. Some of our communications, such as social media, span all four groups while others are more targeted.

Small Businesses

The small business community is our most important stakeholder. There is notable disparity within the small business sector, from micro or lifestyle business to those with up to 50 employees. It is this variety which makes it difficult for us to engage with this sector as a consolidated or singular group. Some businesses are members of representative organisations, but many are not and so we have trialled a variety of different approaches in 2018-19.

We had some success in meeting small businesses through business breakfast events, where local businesses and business representatives were invited to discuss late payment issues and meet the Commissioner. We also partnered with several high street banks who hosted similar events, which were very successful. Through this we met more than 200 small businesses. Exhibiting at business shows was also successful in 2018-19, with both the Commissioner and the staff of the Commissioner's office attending in person. It is difficult to measure how many small businesses we have reached but we estimate that we have spoken to around 1000.

After each event, there was a spike in activity on the website and a corresponding increase in the number of enquiries and complaints. In March, June and October 2018, we attended a series of business breakfasts, roundtables, and business expo events, which increased the number of late payment complaints we received. The number of formal complaints received in the first year was low. However, from this base, we were able to measure an increase in the number of complaints after attending those events.



When using the number of complaints as an indicator for success we are aware of seasonal and economic trends. For example, during August and December, when a large proportion of

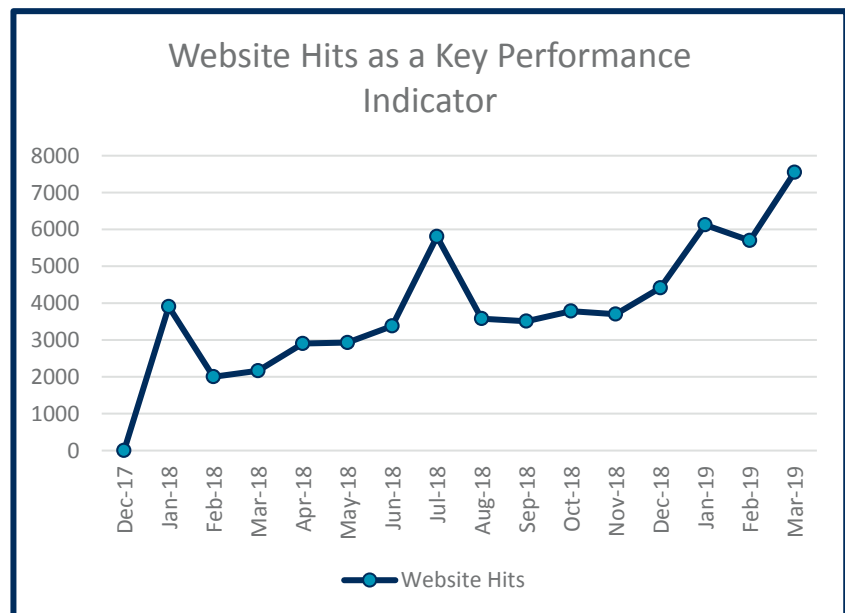
¹ Ibid

the UK takes annual leave, we saw a drop in the numbers of complaints during those and subsequent months. Similarly, we recorded an initial increase in the number of complaints shortly after the SBC launch which reflected Ministerial support. Discounting these outliers, there is a broad trend which demonstrates that our communications efforts are positively driving the number of complaints received and results.

The presence of the Commissioner at each event was publicised in the media. Small businesses have been prompted to contact the Office after hearing a radio interview with the Commissioner or seeing the Commissioner at an event. This was particularly evident after the Commissioner was interviewed for BBC Radio 4's Moneybox programme in February 19. This led to the highest level of complaints and queries to date.

In early 2019, we introduced a new Customer Relations Management (CRM) system (iCasework). This will further allow us to track the impact of local and national radio appearances in more detail.

Another success measure for business awareness is website hits. As can be seen from the graph, we can measure an increase in awareness of our service by the increase in numbers of visitors to the website. While the trend is on a clear upward trajectory, there are specific peaks around certain events. In January 2018, the Commissioner undertook a number of media interviews and activity aimed at publicising the launch of the Office.



Our sponsor department and Minister also provided a significant level of support in publicising the launch. This helped generate a significant volume of interest in the first month. We also saw a material jump in July 2018, following our first media campaign.

In January 2019, there was a sharp increase as a result of the media around the Commissioner's ambition to see future policy changes to support small businesses. The increase in March 2019 can be attributed to the media attention on our first published report identifying a large company that had paid their small business supplier late.

In summary, throughout the period, we increased our interactions with small businesses, both in person and through other channels. The Commissioner spoke to many small businesses personally, and we successfully raised awareness of the Commissioner's role with many hundreds of small businesses.

Large businesses

Large businesses are an important stakeholder to the Office of the Small Business Commissioner as improving payment practices at the top of the supply chain has a beneficial effect throughout the supply chain. Building awareness of the Commissioner's role amongst large businesses has been much more challenging to measure in the first 18 months.

The majority of our interactions with large businesses have been through the handling of complaints. Successes in engaging with large businesses have mostly centred around the amount of money recovered for small business, which stands at just over £3.5 million.

Using the publicly available payment practice reporting data, we wrote to 80 large businesses who reported a significant number of invoices unpaid within payment terms and invited them to work with the Commissioner to improve their payment practices. Only five large businesses responded providing a valuable insight and evidence about payment culture and the associated business environment. Those five businesses have committed to reviewing their payment practices with their small business suppliers but were unwilling to work with us publicly to tackle the issue.

Where we did have some success in engaging with a large business was in the case of Jordans & Ryvita, who were the respondent to a late payment complaint. Jordans & Ryvita positively engaged with the process and took clear steps to improve their processes. Since the publication of the [Jordans & Ryvita report in March 2019](#), we have received no further complaints about their payment practices.

Business representative bodies and other interested organisations

Business representative bodies are a key stakeholder group and engaging with them gives us access to their members, many of whom are small businesses. Over the last 18 months, the Office of the Small Business Commissioner has developed good relationships with the majority of the main business representative bodies, including the Confederation of British Industry (CBI), the Forum of Private Business (FPB), the Federation for Small Business (FSB) and the Institute of Directors (IoD).

Our work with high street banks has also extended into information provision. Banks are still one of the primary essential steps in setting up a business. It has been a priority for us to raise awareness amongst young businesses and we have done this by providing information videos to bank relationship managers as part of their training programme which was delivered by the Office of the Small Business Commissioner.

Social Media Engagement

Between March 2018 and March 2019, our Twitter handle (@SB_Commissioner) gained 980 followers. A LinkedIn profile for the Commissioner was created in June 2018. We have seen higher audience engagement when we work with other organisations to extend our reach.

This was particularly true when we co-operated with the Department for Business, Energy and Industrial Strategy (BEIS) to promote their call for evidence in October and with Small Business Saturday in November 18.

Below are some examples of those tweets, including information on their reach.

October top tweet – Late Payment Call for Evidence: earned 4,004 impressions

“We need to hear from [#SMEs](#) on what more [@beisgovuk](#) can do to create a responsible payment culture. The survey is open until 29 November, submit your views now to the Call for Evidence in Tackling [#latepayment](#)” bit.ly/2O7TN1Z

October: Profile Visits: 1,148 Tweets: 40 Tweet Impressions: 38.3K

November Top Tweet - Small Business Saturday: 5,663 impressions

“If you are a small business starting out, growing or looking to stay ahead contact the Business Support Helpline [@businessgov](#) for free advice and support” socsi.in/z6YFX [#SmallBizSatUK](#) [@SmallBizSatUK](#)

November: Profile Visits: 1,335 Tweets: 30 Tweet Impressions: 33.5K

The most successful social media tweet focused on the identification of a larger business who had paid late. The Commissioner identified Jordans & Ryvita in March 2019 and the related tweet earned 9,362 impressions.

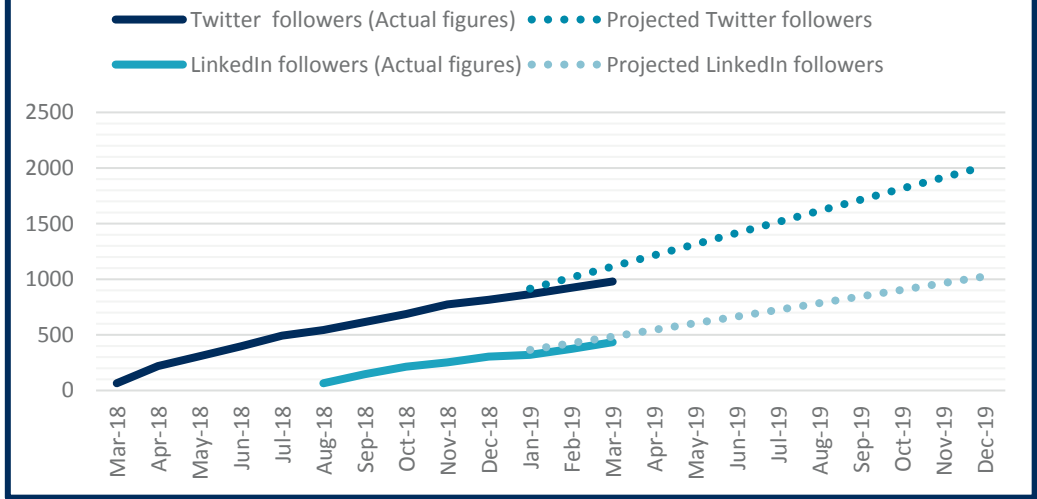


We saw a significant increase in our number of followers when specific announcements were made and when we received an increase in media attention.

As our social media presence is new, we have only just begun to set our targets.

The below graph gives some indication of our trajectory, and although at the end of the reporting year we were slightly below expectations, a new social media strategy for 2019-20 seems set to deliver greater numbers.

Followers as a Key Performance Indicator for Social Media Engagement



Complaints Handling

Case Study 1: Small business receives outstanding monies and interest payment

A complaint was received from [Karen Woolven Floral Design Retail Ltd](#) with regards to two outstanding payments and an invoice for statutory interest with a large company.

The caseworker in the Office of the Small Business Commissioner contacted the large company on behalf of Karen Woolven Floral Design Retail Ltd about the issue of the outstanding invoices. As a result, full payment was received including administration costs and late payment interest.

Karen referred to the Office of the Small Business Commissioner's service as '...a brilliant service and one which all small businesses need to be aware of.'

The success of the casework function of the Office of the Small Business Commissioner has been, and continues to be, heavily dependent on awareness amongst small businesses. Throughout 2018, we saw significant increases in the number of enquiries and complaints after well-attended events and when the Commissioner was in the media. Numbers of enquiries and complaints were a fraction of the assumptions made during the policy development for the Small Business Commissioner, with only 129 written complaints logged between December 2017 and March 2019.

We had a considerable amount of success in getting payments for small businesses between December 2017 and March 2019. With invoices ranging from £384 to £1.6 million, following intervention by the Small Business Commissioner, small businesses often managed co-operation with their business partners more successfully. The total payments released to small business for the period is £3,544,189.06 (breakdown in Annex A). Of the total complaints received that are now closed we assisted 33 small businesses in accessing late payments (25%). We consider this a solid measure of success, considering our ability to intervene is limited in situations where a small business wishes to remain anonymous, or the complaint is outside our legislative remit.

Case Study 2: Knotweed Control Ltd

A complaint was made to the Small Business Commissioner by Knotweed Control Ltd after they were subject to continuous late and non-payment of invoices from their large business contractor.

The Small Business Commissioner caseworker negotiated with the large company on Knotweed Control Ltd's behalf and the small business obtained full payment of all outstanding invoices plus interest charged for late payment.

For each complaint that we seek to provide advice on, we assess if it is within our legislative remit through our triaging process.

We are very clear with the complainants and the respondent companies at that initial point of contact in which we stipulate that we can only offer informal advice if their complaint falls outside of our legislative remit.

We have found respondent companies will often quickly pay complainants as soon as they are made aware of an issue, regardless of whether we have the legislative power to act. This may in part be simple escalation, which was found to be a successful tactic for being paid. This reflected user research we undertook our website content and is part of the advice we offer to small businesses in relation to getting paid.

Of the 129 complaints we received from December 2017 to March 2019, 36 were in remit of the legislation (28%). The remit of the legislation is quite narrow, and it has been a deliberate choice for us to encourage all small businesses to come forward with their complaints so that we can assess through our triaging whether or not they are in remit, rather than asking small businesses to do this for us. This has helped increase the numbers of complaints, which were very low in the first few months of operation. However, there are also signs that the percentage of those in remit of the legislation is increasing, as in March 2019, of the 35 complaints received, 17 were within our remit (49%).

Where possible, we offer information and advice to small businesses on how to resolve late payment issues or we signpost the small business to appropriate bodies who are able to assist them. However, we often find small businesses to be sceptical of existing bodies, and that they would rather we act on their behalf regardless. Some cases could have been dealt with by adjudication, but this comes as an additional financial burden to an already struggling small business. We detail the other services that they might like to access such as the Business Support Helpline, Business Debt Line, which in addition to our services are both free. Very often the complainants prefer to use our free service as they see us as a trusted go to body.

Case Study 3: Anonymous construction company gets paid

A small company contacted the Commissioner about a dispute with a large construction company. Although the complaint was outside the legal framework of the Commissioner's complaint scheme it was under the Housing Grants, Construction and Regeneration Act 1996, also known as the 'Construction Act' the Commissioner offered informal advice and guidance. The small business owner contacted the Finance Director of the large business to inform them of the involvement of the Commissioner and used the Commissioner's advice to negotiate with the large business. They agreed to settle the dispute for £2.9m. The small business commented that the involvement of the Commissioner was key to bringing both parties to a resolution in the dispute which would have otherwise resulted in a lengthy litigation process and the risk of insolvency of the small business.

Case Study 4: Business dispute resolved

A small business approached the Office of the Small Commissioner about late and non-payments from their managing agent. The managing agent was a small business and there was a contractual dispute in addition to payment issues. The Office of the Small Business Commissioner agreed to try and find a satisfactory resolution on an informal basis.

Following negotiations, over half of the outstanding invoices were paid comprising over £9,000; the remaining invoices remained in dispute. The two parties were unable to agree to a final settlement and both were threatening legal action.

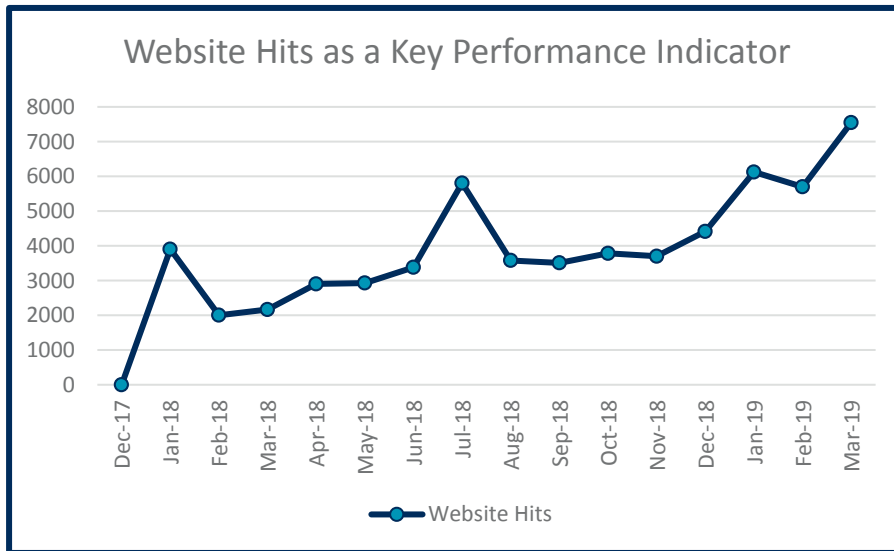
Following discussions with both parties, the Office of the Small Business Commissioner was able to set up a Voluntary Resolution Agreement (VRA), which both parties agreed to sign. This enabled both the individual and the managing agent to settle their dispute, with compromise from both and avoiding the need for costly legal action.

Where we are assisting small businesses with complaints on a formal basis, we have a much greater rate of success, since we secure better engagement from large businesses in these cases. Of the closed 22 formally handled complaints, we assisted 17 small business in recovering their outstanding late payments (77%). In the reporting period 2017-18 there was only one complaint that tested the full end- to-end complaint process, which was the complaint against Jordans and Ryvita, as referenced on page 22.



Information, Advice and Guidance

We have had some success in the provision of information, advice and guidance through our website, and through our enquiries service.



The graph above shows the increased usage of the website, every month 'Deal with an unpaid invoice' and the late payment 'Interest Calculator' pages are amongst our most visited pages. In situations where we are unable to help small businesses directly,

We offer advice and guidance. Many of the complaints we received in December 2017 to March 2019 were signposted to other services, which is a key part of our function. We present an example of how we signpost below.

Case Study 5: Anonymous complainant directed to the Small Claims Court

A small business complained to the Commissioner after being subject to continuous late and non-payment of invoices from their small business contractor. As this was a small business to small business debt, the complainant was offered informal advice and guidance.

The caseworker signposted the complainant to the Small Claims Court with information on making an online claim and also to the Small Business Commissioner's website for help in calculating how much statutory [interest and charges](#) could be invoiced. Within two months, the complainant was paid the money owed to them.

Performance on other measures

Information Security

We fulfil our role as a Public Sector Information Holder through adherence to the Data Protection and Freedom of Information Acts. Our data policies are compliant with the General Data Protection Regulations (GDPR) which came into force on 25 May 2018. We mandate annual Responsible for Information learning for our staff and augment it by promoting good practice in the areas of email security, password protection and the use of cloud collaboration tools.

Open and full information

We received six Freedom of Information Requests, all of which were answered within 20 days. The average time taken to respond was 13 days.

FOI Reference	Date Received	Date Responded	Time to Respond (days)
FOI 00001	22/03/2018	04/04/2018	13
FOI 00002	17/05/2018	05/06/2018	19
FOI 00003	28/08/2018	04/09/2018	7
FOI 00004	06/09/2018	07/09/2018	1
FOI 00005	17/10/2018	06/11/2018	20
FOI 00006	13/02/2019	05/03/2019	20

Modern Slavery

Through robust policies and procedures, we continue to take steps to ensure that neither slavery nor human trafficking (together, referred to as 'modern slavery') take place in our organisation or supply chains. This includes the recruitment of colleagues and in our contracts with suppliers.

Our commitment to the principles of the Modern Slavery Act 2015

The Office of the Small Business Commissioner is committed to the principles of the Modern Slavery Act 2015 and the abolition of modern slavery and human trafficking. As an Equal Opportunities Employer, we are committed to creating and ensuring a non-discriminatory and respectful working environment for our staff.

The Office of the Small Business Commissioner recruitment and staff management processes are designed to ensure that all prospective employees are legally entitled to work in the UK and to safeguard employees from any abuse or coercion once in our employment.

Our supply chains

The Office of the Small Business Commissioner's procurement for goods and services is provided by our shared services provider, UK SBS. UK SBS contracts directly with approximately 230 suppliers, but our supply chain is limited, and we procure goods and services from a restricted range of UK and overseas suppliers. Only two of the companies that we have procured through Crown Commercial Service Frameworks are of a size to be subject to Section 54 of the Modern Slavery Act 2015, and both have complied. UK SBS have also published their statement on Slavery & Human Trafficking which includes their mechanisms for guarding against modern slavery in their client's supply chains.

Their statement is published on their website:

[UK SBS Modern Slavery Statement \[PDF, 61.4kb\]](#)

Actions taken for the period ending 31 March 2019

Over the past period, the Office of the Small Business Commissioner has undertaken the following actions:

- Made all staff aware of the Modern Slavery Act 2015 and informed them of the appropriate action to take if they suspect a case of slavery or human trafficking.
- Ensured that ours and UK SBS procurement's strategy, contract terms and conditions include references to preventing modern slavery and human trafficking.

Recruitment policies

Our recruitment is carried out under the remit of the Department for Business, Energy and Industrial Strategy's policies and procedures as our sponsor department.

Recruitment into our sponsor department, and the Civil Service, is regulated by the Civil Service Commission. Our recruitment is limited by budget and physical space. Any additional office space requires a written notice period.

In line with the Civil Service more widely, we adopted the new Civil Service Recruitment Framework to enable effective business delivery and build capability in key areas. Diversity and Inclusion remain a high priority for us, so our recruitment and attraction strategy include a range of actions to develop an ever-increasing level of diversity.

Health and wellbeing

Our health and wellbeing strategy are broadly the same as our sponsor department as staff enjoy all the benefits that would be afforded a direct employee. We have local health and safety and business continuity plans in place. Refer to our remuneration report for further information.

Diversity

We follow the recruitment processes of our sponsor department. As a Disability Confident Employer, we offer a guaranteed interview to any disabled candidate that meets the minimum criteria. All staff are required to undertake unconscious bias training to increase overall awareness of diversity issues.

Environmental Impact

The Small Business Commissioner's office space is leased from the Department for Business, Energy and Industrial Strategy and is therefore covered by our sponsor department's policies.

We benefit from policies such as recycling bins for a wide variety of materials. Policies such as food and catering and construction do not apply, and in line with our sponsor department, we have no significant impact on biodiversity.

Sustainable procurement

We use the Crown Commercial Service framework to procure goods and services. The procurement service keeps its policies under regular review. It also works with its partners individually to ensure sustainability goals are achieved.



Prompt payment

The following figures are a voluntary disclosure, which we see as best practice.

Average time taken to pay invoices: 4.93 days

Invoices paid within:	Percentage
30 days:	97.40%
31-60 days:	2.60%
61 days or more:	0.00%

Invoices due but not paid within agreed terms: 2.60%

Payment terms:	Number of days taken to pay
Shortest standard payment period	7 days
Longest standard payment period	30 days
Maximum contractual payment period agreed	30 days

Additional Information:

In the reporting year, we had two invoices paid outside agreed terms. The first was as a result of an invoice being addressed incorrectly as part of the handover of responsibility from the Implementation team in the Department for Business, Energy and Industrial Strategy to us. This was paid within 15 days of the Commissioner's office receiving it. The second was as a result of an issue with our procurement system which took a month to fix, causing issues with the Purchase Order number which took several weeks to resolve. The supplier was kept informed throughout the process.

We strive to pay invoices as quickly as possible, as can be seen from our 4.93 day average. We work to minimise the risk of experiencing late payment issues and we are committed as an office to meeting any legitimate late payment interest claims.

Accountability Report



The Accountability Report

These sections cover our audit arrangements, our Parliamentary accountability and remuneration and staff report. The Corporate Governance Report is also part of the Accountability Report. Our lead Non-Executive Director on the Audit, Risk and Assurance Board has a role in ensuring the organisation is accountable and acts within corporate governance standards.

Non-Executive Director Accountability Statement

I was appointed a Non-Executive Director for the Small Business Commissioner's Advisory Board in January 2019 and appointed Chair of its Audit, Risk and Assurance Board at its first Advisory Board meeting on the 11th February 2019.

My main duties at the Board consist of ensuring governance matters, decision-making and financial management are carried out appropriately within the Small Business Commissioner's Office and that arrangements are in place to provide assurance on risk management. This includes seeking assurance both as to the effectiveness of the internal control and risk management systems and that the quality and performance of the organisation is maintained in a manner consistent with the standards expected of a public body. As well as ensuring accountability, I will be looking to contribute to the formulation of strategy and organisational culture.

I have been impressed with how much the Office of the Small Business Commissioner has accomplished so far with its small team and the depth and range of skills that the team has available to help carry out the Commissioner's mission. In particular, the Office has embedded clear structures and procedures to deal with complaints and enquiries effectively and established an effective governance operating model to assist the Board and management and provide assurances to stakeholders.

The Small Business Commissioner's Office has created a three-year business plan which is due to be published in this year (2019) and which provides a road map for what it needs to accomplish and includes its goals and objectives.

As a member of the Board, I will be contributing to and supporting the Commissioner's strategic aims and supporting the organisation to be properly established to meet those objectives. This includes the proper articulation of these strategic aims to stakeholders and leveraging the wide skills available within the organisation and its sponsor Department to help shape and deliver on those aims. I will also look to build my understanding of the Commissioner's Office through interaction with the team, clients and stakeholders and help to raise the profile of the Commissioner's work and the awareness of late payments.

As Chair of the Audit, Risk and Assurance Committee I will aim to provide, where necessary, rigorous and effective challenge to the Board on assurance and governance matters based upon my experience from working, with a focus on Risk and Assurance, in a variety of business sectors.

This is a significant opportunity for the Small Business Commissioner's Office to help change the landscape and culture of late payments.

Laurence Milsted, 14th May 2019

Auditors

National Audit Office (NAO)

We have arranged for the NAO to audit our accounts.

The following elements of the Accountability Report are subject to NAO's audit opinion:

- Regularity of expenditure;
- Fees and charges;
- Remote contingent liabilities;
- Single total figure of remuneration for the Commissioner;
- CETV disclosures for the Commissioner;
- Fair pay disclosures;
- Analysis of staff numbers and costs.

Government Internal Audit Agency (GIAA)

We have also arranged for the GIAA to audit our internal processes, looking at governance, risk management and control.

Parliamentary Accountability and Audit Report

Responsibilities for accounting to Parliament

The accountabilities include:

- Producing, signing and publishing an annual report and accounts detailing the activities of the Small Business Commissioner, and ensuring that proper records are kept relating to the accounts and that the accounts are properly prepared, audited, and presented in accordance with any directions issued by the Secretary of State
- Preparing and signing a Governance Statement covering corporate governance, risk management and assurance of any local responsibilities, for inclusion in the annual report and accounts
- Ensuring that effective procedures for handling complaints about the office of the Small Business Commissioner are established and publicised
- Acting in accordance with the terms of this document, including the list of government-wide corporate guidance instructions listed at Appendix 1, Managing Public Money and

other instructions and guidance issued from time to time by our sponsor department, the Treasury and the Cabinet Office

- Giving evidence, normally with the Principle Accounting Officer, when summoned before the Public Accounts Committee (PAC) on the Small Business Commissioner's stewardship of public funds

Regularity of Expenditure - Losses

There were no losses in the reporting period.

Regularity of Expenditure - Special payments

There were no special payments in the reporting period.

Regularity of Expenditure - Gifts

No allowances, bonuses or benefits in kind have been made to the Small Business Commissioner. Gifts and hospitality are recorded in the Small Business Commissioner's Gifts and Hospitality register.

Fees and charges

The Small Business Commissioner does not have any fees or charges.

Remote Contingent Liabilities

There were no remote contingent liabilities to disclose in the reporting period.



**Suzanne Burke, Accounting Officer
Small Business Commissioner**

Date: 8th January 2020

Corporate Governance Report

The Director's Report

The Small Business Commissioner is a corporation sole and the Office is a Non-Departmental Public Body from the Department for Business, Energy and Industrial Strategy. The Office of the Small Business Commissioner is run based on the standards set out in 'Managing Public Money' in terms of governance, decision-making and financial management.

As Accounting Officer for the Office of the Small Business Commissioner, I am personally responsible for ensuring that my Office has appropriate governance structures and systems implemented to support in meeting my statutory obligations. I am also responsible for safeguarding public funds for which I have charge; for ensuring propriety and regularity in the handling of public funds.

During the office start-up phase, I and appropriate staff from my office have met officials from the Department for Business, Energy and Industrial Strategy (BEIS) implementation/sponsorship team on a monthly basis. These meetings have covered governance, review of progress and the achievements to date; jointly assessing the effectiveness of partnership arrangements and mutually agreeing actions, and, where necessary, addressed any weaknesses.

The Small Business Commissioner implementation meetings have been superseded by monthly Strategic Board meetings and as Accounting Officer, I chair the Strategic Board meetings. The meetings are where formal strategic decisions are taken to ensure we are on track to deliver our statutory functions and achieve financial probity.

While day-to-day decisions are made at Strategic Board meetings, the Advisory Board and Audit, Risk and Assurance Board help to clarify our broader direction. I'm pleased that two such experienced board members have been appointed. The Advisory Board is chaired by the Small Business Commissioner and the Audit, Risk and Assurance board is chaired by Laurence Milsted as he has extensive knowledge, experience and expertise working in Risk.

The Governance Statement

The Small Business Commissioner launched its services on 20 December 2017 and covers the whole of the UK (England, Scotland, Wales and Northern Ireland). Established under the provisions of the Enterprise Act 2016 ("the Act"), the Commissioner plays an important role in supporting small businesses to resolve their payment disputes with larger businesses, providing advice, and helping bring about culture change in private sector payment practices. Created in legislation as a corporation sole, the Small Business Commissioner is classified as a Non-Departmental Public Body (NDPB) – operationally independent of government and a partner organisation of Department for Business, Energy and Industrial Strategy.

The Secretary of State is responsible for the overall policy framework within which the Commissioner operates and has statutory powers in relation to the Commissioner. Furthermore, the Secretary of State is ultimately responsible to Parliament for the Commissioner and accordingly will account for its business in Parliament.

The framework document has been drawn up by the Department for Business, Energy and Industrial Strategy in consultation with the Commissioner. This document formally sets out the broad framework within which the Small Business Commissioner will operate and the role and responsibilities of the Commissioner. The document is available to members of the public on the Commissioner's page on GOV.UK.

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/766161/sbc-framework-document.pdf

The Small Business Commissioner's Strategic Board

The Strategic Board is chaired by the Commissioner and its members are the senior management team in the organisation. The Strategic Board is responsible for directing the organisation and meets monthly. Secretariat provided by the Commissioner's Personal Assistant. Other members of the Commissioner's office attend as required.

Standard agenda items include operational updates, finance & resourcing, performance, committee updates, communications update and forward look, review of the Commissioner's business plan, recruitment, risk & assurance and staff reward & recognition.

Our Governance approach allows us to properly inform our sponsor department, Audit and Risk Assurance Committee, the Advisory Board & NAO of our national governance arrangements for the Small Business Commission.

The Office of the Small Business Commissioner held 9 Strategic Board Meetings from April 2018 – March 2019.

Board Membership	Role	Meetings Attended
Paul Uppal (Chair)	Commissioner (resigned 10 October 2019)	5:9
Suzanne Burke	Head of Operations	9:9
Corinne Brooke	Head of Policy	4:9
Ian Bickley (to 31 August 2018)	Head of Communications	1:9

The Commissioner's Non-Executive Directors

The two appointed members of the Advisory Board and Audit, Risk and Assurance Board will hold the roles until 6 January 2023, having started on 7 January 2019. A third Non-Executive Director is due to be appointed in 2019-20.



Laurence Milsted

Audit and Risk Non-Executive Director

Laurence is an experienced Chief Financial Officer, working with large professional services firms, and Non-Executive Directors. He also currently acts as a Trustee and Audit Committee Chair of ESCP Europe Business School and is an independent member of the Ministry of Justice Audit Committee.



Heidi Rehman

Corporate Services Non-Executive Director

Heidi is an entrepreneur and was most recently the CEO of womenswear brand Rose & Willard. She was previously a senior equity research analyst at financial services and banking group Citi.

The Small Business Commissioner’s Audit, Risk and Assurance Board

The Audit, Risk and Assurance Board meets quarterly, and was established in January 2019. It therefore met once in 2018/19. This governance meeting tables matters arising from previous meetings such as the Advisory Board Committees & the Strategic Board meetings which feed into this Risk & Assurance Committees either through reports or by making recommendations, or new substantial items of business. The standard agenda for the meeting was agreed with the Chair at the first meeting. The Commissioner’s Personal Assistant provides a Secretariat function for the Board.

Board Membership	Role	Meetings Attended to 31 March 2019
Laurence Milsted (Chair)	Non-Executive Director	1:1
Heidy Rehman	Non-Executive Director	1:1
Attendees		
Paul Uppal	Small Business Commissioner	1:1
Suzanne Burke	Head of Operations	1:1
Rannia Leontaridi	Sponsorship Director, Department for Business, Energy and Industrial Strategy	1:1
Observing Representatives	National Audit Office & Government Internal Audit Agency	1:1

Some agenda items may require specialist input from staff or stakeholders who have expertise on the item. They will be invited to the meetings to speak about agenda items and advise the Committee.

The meetings will be held to:

- Ensure proper stewardship of the Commissioner’s resources and assets
- Oversee financial reporting
- Monitor the effectiveness of the Commissioner’s audit arrangements (internal and external), internal controls, governance and the management of risk

The last committee meeting took place in June 2019 and the Board considered the Office of the Small Business Commissioner’s financial position, its recent management report and reviewed the risk register. The Small Business Commissioners draft Annual Report and Accounts were also reviewed.

The Small Business Commissioner's Advisory Board

As the Small Business Commissioner is a corporation sole, it has an Advisory Board, rather than a formal board of directors. The Advisory Board consists of the Commissioner (as Chair), three external members and representation from Department for Business, Energy and Industrial Strategy. The Advisory Board has an advisory and governance function only and no decision-making or executive functions in its own right. The Board's primary purpose is to assist the Commissioner in discharging his statutory responsibilities. Secretariat is provided by the Commissioner's office, and his staff will attend to update on specific work as appropriate.

The roles and responsibilities for all Board members are to ensure that:

- Governance matters, decision-making and financial management are carried out appropriately
- The office of the Small Business Commissioner is managed effectively
- Effective arrangements are in place to provide assurance on risk management, governance and internal control, including the effectiveness of the internal control and risk management systems
- Quality and performance of the organisation is maintained in a manner consistent with the standards expected of a public body

Board Membership	Role	Meetings Attended to 31 March 2019
Paul Uppal (Chair)	Small Business Commissioner	1:1
Laurence Milsted	Non-Executive Director	1:1
Heidy Rehman	Non-Executive Director	1:1
Attendees		
Rannia Leontaridi	Sponsorship Director, Department for Business, Energy and Industrial Strategy	1:1
Suzanne Burke	Head of Operations	1:1

The Advisory Board follows the Code of Good Practice for Corporate Governance, to the extent that it is relevant and proportionate. A Code of practice is in place for Advisory Board members, consistent with the Cabinet Office Code of Conduct for Board Members of Public Bodies, as far as this is relevant and proportionate.

The Advisory Board's first meeting was arranged after the appointment of the two non-executive directors on 7 January 2019.

Board members on appointment have received an appropriate induction pack and will undertake further training on financial management and reporting requirements and on any differences that may exist between public and private sector practice as appropriate.

All non-executive directors will all be appointed for a period of up to four years by the Secretary of State for our sponsor department. Such appointments and processes will comply with “The Governance Code for Public Appointments”.

The Commissioner chaired and welcomed the board to its first formal Advisory Board meeting on 11 February 2019. The next meeting took place in May 2019.

Register of interests

A register of interest for the Commissioner and his team is maintained by the Business Manager. All staff, including the Commissioner, are required to update the Register of Interests on a quarterly basis and the Non-Executive Directors are also required to update the register annually. The Commissioner and two Non-Executive Directors are subject to disclosure rules. In the period to 31 March 2019, the Commissioner had no conflicts of interests but has subsequently resigned in October 2019. Both Non-Executive Directors have no interests which are considered to give rise to any conflict. Contingencies are in place in case a conflict of interest does occur. The current interim arrangements and previous Commissioner decisions have been reviewed to ensure they have been free from conflicts of interest.

Personal data related incidents

All staff are aware of the General Data Protection Regulation (GDPR) and have completed all mandatory training on my Civil Service Learning. Staff undergo relevant training and update their knowledge as and when required.

There have been no personal data related incidents formally reported to the Information Commissioner’s Office (ICO) in the reporting year.

Whistleblowing

It is our intention to support the efficacy of whistleblowing practices, and to give visibility at Board level, a Non-Executive Board member acts in the capacity of whistleblowing champion. A report is provided to the Chair of the Audit and Risk Committee annually on the operation of the Small Business Commissioner whistleblowing policy. This is further scrutinised by the Audit and Risk Committee board members.

Key Issues & Risks

Robust Risk identification and management arrangements are in place with regular monitoring being undertaken between senior managers, the departmental sponsorship team, and staff, following the principles of the Corporate Risk Management Strategy in accordance with the Treasury guidance ‘Management of Risk: Principles and Concepts’. We ensure that our risk management strategy utilises relevant aspects of best practice in corporate governance.

The risk register is reviewed every quarter by the senior leadership team and at the Audit & Risk Assurance Committee. The risk categories are Information Security, Reputation, Stakeholder and Political Relations and Financial. A risk report and the risk register has been provided to the Audit, Risk and Assurance Committee; the risk management strategy was approved by the Audit & Risk Assurance Committee on the 27th February 2019.

Key Risks	Details
Financial assumptions of the Grant in Aid funding	Significant work has and continues to be undertaken to realign the financial assumptions of the sponsorship team Grant in Aid funding from the expenditure being determined at inception of the Commissioner. It was determined at the time that £1.35 million budget was the overall budget and funding that had been secured and further work was required to ensure the entire Investment Programme of the Commissioner could be delivered as envisaged by the costs budgeted at that time. A financial review of the forecast costs has confirmed that the Commissioner is in place to end the year with an underspend position and cost savings will and have been achieved.
Future Projects	A continuous review of the Governance and appraisal processes will be commissioned to ensure effective arrangements are in place to support delivery of any additional areas of future work. Strict adherence to funding controls and policy planning for future projects. The introduction of icasework case management system allows easy expansion of capability.
Information Security	Attention to Information Security risks continues to progress with the impending new implementation of a case management system. A delivery of future recommendations from GIAA Internal Audit and preparedness of compliance with the General Data Protection Guidelines (GDPR).
Workload Volumes	There is a risk that complaint numbers plateau or decrease which could result in small businesses losing confidence in the office which may lead to reputational damage.

Funding

The Commissioner's funding will be by way of grant-in-aid provided by our sponsor department for the year in question and will be voted in our sponsor department's supply estimate and be subject to parliamentary control.

Statement on internal financial controls

Accountant and auditor

A sponsor department accountant has been commissioned to independently prepare the Small Business Commissioner annual accounts. A qualified accountant has been recruited as one of the non-executive directors and they will sit on the Advisory Board and the Audit & Risk Assurance Committee. The Audit & Risk Assurance board will review the Commissioner's accounts and approve them. The Commissioner have appointed the services of the Government Internal Audit Agency and National Audit Office for external audit.

To ensure an independent and objective assurance on risk management, control and governance we have been working closely with the Government Internal Audit Agency (GIAA) who have during 2018 provided an objective consulting service, offering advice and guidance along with measuring and evaluating the design and effectiveness of Commissioner's processes in achieving business objectives. GIAA are meeting these requirements by providing a Head of Internal Audit (HIA) who holds a professional qualification (CIMA, CCAB or equivalent) and is suitably experienced. A workplan and a series of audits will take place within our organisation each year based upon an assessment of risk agreed and cleared through the Audit & Risk Assurance Committee. The agreed programme of work will be formally documented in the Audit Plan, at the end of each year, the HIA will provide the Commissioner with an annual opinion on the overall adequacy and effectiveness of our framework of governance, risk management and control.

GIAA has provided the Risk & Assurance Board with an Indicative Internal Audit Opinion for 2018-19. In this, the first year of our service, they have provided advice and guidance to management including on the implementation of the governance arrangements in accordance with the Framework Documentation and on the controls in respect of drawing down and accounting for funding provided by our sponsor department.

GIAA has provided assurance that in their view, 'by design'; the Commissioner controls appear adequate and, on that basis, they anticipate they will provide an overall 'adequate' opinion for the first year of its operations. GIAA have produced a draft internal audit plan for 2019 - 2020 which focuses largely on the introduction of a new case management system.

Statement of Accounting Officer's responsibilities

The Department for Business, Energy and Industrial Strategy, appointed Paul Uppal as Accounting Officer for the Office of the Small Business Commissioner. Paul Uppal stood down from his position as Small Business Commissioner on 10 October 2019 and Suzanne Burke, Head of Operations for the Office of the Small Business Commissioner was appointed as the Interim Accounting Officer with effect from 11 October 2019. The Small Business Commissioner is a statutory officer holder and Corporation Sole.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the SBC's assets, are set out in Managing Public Money published by the HM Treasury.

The Enterprise Act does not require the Small Business Commissioner to keep accounts or prepare an annual statement of accounts and there is no provision dealing with the appointment of the Comptroller & Auditor General as auditor. To address the situation in the short term, it was agreed with HM Treasury that obligations for the Commissioner producing accounts would be set out in the Framework Document. This includes the requirement for the Commissioner to appoint the National Audit Office to undertake external audit: these are non-statutory arrangements as the Framework Document does not convey legal powers or responsibilities. Longer term, the sponsorship team will ensure the Commissioner is included on HM Treasury's statutory instrument that constitutes an Order under section 25 of the Government Resources & Accounts Act 2000. However, the next opportunity to include the Commissioner on the Order may not arise until there are enough bodies to warrant legislative intervention.

The Framework Document states that the Commissioner, as accounting officer, is responsible for producing, signing and publishing an annual report and accounts, ensuring that proper records are kept relating to the accounts. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Office of the Small Business Commissioner and of its income and expenditure, Statement of Financial Position and cash flows for the financial year. It also states that the Commissioner must comply with Managing Public Money and the Government Financial Reporting Manual. An Accounts Direction given by the Secretary of State for Business Energy and Industrial Strategy (with approval of HM Treasury) in Accordance with Sections 8 of the Small Business Commissioner Framework Document signed 30 November 2018 has been issued.

The Small Business Commissioner has prepared accounts for the period from commencement on 20 December 2017 to the period ended 31 March 2019 and will continue to prepare such accounts for subsequent financial years.

In preparing the accounts, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- Observe the Accounts Direction issued by BEIS, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis
- Make judgements and estimates on a reasonable basis
- State whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements
- Prepare the financial statements on a going concern basis and confirm that the Annual Report and Accounts is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable

The accounts for the Office of the Small Business Commissioner have been prepared to:

- (a) Give a true and fair view of the state of affairs of the net resource outturn, changes in taxpayers' equity and cash flows for the financial year
- (b) Provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them

As the Accounting Officer for the Office of the Small Business Commissioner, I confirm that as far as I am aware, there is no relevant audit information of which the Office's auditors are unaware. I have taken all steps that I ought to have done to make myself aware of any relevant audit information and to establish that our auditors are aware of that information.

I take personal responsibility for the Annual Report and Accounts and confirm that I consider the Small Business Commissioner's Annual Report and Accounts to be fair, balanced and understandable.

Statement by the Commissioner

I have considered the evidence that supports this governance statement and I am assured that the Office of the Small Business Commissioner has systems of control in place to support the delivery of my statutory purposes.

My aim is to further develop our work on the governance framework to assist in leading us to embed and develop as an exemplar non-departmental public body.

I have no disclosures of control weaknesses to make for the 2019-20 financial year. This statement was made by the former Small Business Commissioner, and I (Suzanne Burke) as Accounting Officer for the Office of the Small Business Commissioner have reviewed and agree with this statement.



**Suzanne Burke, Accounting Officer
Small Business Commissioner**

Date: 8th January 2020

Remuneration and Staff Report

Remuneration Policy

The remuneration of senior civil servants (SCS) is set by the Prime Minister following independent advice from the Senior Salaries Review Body. The Review Body takes account of the evidence it receives about wider economic considerations and the affordability of its recommendations.

The Small Business Commissioner, Paul Uppal, was appointed for a period of four years from 2 October 2017 to 2 October 2021. The Small Business Commissioner has no remuneration responsibilities. The remuneration of the Commissioner is determined by the Secretary of State for the Department for Business, Energy, Industrial Strategy under Part 1 in the Enterprise Act 2016. The Commissioner is a public appointment, designated as a Statutory Office Holder and is a corporation sole. The salary of the Commissioner is set by the Department for Business, Energy, Industrial Strategy.

Staff are appointed, or seconded, on terms and conditions determined by the Small Business Commissioner and approved by the Secretary of State. All seconded staff retain their home departments terms and conditions and remain civil servants. Staff directly appointed by the Small Business Commissioner will be public servants, not civil servants. We do not currently have any directly appointed staff.

The Small Business Commissioner team, eight members excluding the Commissioner, were all recruited as secondees from Other Government Departments (OGDs) in the public sector and they retained the terms and conditions set by their home departments.

The Commissioner and all members of staff receive a civil service pension and other pension commitments are met by the home departments of the secondees to the Office of the Small Business Commissioner.

Single total figure of remuneration (01 April 2018 – 31 March 2019)

Public appointee	Salary (in 5k bandings) £'000	Bonus payments (in 5k bandings) £'000	Benefits in kind (to the nearest £100)	Pension benefits (to the nearest £1000)	Total £000
Paul Uppal	120 – 125	-	-	47,000	170 - 175

Note:

- The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to transfers of pension rights
- 'Salary' includes gross salary; overtime, reserved rights to London weighting or London allowances; recruitment and retention allowances; private office allowances and any other allowances to the extent that is subject to UK taxation.
- Salary information above excludes employers' national insurance contributions.
- No allowances, bonuses or non-cash benefits in kind have been made to the Commissioner.
- All gifts and hospitality received are recorded in the Small Business Commissioner gifts and hospitality register.
- The Pensions Benefits figure does not represent a cash payment, but is a calculation, provided by the pension administrator, of the estimated value of pension benefits accrued during the year under the scheme. It is calculated as the real increase in pension multiplied by 20, plus the real increase in any lump sum, less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decrease due to a transfer of pension rights.
- Prior to 1 April 2018 Paul Uppal was remunerated at the same rate by the Department for Business, Energy and Industrial Strategy at no cost to the Office of the Small Business Commissioner.

Pension Entitlements

Pension benefits are provided through the Civil Service pension arrangements. There are five schemes: classic; premium; classic plus; nuvos; and alpha. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The Commissioner is in the alpha civil service pension scheme.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha.

The accrued pension quoted is the pension the member is entitled to receive when they reach the higher of 65 or State Pension Age for members of alpha.

Further details about the Civil Service pension arrangements can be found at the website:

www.civilservicepensionscheme.org.uk

Further details of the alpha scheme are available at:

<http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

The Cash Equivalent Transfer Value (CETV)

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued because of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

Real increase in CETV

This reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

	Accrued pension at age 65 as 31 March 2019 and related lump sum £'000	Real increase in pension and related lump sum at pension age	CETV at 31 March 2019 £'000	CETV at 31 March 2018	Real increase in CETV
Paul Uppal	0-5	2.5 – 5	50	14	25

Fair pay disclosures

The Small Business Commissioner has a total of eight members of staff. Seven posts were filled via secondments from OGDs and one was temporarily filled for part of the year by a member of agency staff, who has also been permanently recruited by the Department for Business Energy, Industrial Strategy and is now seconded to the Office of the Small Business Commissioner. The Commissioner, as a public appointment, was paid by the sponsor department.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid 'director' in their organisation and the median remuneration of the organisation's workforce.

The banded remuneration of the highest-paid director in the Office of the Small Business Commissioner in the financial year 2018 – 19 was £120,000-£125,000 (bands of £5,000). This was 3.8 times the median remuneration of the work force, which was £32,249.50. The work force includes staff seconded to the Office of Small Business Commissioner.

For the period ending 31 March 2019	
Band of highest paid directors' total remuneration (£'000) (bands of £5'000)	120 - 125
Median total (£)	32,249.50
Remuneration ratio	3.8

Note:

- No remuneration range has been provided as this would disclose the salaries of individuals who work in the Commissioner's team.
- Total remuneration includes salary non-consolidated performance-related pay and benefits-in-kind. It does not include employers pension contributions, severance payments and the cash equivalent value of pensions.

- The seconded staffs' salaries will be included in the assessments of pay multiples at the OGDs they are employed by.
- No comparative figures for previous years are provided. This was because the Small Business Commissioner has no control over the remuneration of seconded staff. Comparative figures will be provided in future years.



Staff Report

There are no other Senior Civil Servants employed by the Office of the Small Business Commissioner. The Small Business Commissioner is a public appointment, remunerated via the Department for Business, Energy, Industrial Strategy payroll.

Staff numbers and costs

All staff are seconded from a number of home departments to the Office of the Small Business Commissioner, or in the case of the Commissioner himself, a public appointment on a fixed term contract.

From April 2018 to March 2019 the cost of Staff Remuneration was:

	Public Appointment	Other Staff	Total
Wages & Salaries	£120,000	£401,306	£521,306
Social Security Costs	£15,398	-	£15,398
Pension	£29,400	-	£29,400
Total	£164,798	£401,306	£566,104

Note:

- Home departments invoice the Small Business Commissioner for the employee's salary, ERNIC and Pensions contributions. These invoices do not contain a VAT charge as transactions between Government bodies are not taxable. The Office of the Small Business Commissioner is not VAT registered.
- There have been no severance/retirement payments in the reporting year.

Staff composition

The composition of the Office of the Small Business Commissioner:		
	Female	Male
The Commissioner	0	1
Non-Executive Directors	1	1
SBC Staff	7	1

Sickness absence data

During the reporting period, the Commissioner has taken no sickness absence and all seconded staff's sick absences were recorded directly with their home departments.

Staff policies for disabled persons

All seconded staff will follow their home department's policies and every government department has policies and procedures in place to help support disabled persons. The Small Business Commissioner offers a range of support, training and learning & development opportunities for all members of staff including disabled persons.

All employees are protected under the nine protected characteristics listed in the Equality Act 2010 which are, Age, Disability, Gender reassignment, Marriage & civil partnership, Pregnancy & maternity, Race, Religion or belief, Sex and Sexual orientation. The Office of the Small Business Commissioner also follows the Public Sector Equality Duty, which is a duty requiring public bodies and others carrying out public functions to have due regard to:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it
- Foster good relations between people who share a protected characteristic and those who do not

The Civil Service is committed to the employment and career development of disabled people. Under the Guaranteed interview scheme, we guarantee to interview anyone with a disability whose disability meets the criteria set within the Equality Act 2010 (subject to meeting the minimum criteria for the job vacancy).

All applicants are given the opportunity to identify accessibility issues prior to interview and are contacted on an individual basis to enable us to accommodate their needs. We are providing an environment that is inclusive and accessible for staff, clients and customers.

The Civil Service Workplace Adjustment Passport has been introduced to improve the ease with which employees with a disability or health condition can move jobs in the Civil Service. We have also delivered awareness sessions on Mental Health issues which were open to all staff.

All employees are encouraged to make a self-declaration regarding their disability status on Oracle. This provides the option to indicate if they either have or do not have a disability but can also include an option that they would prefer not to say.

The Government has set out plans to see more disabled people in work- more information about this can be found at: <https://www.gov.uk/government/news/government-sets-out-plan-to-see-more-disabled-people-in-work>

Other employee matters

There have been no employment issues, which include employee consultation and/or participation and recruitment practice within the reporting period. We have processes in place and follow our sponsor department policies to ensure the Health and Safety at work criteria is met. The building (Victoria Square House, Birmingham, B2 4AJ) tests the fire alarm every week and conducts a test fire drill at least once per year and records the results. Fire safety and evacuation plans and business continuity plans are in place.

The Office has qualified first aid trainers on the floor at all times during office working hours. The Office of the Small Business Commissioner ensures all staff have completed their mandatory training on:

- Unconscious Bias
- Health & Safety Awareness
- Health & Safety Awareness (for managers)
- Responsible information
- Equality & Diversity Essentials
- Health & Safety Induction
- Display Screen Equipment Assessment
- Counter Fraud, Bribery and Corruption
- General Data Protection Regulation

Expenditure on consultancy

There was no expenditure on consultancy.

Non-Executive Directors

All the Non-executive Directors have fixed term contracts as follows:

- Laurence Milsted 7 January 2019 to 7 January 2023
- Heidy Rehman 7 January 2019 to 7 January 2023
- Yvonne Gale 1 November 2019 to 31 October 2023

2018/19			
Non-Executive Board Members	Number of Board Meetings (Annually)	Annualised Fee	Actual Fee Paid in Year (Nearest £100)
Laurence Milsted	8	£2,800	£700
Heidy Rehman	8	£2,800	£700

No benefits in kind were paid in year

Either party may terminate the contract for any reason before the expiry of the fixed period by providing not less than 6 months' notice in writing.

The Secretary of State may terminate the Non-Executive Directors appointments immediately, by giving notice in writing, if they are in breach of any of the terms of their appointment or are unfit, or from any cause whatsoever have become unfit, to discharge duties as a member of if they:

- A. Have been absent from meetings of the Boards' for a period longer than six consecutive months without permission of the Board
- B. Have been declared bankrupt or made an agreement with their creditors (or, in Scotland, have had their estate sequestrated or have made a trust deed for their creditors or have and had accepted a composition contract)
- C. Are incapacitated by physical or mental illness
- D. Are otherwise unable or unfit to discharge the functions of the office

The Non-Executive Directors will receive no notice if their appointment is terminated early by mutual consent. No compensation is payable to Non-Executive Directors for early termination of their contract.

Further information on the Non-Executive board members can be found on page 39.

Expenditure on Temporary Staff

The table below reflects the amount spent on temporary staff throughout the 2018/19 financial year.

Supplier	Cost
Alexander Mann Solutions Limited	£13,587

Note:

- The Office of the Small Business Commissioner recruits all temporary staff / contingent workers through Alexander Mann Solutions, who are registered on the Crown Commercial Service Framework
- All temporary staff / contingent workers require a Disclosure and Barring Service check before they can start working for the Small Business Commissioner

Off-payroll engagements

There have been no off-payroll engagements in the reporting period.

Exit packages

No exit packages were paid during the reporting period.

Annual reports and accounts are usually laid and published in June and July, before the summer Parliamentary recess and in advance of the statutory deadline of the following 31st January. Due to unforeseen circumstances impacting on the National Audit Office's staffing for the audit for the office of the Small Business Commissioner, the audit was rearranged to take place during July 2019 and the SBC arranged for the Annual report and Accounts be laid before Parliament in September 2019. The laying of the Annual Report and Accounts was delayed due to the prorogation of Parliament and subsequently the General Election. Also, in the intervening time Paul Uppal stood down from his role as Small Business Commissioner on 10th October 2019. Suzanne Burke has been appointed as Interim Accounting Officer by the BEIS Permanent Secretary for the Department for Business, Energy and Industrial Strategy with effect from 11th October 2019. The content of the Annual Report has been updated by the new Accounting Officer to reflect the current arrangements and this subsequent event has been disclosed in the financial statements which have been certified by the new Accounting Officer and the Comptroller and Auditor General.

Audit Report

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of the Small Business Commissioner for the period ended 31 March 2019 which comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Accountability Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the Small Business Commissioner's affairs as at 31 March 2019 and of the net expenditure for the period then ended; and
- the financial statements have been properly prepared in accordance with Secretary of State directions.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Small Business Commissioner in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Small Business Commissioner's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements.

If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion.

My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Small Business Commissioner as Accounting Officer is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (ISAs) (UK).

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Small Business Commissioner's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

The Small Business Commissioner as the Accounting Officer is responsible for the other information. The other information comprises information included in the annual report, but does not include the parts of the Accountability Report described in that report as having been audited, the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

Opinion on other matters

In my opinion:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions;
- in the light of the knowledge and understanding of the Small Business Commissioner and its environment obtained in the course of the audit, I have not identified any material misstatements in the Performance Report or the Accountability Report; and
- the information given in e.g. Performance Report and Accountability Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Accountability Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Gareth Davies

Date: 9th January 2020

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria, London, SW1W 9SP

Financial Statements for the period ending 31 March 2019

Statement of Comprehensive Net Expenditure

For the period to 31 March 2019

	Note	Period ended 31 March 2019 £
Operating Expenditure		
Staff costs	2	566,104
Other expenditure	3	210,338
		776,442
Income		
Gifted asset		(20,000)
Net operating expenditure		756,442
Financial expense - bank charges		300
Net Expenditure for the period		756,742
Total comprehensive expenditure for the period		756,742

The notes on pages 64-70 form part of these financial statements

There was no other comprehensive expenditure.

Statement of Financial Position

As at 31 March 2019

	Note	As at 31 March 2019 £
Non-Current assets		
Intangible assets	4	13,333
Current assets		
Cash and cash equivalents	5	240,074
Prepayments		6,750
Total current assets		246,824
Current liabilities		
Payables and other liabilities	6	(238,204)
Provision	7	(52,245)
Total current liabilities		(290,449)
Total assets less current liabilities		(30,292)
Total assets less total liabilities		(30,292)
Taxpayers Equity		
General Reserve		(30,292)

The notes on pages 64 to 70 form part of these financial statements

The financial statements on pages 60 to 63 were approved by the Small Business Commissioner on 2nd September 2019:



**Suzanne Burke, Accounting Officer
Small Business Commissioner**

Date: 8th January 2020

Statement of Cash Flows

For the period ended 31 March 2019

	Note	Period ended 31 March 2019 £
Cash flows from operating activities		
Net operating expenditure	SoCNE	(756,442)
Adjustments for non-cash expenditure/(income)		(13,333)
Increase/ (decrease) in payables and accruals	6	238,204
Increase/ (decrease) in provisions		52,245
(Increase)/ decrease in prepayments		(6,750)
Grant in aid	SoCiTE	726,450
Net cash inflow from operating activities		240,374
Cash flows from financing activities		
Bank charges	SoCNE	(300)
Cash flows from investing activities		
Purchase of intangible assets		0
Net increase in cash and cash equivalents for the period	6	240,074
Cash and cash equivalents at the beginning of the period	6	0
Cash and cash equivalents at the end of the period	6	240,074

The notes on pages 64 to 70 form part of these financial statements

Statement of Changes in Taxpayers Equity

For the period ended 31 March 2019

		Period ended 31 March 2019 £
Balance at 20 December 2017		-
Net expenditure for the period	SoCNE	(756,742)
Grant in aid from BEIS paid		726,450
Balance at 31 March 2019		(30,292)

The notes on page 64 to 70 form part of these financial statements

Notes to the Accounts

1. Statement of accounting policies

The Office of the Small Business Commissioner (SBC) is an independent public body set up by Government under the Enterprise Act 2016. It is classified as an executive non-departmental public body (NDPB) of the Department for Business, Energy and Industrial Strategy. The Small Business Commissioner is registered at Office of the Small Business Commissioner, Victoria Square House, Birmingham, B2 4AJ. The Office of the Small Business Commissioner was launched on 20 December 2017 and these accounts are prepared for the period from 20 December 2017 to 31 March 2019. This is the first set of accounts prepared for the Small Business Commissioner.

The principal activity of Small Business Commissioner is to tackle late payment and unfavourable payment practices in the private sector.

1.1 Basis of accounting

These financial statements have been prepared in accordance with direction from the Secretary of State for Business, Energy and Industrial Strategy (BEIS) and the 2018/19 Government Financial Reporting Manual (FReM). The accounting policies contained in the FReM apply International Financial Reporting Standards as adapted or interpreted for the public sector context. Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Small Business Commissioner for the purpose of giving a true and fair view has been selected. The particular policies adopted by SBC are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

The Annual Accounts have been prepared as directed by the Secretary of State for Business, Energy and Industrial Strategy and certified by the Comptroller and Auditor General, as agreed with the Comptroller and Auditor General.

1.2 Accounting Convention

These accounts have been prepared under the historical cost convention. The Accounts Direction issued by the Department for Business, Energy and Industrial Strategy provides that the Small Business Commissioner is required to prepare and publish a report describing what the Commissioner has done during the reporting period. The Commissioner must send a copy to the Secretary of State and it must be laid before Parliament.

1.3 Going Concern

The Small Business Commissioner has approval from the Secretary of State for grant in aid for 2019/20 that fully takes into account budgeted expenditure.

The SBC will receive grant in aid for 2019/20 to fund its activities. It has been accordingly considered appropriate to adopt a going concern basis for the preparation of these financial statements.

1.4 Standards not yet effective

IFRS 16 'Leases' replaces IAS 17 'Leases' and will be adopted by the public sector in 2020-21. IFRS 16 represents a significant change in lessee accounting by removing the distinction between operating leases (off-statement of financial position financing) and finance leases (on-statement of financial position financing) and introducing a single lessee accounting model. IFRS 16 requires the recognition of all leases with terms over 12 months as finance leases. This will result in the recognition of a right-to-use asset, measured at the present value of future lease payments, and a matching liability in the Statement of Financial Position (SoFP). Disclosure of operating leases is included in note 9. The Small Business Commissioner is currently assessing the impacts of IFRS 16 adoption.

IFRS 9 has been early adopted for these accounts, the financial period starts in 2017 and IFRS 9 was mandatorily effective from 1 April 2018.

1.5 Grant in aid

Grant in aid is paid to the Small Business Commissioner on an annual basis to cover the net cash revenue and capital requirements in the year. Grant in aid utilised in the settlement of its statutory and other obligations and is credited to the general reserve in the year in which it is received because it is regarded as a contribution from a controlling party which gives rise to a financial interest in the Small Business Commissioner.

1.6 Grant income

During the year, The Department for Business Energy and Industrial Strategy gifted an intangible asset to the Office of the Small Business Commissioner, relating to the Small Business Commissioners website. The cost of the asset transferred was £20,000 and this is shown as income in the SoCNE.

1.7 Expenditure & Staff Costs

All expenditure is recognised on an accrual's basis. Staff costs are recognised as expenses when the Office of the Small Business Commissioner becomes obligated to pay them, including the cost of any untaken leave entitlement.

1.8 Financial Instruments

Financial instruments are initially measured at fair value.

The categorisation of financial assets and liabilities depends on the purpose for which the asset or liability is held or acquired. Management determine the categorisation of assets and liabilities at initial recognition and re-evaluate this designation at each reporting date.

The only financial instruments held by SBC are trade payables.

Financial assets

The SBC hold financial assets, which comprise of cash at bank. These are non-derivative financial assets with fixed or determinable payments that are not traded in an active market. Since these balances are expected to be realised within 12 months of the reporting date, there is no material difference between fair value, amortised cost and historical cost.

Financial Liabilities

The Small Business Commissioner holds financial liabilities, which comprise of trade payables. Since these balances are expected to be settled within 12 months of the reporting date, there is no material difference between fair value, amortised cost and historical cost.

1.9 Intangible Assets

Expenditure on intangible assets consists of the Small Business Commissioners website and is capitalised where the cost is £2,000 or more and has an ongoing life of more than one year.

Intangible assets are reviewed annually for impairment and are carried at modified historic cost as a proxy for fair value.

The website is amortised on a straight-line basis over a period of 3 years.

1.10 General Reserve

The Commissioner accounts for the Office of the Small Business Commissioners accumulated surplus or deficit in the general reserve.

1.11 Provisions

A provision is recognised when it is probable that an outflow of economic benefits will be required to settle a present obligation, that can be reliably measured and which results from a past event.

1.12 VAT

The Office of the Small Business Commissioner is not VAT registered. The SBC is not part of the wider Department for Business Energy and Industrial Strategy VAT group therefore no VAT is recoverable, all VAT will be recharged back to the Office of the Small Business Commissioner.

1.13 Operating Leases

Rentals are charged to the Statement of Comprehensive Net Expenditure on a straight-line basis.

2. Staff Costs

The cost of staff remuneration was:

	Period ended 31 March 2019 £	Period ended 31 March 2019 £	Period ended 31 March 2019 £
	Permanent Staff	Other Staff	Total
Wages and salaries	120,000	401,306	521,306
Social security costs	15,398		15,398
Other Pension	29,400		29,400
Total	164,798	401,306	566,104

Since the Office of the Small Business Commissioners inception, several home departments have seconded employees to the Small Business Commissioner using guidance provided by the Department for Business, Energy and Industrial Strategy. The Commissioner is the only permanent employee in the Office of the Small Business Commissioner as all other staff are seconded from other government departments.

There have been no severance payments in the year.

3. Other Expenditure

	Period ended 31 March 2019 £
Advertising	39,259
Allowances	139
Amortisation	6,667
Audit	12,500
Business rates	33,664
Computer equipment & software	50,797
General expenses	7,223
Legal & professional	30,937
Travel & Subsistence	29,152
Total other operating charges	210,338

In the period from 20 December 2017 to 31 March 2018, £20,624 was paid by the Department for Business Energy and Industrial Strategy in relation to expenditure incurred by the Office of the Small Business Commissioner, this cost was not recharged. All expenditure incurred by the Office of the Small Business Commissioner since 1 April 2018 has been recharged.

4. Intangible assets

	Website £
Cost or Valuation	
At 20 December 2017	-
Gifted in year	20,000
At 31 March 2019	20,000
Amortisation	
At 20 December 2017	-
Charged in year	6,667
At 31 March 2019	6,667
Net book value at 20 December 2017	-
Net book value at 31 March 2019	13,333

5. Cash and cash equivalents

	As at 31 March 2019 £
Balance at 20 December 2017	-
Net change in cash and cash equivalent balance	240,074
Balance at 31 March 2019	240,074
The following balances were held at:	
Government banking service	240,074
Balance at 31 March 2019	240,074

6. Trade Payables and other liabilities

Amounts falling due within one year

	As at 31 March 2019 £
Trade & other payables	192,317
Accruals	45,887
Balance at 31 March 2019	238,204

7. Provisions for liabilities and charges

A provision has been made for costs relating to staff on secondment to the Office of the Small Business Commissioner, which have not yet been recharged from other departments.

	Seconded Costs Provision	Total
	£	£
Balance at 20 December 2017	-	-
Provided in year	52,245	52,245
Provisions not required written back	-	-
Provisions utilised in the year	-	-
Balance at 31 March 2019	52,245	52,245

7.1 Expected Timing of Cash Flows

	Seconded Costs Provision	Total
	£	£
Not Later than 1 Year	52,245	52,245
Later than 1 Year but not later than 5 Years	-	-
Later than 5 Years	-	-

8. Capital Commitments

	As at 31 March 2019 £
Website provider costs	24,860
Balance at 31 March 2019	24,860

Capital commitments are payable between April 2019 and May 2021.

9. Commitments under leases

Operating leases for the following year, as at 31 March 2019 comprise:

	As at 31 March 2019
Buildings:	£
Within one year	1,686
Within 2 to 5 years	-
Over 5 years	-
Balance at 31 March 2019	1,686

10. Financial Instruments

As the cash requirements of Small Business Commissioner are met through the Department for Business, Energy and Industrial Strategy, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The Office of the Small Business Commissioners financial instruments relate to cash, trade & other payables and trade & other receivables and therefore the Small Business Commissioner is exposed to little credit, liquidity or market risk.

11. Contingent assets and liabilities

There are no contingent assets or liabilities to report.

12. Related party transactions

The Small Business Commissioner has had various material transactions with the Department for Business, Energy and Industrial Strategy, through the provision of payroll for staff and ICT services.

None of the Office of the Small Business Commissioners members or key managerial staff undertook any material transactions with the Department for Business, Energy and Industrial Strategy during the year, except for remuneration paid for their services.

13. Events after the reporting date and Accounting Office declaration

Paul Uppal stood down from his role as Small Business Commissioner on 10th October 2019. Suzanne Burke has been appointed as Interim Accounting Officer by the BEIS Permanent Secretary for the Small Business Commissioner with effect from 11th October 2019.

Accounting Officer authorised these financial statements for issue on the date they were certified by the Comptroller and Auditor General.

In accordance with the requirements of IAS10 'Events After the Reporting Period', post-Statement of Financial Position events are considered up to the date on which Accounts are authorised for issue. This is interpreted as the same date as the date of the Certificate Report of the Comptroller and Auditor General. There are no post-Statement of Financial Position events between the balance sheet date and this date other than as reported above.

Glossary

Complaints Handling Scheme Small businesses can complain to the [Small Business Commissioner](#) about payment problems they are encountering concerning their larger business customers, making non-binding recommendations on how the parties should resolve their disputes.

Larger Business (Medium or Large Business) Larger business means a business that is not a small business. A larger business will therefore have more than 50 employees and will encompass both medium and large businesses as defined by the [Companies Act 2006](#).

The full definition of a larger business in relation to the Small Business Commissioner complaints handling service can be found in [The Enterprise Act 2016](#).

Small Business For the purpose of determining who is in remit of the Small Business Commissioner complaints handling scheme, a small business is a business which has fewer than 50 employees.

The full definition of a small business in relation to those in remit of the Small Business Commissioner complaints handling service can be found in [The Small Business Commissioner \(Remit and Scheme\) Regulations 2017](#).

Annex A: Cases from December 2017 – March 2019

Month	Reference Number	Amount paid
Jan-18	2002/080118	£384.00
Mar-18	2029/230318	£1,200.00
Apr-18	2034/090418	£18,500.00
Apr-18	2036/130418	£539.56
May-18	2048/160518	£1,075.90
Jun-18	2056/110618	£319,907.00
Jul-18	2071/090718	£2,070.00
Jul-18	2078/270718	£2,535.00
Jul-18	2075/09072018	£1,400
Aug-18	2083/09082018	£3,036.00
Aug-18	2104/20082018	£32,323.04
Oct-18	2096/18102018	£11,641.00
Oct-18	2102/24102018	£2,000.00
Oct-18	2091/03102018	£30,000.00
Nov-18	2109/12112018	£9,827.71
Nov-18	2115/23112018	£2,900,000.00
Nov-18	2118/29112018	£7,800.00
Dec-18	2121/18122018	£15,000.00
Dec-18	2122/19122018	£31,880.49
Jan-19	2148/28012019	£29,403.76
Jan-19	2127/08012019	£5,133.60
Jan-19	2133/11012019	£2,944.80
Jan-19	2156/30012019	£7,526.25
Jan-19	2126/08012019	£20,075.00
Feb-19	2160/07022019	£1,000.00
Feb-19	2162/15022019	£5,700.00
Feb-19	2166/25022019	£56,162.00
Feb-19	2176/20022019	£80.00
Feb-19	2178/28022019	£9,085.50
Mar-19	2186/13032019	£540.00
Mar-19	2187/06032019	£750.00
Mar-19	2189/04032019	£13,668.45
Mar-19	2190/04032019	£1,000.00
Total:		£3,544,189.06

The Office of the Small Business Commissioner

This document can be downloaded from
www.smallbusinesscommissioner.gov.uk

If you require this information in an alternative format or have general enquiries about The Office of the Small Business Commissioner and its work, contact:

Enquiries
Office of the Small Business Commissioner
Victoria Square House
Birmingham
B2 4AJ

Tel: 0121 695 7000

Email: enquiries@smallbusinesscommissioner.gov.uk

CCS0619531292
978 1 5286 1482 5