



Small Business  
Commissioner

# The Office of the Small Business Commissioner Annual Report and Accounts

For the year ending 31 March 2021



HC 628



# **The Office of the Small Business Commissioner Annual Report and Accounts**

For the year ending 31 March 2021

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Act 2016

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# The Performance Report

Performance of the Office of the Small Business Commissioner for the period covering April 2020 to March 2021



## Overview

The Office of the Small Business Commissioner (OSBC) was established under the Enterprise Act 2016 (“the Act”) to provide general advice and information to small businesses regarding their supply chain relationships with larger businesses. This includes signposting small businesses to existing services; considering complaints from small businesses relating to payment matters in connection with the supply of goods and services to larger businesses; and making (non-binding) decisions and recommendations.

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

During December 2020, a recruitment search was undertaken for a permanent Commissioner. Liz Barclay was successful and joined the executive team in July 2021. Philip King stood down from his interim position at the end of June 2021.

The core function of the OSBC is to ensure a fair and competitive operating environment for small businesses in the UK. A free dispute resolution service is offered to small businesses that have late payment disputes with large businesses.

OSBC caseworker team support this service and are trained to provide expert advice and assist small businesses in resolving such payment issues.

It is also the role of the Small Business Commissioner (SBC) to advocate on behalf of small businesses and deliver a dispute resolution service that speaks up for small businesses in public, with BEIS and with government more widely.

The OSBC works directly with small business owners and liaises with industry leaders and business associations to exchange information and provide support to their members.

The OSBC also works closely with the Minister for Small Business, Consumers and Labour Markets (Minister for Small Business) to provide intelligence about issues affecting the sector, including the impact of government policy and legislation.

Through these and other avenues, the OSBC raises awareness of the importance of small business to the economy and advocates within BEIS for policy settings that nurture innovation, growth and diversity of this sector.




In April 2020, **one public report** was issued highlighting poor payment practice.

Our intervention =




During 2020/21 FY **£1,074,629.28** was paid to small businesses in relation to payments already owed as a result of our intervention.



**13,517**   **55,161**   **100,620**

100,620 users visited our website in 2020/21 compared to 55,161 in 2019/20 and 13,517 in 2018/19

We provided SMEs with the tools to proactively get paid.



The Interest Calculator and How to deal with an unpaid invoice are our **most viewed website guides** receiving **36,801 page views in total**



We signposted **51 cases** to alternative support, including **legal action, other government departments and agencies** and to **adjudication**



We have published 8 case studies on our website with a view to **encouraging other small businesses to trust us to help them** and to **underline to bigger businesses the importance of paying fairly and promptly**



We used our networks to **gather intelligence about large businesses** that were adopting poorer payment practices due to the COVID-19 pandemic



The **SBC issued an open letter to large businesses**, encouraging them to pay their small business supply chain on time



# The Office of the Small Business Commissioner Risks

The OSBC Strategic Board is responsible for identifying, recording and mitigating risks associated with the daily operation and administration of the OSBC.

The Audit and Risk Assurance Committee (ARAC) is responsible for risk management oversight within the OSBC.

Robust risk identification and management provisions are in place, with regular monitoring undertaken by OSBC senior managers, the OSBC's BEIS sponsorship team, policy managers, OSBC casework managers and staff, adhering to the corporate risk management strategy principles.

The risk register has been continually developed and consolidated to provide clarity and a greater focus on the strategic risks of the organisation.

The OSBC leadership team identifies the status of strategic risks affecting the organisation and works with the Strategic Board to monitor them at quarterly intervals.

All risks are reported to the BEIS sponsorship team and those risks which are no longer deemed live are closed. The closed risks

are retained within the risk register to demonstrate completeness and transparency for audit purposes.

In addition, a continuous review of the OSBC governance and appraisal processes has been commissioned by the Audit and Risk Assurance Committee to ensure effective arrangements are in place to support the delivery and running of the Prompt Payment Code.

## **1. Governance of the Prompt Payment Code (PPC)**

The OSBC has been administering the PPC since March 2020 without a clear remit of PPC objectives. It has been working collaboratively with BEIS to determine and agree a governance operating structure to maintain the highest standard of corporate governance.

## **2. Wellbeing of staff during COVID-19 pandemic**

Protecting the mental health and wellbeing of staff is a priority and the OSBC is committed to providing the same duty of care to staff during the COVID-19 pandemic as it would if they were in the office.

The Commissioner and Head of Operations have continued to encourage the team to be very careful about their own physical and mental wellbeing. This has allowed them to recognise when a colleague's mental health or wellbeing may have been at risk at an

early stage and intervene to ensure they were provided with adequate support.

### 3. General Economic Turbulence

In these times of uncertainty, general economic turbulence has been a key area of concern for the OSBC. Staff dealt with a

number of complaints around supply chain late payment disruption. Small businesses still prefer to remain anonymous when challenging contract terms and late payment practices, due to fears of jeopardising their business relationships and during this reporting period 6 complainants requested to remain anonymous.



## Foreword by the Interim Commissioner

2020/21 has been the most challenging year for many small businesses. We have seen COVID-19 and its aftermath sweep across the country and the impact of the UK's transition out of the EU.

I must start by commending the UK Governments for the speed at which they responded to the COVID-19 crisis and the enormous funding which has been supplied to help businesses through unprecedented times.

Unfortunately, the help will not have been enough for all of them to survive.

Throughout the period, I worked closely with our stakeholders, BEIS and the government to ensure that the voices of small business and their needs were understood. On a more positive note, we have seen some businesses and sectors performing extraordinarily well through this period and for others, new opportunities appearing as they have been forced to reassess and pivot their business models.

During my time as the Commissioner, the Office and I have prepared for change. The OSBC has assisted BEIS by consulting more widely on the Prompt Payment Code reforms and gathered views in response to the consultation.

The current legislation has been used with significant effect and we have seen the power of our interventions reap results, some resulting from a letter of concern being sent to a CEO (Chief Executive Officer) and follow-up conversation and others from more direct intervention. Whatever the route, we have seen positive outcomes for small businesses, often saving them from financial distress when payments have been delayed or payment terms extended.



In December 2020 we held the first meeting of the new Prompt Payment Code Steering Group. More than 20 stakeholders took part at short notice to offer their input and advice relating to the reform proposals arising from the consultation. Subsequently the Code was relaunched by the Small Business Minister Paul Scully in January 2021. More detail on this is in the PPC (Prompt Payment Code) section on pages 71-74.

The success of working virtually has meant

that we have been able to communicate widely via webinars and video blogs to aid our small businesses. The office has engaged in over 100 webinars. We will continue to use this effective channel of delivery which allows businesses across the UK to access information at a time of their choosing with less investment of time and travel.

I am pleased that we have seen the influence and awareness of the OSBC continue to grow across small businesses and the wider business community.

The COVID-19 pandemic has highlighted the need to look more closely at our business planning and management. My office had a fully tested Business Continuity Plan (BCP), but we never anticipated the impact that COVID-19 would have, or how long it would last.

In an overnight move we were able to switch our service from being office based to working from home. Our online casework system allowed us to provide an uninterrupted service to our small business stakeholders and at the same time reduce the risk to staff.

I would like to thank my staff for their dedication to continuing to support our small businesses while they also experienced their own challenges of isolation as they worked from home.

Well done and thank you!

## **Main Issues**

As a society we have seen how vulnerable even the biggest businesses are to environmental changes that go way beyond our control and the need for us all to ensure that we can deal with the unthinkable. There is a need for all businesses, whatever their size, to have financial and business continuity

plans, so they are ready for any eventualities in the future.

We also need to accelerate culture change and take the actions necessary to preserve small businesses and the livelihoods of their owners. Late payment remains the predominant cause of worry for small businesses, who are usually the most vulnerable when an expected payment does not arrive.

## **Business support**

There is an array of business support across the UK for small businesses, but they are often confused about what is available and what support is right for them. The confusion worsened at the start of the COVID-19 pandemic when the business support measures were launched, and many businesses were unsure whether or not they would be eligible for support. The OSBC has recognised this as an ongoing issue for some time and we have worked with a wide range of small business support groups, accountants, and banks, as well as the BEIS Business Support Helpline supporting efforts to ensure help and advice are readily available, easy to source and effectively delivered.

The OSBC offers unscripted advice-led conversations which allow business owners to make informed decisions and we accurately signpost small businesses to the correct support. We also follow up with them afterwards to ensure that the advice has been useful.

At the start of the pandemic there were several issues requiring quick answers and rumours were circulating about, for example, support for credit insurance. We always make sure our advice is based on fact and, when we don't have the answer, we escalate

the matter within BEIS to check the facts and ensure we provide the best possible advice. Similarly, when we received intelligence that support loans were not being made available through banks at branch level, we were able to use our excellent working relationships with the banks to broker conversations with the businesses concerned. This helped them find the support they needed.

### Late Payment Complaints

We have dealt with a steady stream of enquiries from businesses seeing payments withheld. The reasons for late payment are diverse, ranging from deliberate and wilful exploitation of the supply chain, through poor process management, to inadequate cashflow that prevents payment being made on time, or at all. The primary purpose of my office is to address this issue and I continue to deal with complaints and speak to businesses, both large and small, on a regular basis.

### Investigations into poor payment practices

The Enterprise Act 2016 allows me to challenge big businesses where payment practices are not ethical. My approach is to work in the spirit of collaboration rather than confrontation and I have been proactively listening and gathering intelligence provided from stakeholders about large businesses adopting unethical business practices.

In early 2020, I wrote to a number of large businesses seeking clarification on extended payment terms and to gain an understanding of their position. I received fulsome responses and almost without exception, saw changes to payment strategies and a more flexible approach to ensure the smallest suppliers were supported. As a proactive measure I wrote to the FTSE 100 Group and several other business organisations and trade bodies. It was encouraging to receive their full support and to collaborate with them.

#### Associate Director of a small business said:

“For any small business the late payment of invoices is a constant worry as it can have a seriously negative impact on cash flow. We had been struggling to get paid for a job we did the previous year for a large business in the hospitality sector, and it was a growing concern as the work had involved a large outlay of our own money. When we found out that the Office of the Small Business Commissioner could assist us, we immediately asked for their help and thankfully just the mention of the organisation’s involvement was enough for payment to be made the next day.

“We found communicating with the Office simple, quick and efficient and the staff working on behalf of the Commissioner are friendly and super helpful. I’d recommend engaging with the Small Business Commissioner to any small business who is owed money by a larger organisation, and I couldn’t speak more highly of the help they offered our business.

The OSBC team receive and escalate intelligence in relation to poor payment practice. Where appropriate we communicate and work in collaboration with government departments and officials and Ministers' offices. I have also undertaken to highlight the exemplary payment practice of many large businesses that have shown leadership in their responsible and commendable treatment of suppliers. I will encourage these businesses to join the PPC and use the new PPC logo to demonstrate their commitment to ethical payment practices.

I would like to thank the Small Business Minister Paul Scully, BEIS and our

Sponsorship team for their support for my office and its activities.

### **2021 & Beyond**

For the year ahead, I wish Liz Barclay the greatest success as she takes over the role. It has been a privilege and pleasure to live my passion for small businesses, prompt payment and the need for both to ensure a vibrant economy during my time as interim Small Business Commissioner. The passion is undimmed, and I look forward to maintaining my commitment to seeing small businesses flourish, which will always be my priority.



# Statement by Commissioner, Liz Barclay

## Appointed 1st July 2021

When the call came from BEIS offering me the position of Small Business Commissioner it felt as if all my birthdays had come at once. I've been passionate about small businesses for many years. I grew up in a family business, had a great aunt who ran a local shop (sweets galore), and my grandfather and uncle were builders.

Every small business is unique with its own story to tell. People who work for themselves are fascinating and have entrepreneurial spirit and a different mindset. It's their stories that engage, convey the messages and spread the word.

The word we need to spread is that the Office of the Small Business Commissioner (OSBC) is here to help small firms with any issues related to payment practices and to get money into the hands of small firms quicker.



In one case that meant the difference between being able to feed the children over the weekend and having to see them go hungry. That's how important this work is.

Part of that role is prevention, by engaging with bigger businesses all along the supply chain. We want them to sign up to the Prompt Payment Code and commit to paying their small firm suppliers within 30 days. The code is voluntary. Many firms say they sign up in order to bid for public sector contracts, but there are signs that others see the code as a great business tool, to help them to meet their environmental, social and governance obligations and focus on improving their internal payment processes. It pays to be prompt.

The OSBC team will continue this important and increasingly effective work and to work with government to reduce late, long and delayed payments. We're determined to make sure small businesses have the best chance to help drive the UK's economic recovery and support the build back better agenda.

I would just like to add a personal word of thanks to Philip King, without whom I would have been very much less well prepared to take up my role. His knowledge is only surpassed by his generosity.



Date: 16 September 2021

## Mission and Priorities

The OSBC is committed to working with BEIS, its partner organisation on their new collective mission, which is Leading Britain's Recovery, with the following priorities.

- Fighting coronavirus
- Backing business
- Unleashing innovation
- Tackling climate change

The OSBC will contribute to the BEIS priorities as part of our strategic objectives, and we will set metrics and targets that align to their work activities in order that we can work in partnership. The strategic ambition of the OSBC is to empower small businesses throughout the UK to resolve payment disputes with larger businesses and avoid future issues by encouraging a culture change in payment practices and how businesses deal with each other.

To achieve this ambition, building on our previous work, we will strive to achieve each of the following strategic objectives:

- **Strategic objective 1:** Generate a greater awareness within the business community of the support available from the OSBC and establish the Office as the go-to organisation for small businesses experiencing payment problems with large businesses
- **Strategic objective 2:** Provide high-quality and comprehensive information and advice to small businesses about

tackling payment problems, build their confidence and capabilities to assert themselves and negotiate more effectively, encourage small businesses to embrace modern technology, including technology solutions that will allow them to thrive and grow

- **Strategic objective 3:** Investigate quickly and impartially complaints from small businesses experiencing payment problems
- **Strategic objective 4:** Develop and organise a governance operating structure for Prompt Payment Code (PPC)
- **Strategic objective 5:** Ensure the Office of the Small Business Commissioner operates in a way that maximises value for money delivered for the taxpayer

Our Business Plan can be found on our SBC website at: [https://www.smallbusinesscommissioner.gov.uk/corporate\\_reports/](https://www.smallbusinesscommissioner.gov.uk/corporate_reports/)



# Strong Financial Governance Controls

## Legislative Requirement

- The Commissioner will publish and provide an Annual Report which will be laid before 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 improve how we work by listening to the needs of businesses and adapting our approach accordingly

## Financial Objectives

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

All processes are subject to regular review, with suggestions for improvements being considered and approved by the OSBC's Strategic Board

As part of these reviews, we have assessed whether appropriate standards have been carried out in the following areas:

- Internal controls and risk management systems
- The adequacy and effectiveness of internal financial control and internal

control and risk management systems

- Compliance, whistleblowing and fraud
- The adequacy of our arrangements for employees and contractors to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters

Continuous improvement is key, and we work with other similar organisations, for example, the Groceries Code Adjudicator (GCA), Pubs Code Adjudicator (PCA) and ACAS, to learn from their experience to fulfil our ambition to be a small organisation exemplary in good governance.

Our financial controls are delivered through our shared services provider, UK SBS and through our sponsor department, BEIS.

The statement of Taxpayers Equity, within the financial statements shows expenditure of £928,642 and grant in aid from BEIS of £830,982, resulting in a loss in equity of £97,660.

BEIS continues to fund the OSBC and has committed to covering its expenses for the 2021/22 financial year.

## Operating Expenditure

### Cost efficiencies

An essential element of our budgeting and forecasting cycle is a review of our cost base to identify opportunities for efficiencies and areas that require further investment.

We have worked with our Government Property Agency (GPA) property team to maximise any opportunities for savings as we move into a new building, Platform 21, in September 2021. We will continue to evaluate our property needs in the years ahead.

The OSBC is now working on a resource and recruitment strategy based on the actual complaint numbers we received and resolved, as there are now far fewer

complaints than we were originally funded to process in modelling carried out in 2017. Our work is influenced by factors outside of our control, such as small businesses bringing their complaints to us and stakeholders sharing intelligence and payment issues. The complexities in types of payment complaints or individual cases, means the profile of our casework diverges from complaint resolution to signposting and advice which was outside our initial expectations.



# Building Capability and Capacity

## Objectives

- Work to increase caseworkers' wider knowledge of business support, in order to signpost complainants and stakeholders to the right sources of information
- Take steps towards offering informal intervention, in order to expand our knowledge of the range of issues being faced by small businesses
- Inform small businesses of their rights and responsibilities to claim late payment interest
- Generate a greater awareness across the business community of the support available from the OSBC, establishing the Office as the go-to organisation for small businesses experiencing payment problems linked to large businesses
- Raise the profile of the OSBC to increase the number of complaints received
- Build effective partnerships with stakeholders, Local Employment Partnerships (LEPs) & Growth Hubs, banks and finance service providers and business organisations to enhance the effectiveness of our messages, through collaboration and dissemination to their networks
- Publicise recommendations that improve payment practice to enable businesses to learn from them

Small businesses seeking to better

understand where to go for advice and support are contacting the OSBC. We triage these enquiries and, where applicable, signpost to other organisations.

The OSBC has:

- Partnered with a wide range of organisations to promote the support and advice available
- Seen success from geographically splitting its casework team to ensure a single point of contact for each of the LEP & Growth Hub networks
- Used Twitter, YouTube, Facebook and LinkedIn to carry short stories and videos promoting the work of the OSBC, highlighting key issues and containing links to speeches given by the Interim Commissioner
- Attended a range of webinars to provide insight and education to small businesses, working closely with local authorities, combined unitary authorities and devolved governments to promote face-to-face business advice services provided by other organisations

The steady growth in our casework has led to an increase in trust in the OSBC and a greater awareness of our service. This is all thanks to our dedicated team of staff, who remain committed to continuing this work in the year ahead.

The OSBC supports staff success as often

as possible, celebrating individual and team achievements in internal and external meetings. We were very proud that one staff member was highly commended and recognised through the BEIS departmental apprenticeship awards in 2021.

Another staff member has been asked to be part of a business banking mentoring scheme for a large UK bank. Good working practice is recognised through BEIS' departmental reward and recognition scheme and scheme submissions were made several times during the reporting year.

## **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

For 2020 we had targeted engaging medium and large businesses in conversations about their payment practices and we have been successful in doing that despite the COVID-19 restrictions.

We have intervened on a number of cases where small businesses, at the bottom of the supply chain, were particularly vulnerable to late payment issues and we provided information to larger businesses

as to how they could mitigate this. We have collaborated with many other organisations with similar goals, for example the Groceries Code Adjudicator, Financial Ombudsman and Cabinet Office and used digital technology, to deliver clear joint messaging.

As we continue to raise awareness of the OSBC service in 2021, collaboration with other organisations is crucial and we are intent on building productive and collaborative relationships that will enable us to reach the widest possible audience through a diverse range of channels and to maximise our reach. This will also allow us to promote awareness of solutions and services that enable small businesses to be more efficient, reduce the risks they face and enhance their resilience.

The restrictions imposed to control the spread of COVID-19 have had a significant impact on the face-to-face engagement activities of the Commissioner and his team. The move towards digital channels of engagement has been embraced, with the Interim Commissioner and the team completing over 100 virtual workshops, webinars and panel events. As a result, we have seen a marked increase in engagement, and we have widened our reach utilising virtual platforms.

A full list of the engagement activities is listed at annex A Page, 96 and you will find a letter issued by the Interim Commissioner to large businesses about their payment practices at annex B Page 99.

The proactive response adopted by the Interim Commissioner to the immediate impact of COVID-19 restrictions on the cashflow of small business, resulted in him personally writing to 33 large businesses. These letters were sent where the OSBC had received intelligence or evidence to

support that large businesses have changed their payment practice, arbitrarily extended payment terms or intended to withhold payments. The Interim Commissioner wrote with the support of the Small Business Minister and held meetings with senior executives at the businesses to urge them to consider the impact of any proposed changes on their small business suppliers. Requests included those payments to the smallest and most vulnerable suppliers should be prioritised.

This approach was positively received, and all agreed to prioritise their small business suppliers, working in partnership with them to ensure their liquidity. The proactive approach

avoided significant cashflow issues for many small businesses and prevented late payment complaints to the OSBC.

In addition, the Interim Commissioner wrote 9 letters to large businesses that had accelerated the payment of invoices or improved their payment terms during the COVID-19 measures, thanking them for their actions.

Furthermore, the Interim Commissioner wrote an [open letter](#) to all businesses in the UK during the early stages of economic closure in March 2020, urging all businesses to work in collaboration to jointly face the challenges ahead.



# Late Payment Complaints Handling

## Legislative Requirements

- Investigate quickly and impartially complaints from small businesses experiencing payment problems
- Maintain an effective complaint handling scheme and investigate, consider and make determinisations on relevant complaints

## Overview

- Where possible, published complaint reports will include recommendations
- Every effort will be made to ensure businesses have the confidence to complain to us

Our strategy initially was to give businesses the confidence to bring their complaints to us. Through our awareness raising activities we have worked to foster an environment where small businesses have the confidence to share their experiences of late payment and complaints with us. To support this environment, we have used case studies and social media posts to highlight how we have supported small businesses to recoup money owed to them in late payments. Through this strategy, we have worked to encourage more small businesses to engage with us.

Since March 2020 we have focused on working in a spirit of collaboration, which has meant that we have not published complaint reports as we have protected business interests by way of our early intervention,

working to successfully address a number of complaints in this way.

## Working collaboratively across government to help small businesses.

The OSBC has worked in close collaboration with other areas of government to promote excellent payment culture, establishing close links with the Cabinet Office Crown Representatives, who manage the relationship between government and large strategic suppliers. Government strategic suppliers are expected to promote and ensure excellent payment culture through their supply chain. Where intelligence or issues have been raised about a strategic supplier, the issues have been jointly addressed through the Crown Representatives to ensure a prompt resolution.

The OSBC meets frequently with the Public Procurement Review Service, which is responsible for investigating complaints about late payment from public sector organisations. The OSBC also meets quarterly with devolved authorities' single points of contact, who ensure compliance with payment practice in their respective jurisdictions. These relationships mean that authorities in Wales, Northern Ireland and Scotland are working collaboratively with the OSBC to promote payment excellence throughout the UK.



In February 2021, following the introduction of changes to strengthen the Prompt Payment Code, the Interim Commissioner wrote to Jamie Hepburn MSP, then Minister for Business, Fair Work and Skills in the Scottish Parliament. In his letter the Interim Commissioner noted the shared features of the reformed Prompt Payment Code and the Scottish Pledge, in particular the now-consistent commitment to paying small business customers within 30 days.

The letter recognised the continuing benefits of cooperation between the OSBC, and the team's leading on the Scottish Pledge and sought to maintain these benefits through the Commissioner's UK-wide remit:

Prompt payment practice, for businesses of all sizes, should be the default, ethical choice for companies doing business in the UK. As we continue to negotiate uncertainty due to public health and EU Transition concerns, prompt payment has a major part to play in enabling everyone across the UK to build back better.

**Letter from Interim Commissioner Philip King to Jamie Hepburn  
MSP,  
9 February 2021**

## Provide Information and Advice

### Legislative Requirement

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

### Objectives

- Provide increasingly high quality and comprehensive information and advice to small businesses about avoiding and tackling payment problems

The OSBC plays a key role in delivering support and advice for small businesses. Through its website, its advocacy and dispute resolution service, it is helping many businesses across all industries to grow and innovate.

### High quality and comprehensive information and advice to small businesses

Creating and evolving our website to be a self-help portal empowers businesses to handle their own disputes.

Our website was upgraded and re-launched early in 2020 to include content supporting small businesses in helping themselves, but it is important to recognise that we need to offer a multi-channel approach that meets the needs of all potential users and especially those that prefer to, or can only, deal with their invoices and finances offline. We must be accessible and ensure that we

achieve the best outcomes. To that end, we put emphasis on ensuring our caseworkers build up their technical knowledge, develop their case-handling skills and can deal with business owners and businesses professionally, showing empathy in situations that can cause great emotional, as well as financial, stress.

We have made good progress, but we know that there is always more to do, and we have built up relationships with our counterparts across the world for example, the Australian Small Business and Family Enterprise Ombudsman, 'Médiateur des entreprises' (Ombudsman for Businesses) of the French Ministry of Economy and Finance and UK devolved governments from whom we can learn.

### Dispute Resolution - tackling payment problems

The OSBC offers a range of information, strategic and procedural advice and signposts to Ministry of Justice mediation services to help resolve disputes.

The OSBC deals with many enquiries relating to late payments, and these include:

- General
- Media
- MP
- Freedom of Information
- Signposting
- Meeting request
- Event request



# Performance Analysis

## Casework Review

The 2020/2021 financial year has been extraordinary in many ways. The impact of COVID-19 has influenced most of the OSBC's activity over the last 12 months. The OSBC, in common with the wider business community and public sector bodies, has seen significant operational disruption.

The OSBC entered the pandemic with a flexible and robust business continuity plan in place to meet a wide variety of challenges. This continuity plan let us offer an immediate reaction to the pandemic, before developing a 'new normal' pandemic operational model using available technology. This continued support to small business has proved to be vital in proactively challenging the payment behaviour of businesses impacted by COVID-19 while working with small and large businesses to find practical solutions to ensure fluidity of cashflow. The OSBC casework team transitioned to homeworking from 19 March 2020 and the team has continued to operate its full range of services remotely during the pandemic.

Remote working has been embraced by the team but has not been without challenge. The frustrations of IT connectivity, stakeholder engagement and collaboration between team members have proved particularly challenging. The wellbeing of OSBC personnel has remained especially important and the team members have worked together to support each other.

Working in an extraordinary economic environment has had a direct impact on the OSBC's operations. In April 2020 we saw a sharp increase in contacts to the OSBC. The majority of contact was related to the pandemic/lockdown and its impact on small businesses. Working in conjunction with LEPs, Growth Hubs and government business support advice lines, callers were directed to the range of support measures available. The volume of contact stabilised through April and May 2020 and returned to pre COVID-19 levels as guidance, communication strategy and support packages were developed and rolled out.

Using intelligence from a variety of sources including the CBI, UK Finance, FSB and IPSE, the OSBC identified that payment behaviour was being changed by a number of large businesses, due to the COVID-19 lockdown. Some large businesses had signalled their intention to withhold payments or significantly extend payment terms, often arbitrarily. This risked having a devastating impact on their small business suppliers.

The OSBC acted quickly and proactively, writing directly to large business leaders and FTSE 250 chief executives, urging them to work in partnership with their small business suppliers and rethink their approaches to amending payment terms. In addition, the OSBC wrote to several chief executives and chief financial officers, holding discussions with them to discuss the impact of COVID-19 and the associated impact that changes to

payment practice would have on smaller businesses. This engagement initiative was supported by BEIS and the Small Business Minister. The Interim Commissioner held conversations with large businesses which had committed to working with their small business suppliers, reviewing any proposed changes to payment terms and prioritising payments to the most vulnerable. The proactive action had a positive impact, preventing many individual late payment complaints and averting supply chain insolvencies.

The practical impact of the pandemic on complaint handling mirrored the activity in the economy. The initial increase in complaints seen in April 2020 quickly slowed and complaint levels reduced significantly through the summer and autumn in line with the rapid decrease in economic activity. There are several possible reasons for this reduction in case volumes:

- The SBC's early intervention with large businesses, based on intelligence, prevented many complaints at source
- Government support began to make its way to businesses, with furlough, grants and loans being utilised to provide short term cashflow
- Many businesses either chose or were forced to close temporarily and go into survival or hibernation modes
- A reluctance to complain about payment practices given the general economic conditions
- Greater collaboration between supply chains

Complaint levels increased during the third quarter of 2020 and have continued to increase through the final quarter of the year. The current volumes are around 50% of the

2019/20 levels and we anticipate that this volume will increase as economic activity escalates and government support is wound down.

Many of the complaints the OSBC has received have been directly or in some part impacted by the pandemic. In view of the distorted economic conditions that many businesses have experienced the Interim Commissioner has decided that the completion of reports to call out poor payment practice would be inappropriate. In the completion of the reports the Interim Commissioner is required to consider the potential adverse impact on that business, the complainant and the wider supply chain. The OSBC has promoted partnership and collaboration and the naming of a business during the pandemic where they are operating in distorted conditions would be of little value. However, the OSBC has continued to engage closely with businesses with recognised supply chain issues, to ensure that they are treating their small business suppliers fairly.

The OSBC has continued to work closely with businesses that it has previously named in reports, to ensure that they have implemented the improvements recommended. Follow-up statements have been issued jointly with G4S (in April 2020) and Bombardier (in June 2020), with both businesses demonstrating a commitment to improving payment practice.

Although the OSBC has not issued any Commissioner Reports, the team has been instrumental in resolving many payment disputes. The last year and the pandemic, has seen a huge impact on business cashflow, particularly in the retail, travel and hospitality sectors. The casework team has actively intervened in disputes and supported

the negotiation of structured payment plans where businesses have been unable to settle an account in full. The negotiation of payment plans has prevented the need for litigation and prevented insolvencies impacting the customer and the supply chain.

Working remotely has significantly impacted stakeholder engagement and marketing activity. All face-to-face stakeholder events and marketing opportunities have been postponed. However, the OSBC successfully participated in the Women in Business exhibition in October 2020. Suzanne Burke gave a keynote speech and we engaged with 217 delegates, either virtually during the

event or shortly after. We followed a similar approach with the Business Revival Show in November 2020, where we had a speaking opportunity.

Elsewhere, the OSBC promoted and supported and helped build awareness for Small Business Saturday in December 2020 and we worked with other stakeholders such as ICAEW, FSB and the CBI, completing joint webinars and events. We have written to all UK Chambers of Commerce, all LEPS and Growth Hubs, metropolitan mayors in England and all Members of Parliament to promote awareness of the OSBC.



# How we measure performance?

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

Performance of the OSBC is measured against our three key delivery strands of:



- **Complaint handling**
- **Information and signposting**
- **Communications and governance**

## Managing Uncertainty

It is noticeable from our performance figures that we received fewer complaints than we had predicted over the course of the reporting year.

As businesses have rightly prioritised their response to COVID-19, it remains to be seen whether and when, we will need to gear up to respond to increased late payment complaints. However, there is still work to do to educate small businesses on how to deal with a late payment complaint. Therefore, there needs to be much greater focus on best practice in our customer service, whilst at the same time ensuring small businesses have clarity about the products and services they can use and rely on from the OSBC. It is also essential that, when complaints do arise, they are dealt with effectively.

Of course, the OSBC need to ensure that the service we provide is both fair, seen to be fair

and that we too offer a high quality of service. The volume and changing nature of our casework is continuously reviewed to identify any significant pressures and prompt us to take mitigating actions. We are committed to ensuring that businesses get prompt and fair responses when they use the service.

So, while improvements in businesses' payment culture and behaviour is part of the picture, we recognise that our organisation will grow and evolve. Improving our business processes and customer service is at the heart of our 2021/22 plans. We know that COVID-19 is presenting new challenges for us. But we have dedicated staff working within the organisation and as we move forward, we will rise to all of those challenges.

It is right that people have high expectations of us and that we meet those expectations through next year and the years to come. During 2020/21 we engaged significantly with our stakeholders about our new strategy, a major part of which will be helping businesses further learn from the complaints we see. Over the next 12 months we will continue to work with BEIS on our future funding arrangements, to ensure these support our core service and strategic objectives.

2021/22 may see work starting on the extension of our powers and we hope this will enable more small businesses to bring their complaints to us. Although the numbers of complaints are still relatively low

in 2020/21, our team has been successfully engaging with stakeholders and are ready to meet future demand.

From improving our casework processes and investing in advances to our casework technology, to seeking efficiencies and smarter ways of working, in 2021/22 we plan to continue laying the foundations for a more agile and flexible future service. We had already been able to draw on elements of this flexibility and the digital investments we made stood us in good stead when COVID-19 required us to gear up our remote working capability.

In these testing times, however, we are not alone: we are part of a wider range of small business support mechanisms, all of which have important and complementary parts to play in helping the UK recover in the business sectors we cover. During the year we have continued to maintain constructive and effective relationships with stakeholders, including the Cabinet Office, to ensure that our insight and experience helps to support our **#MAKEPAYMENTPROMPT** agenda.

Our key relationship with BEIS meant that, in March 2020, we could work together rapidly as the scale of the COVID-19 crisis became clear. That cooperation has continued from supporting small businesses through the immediate fallout of the crisis, to helping them navigate its longer-term consequences, including the prevention of disputes.

We work with a range of stakeholders who together represent and shape the sectors we cover. This includes contact with financial businesses and technological companies, as well as organisations representing small business consumer interests.

Taken together, this has helped us build a true picture of how the late payment

landscape looks from many different perspectives and, in turn, to play our part in preventing late payment complaints.

COVID-19 has enabled us to see that our service is adaptable – we are able to respond quickly and flexibly to demand that is increasingly complex and unpredictable. This has been a key consideration in our work to design and lay the foundations of our future service.

At the same time as consulting on our plans for our administration of the PPC, we asked for stakeholders' views on our reforms and future strategic priorities. The endorsement we received will strengthen our ability to progress with upcoming reforms.

To support our preparations for the future, in December 2020, following significant earlier engagement with stakeholders, we consulted on the BEIS PPC reforms. We set out arrangements designed to support a resilient and effective PPC operation, as well as our intended strategic priority of preventing complaints and unfairness arising for those businesses who already are signatories to the Code.

In view of the scale of COVID-19 and the impact this will have on businesses, these objectives are even more vital. Stakeholders who have engaged with us about our future proposals recognise that there is no silver bullet or perfect solution. Our aim has necessarily been to find a 'best approach' which will enable us to deliver an effective, proactive and efficient service.

We know, however, that many factors influence our ability to progress and resolve the late payment complaints small businesses bring to us. We are mindful, for example, that small businesses have understandably prioritised front-line services

and protected their business interests during the pandemic. They have avoided bringing about complaints for fear of retribution, preferring to anonymously progress their complaints within our service.

Our strategic priority is to handle and prevent complaints, but we cannot achieve this alone. The conduct of larger firms is a key factor in the number of cases that reach us.

Significant uncertainty remains around how COVID-19 and the UK's departure from the EU will translate into demand for our service in the months to come. Our complaints data confirms that the pandemic has not yet resulted in high volumes of new complaints for us to investigate. Colleagues in the money and debt advice sector have signalled their expectation that demand for the services will grow.



## Performance Summary

The OSBC team not only advocates for impactful change for small businesses, but we also help resolve disputes quickly and easily. We can offer advice to businesses who may find themselves in unexpected difficulty, in a complex late payment situation with a large business or trapped in a wider commercial dispute. We have a highly trained casework team who can provide information, strategic and procedural guidance to small business owners, as well as information and signposting advice.

The team offers advice to help small businesses negotiate successful outcomes to disputes, as well as providing support on a range of late payment issues. We make referrals to other UK government support services.

During the 2020/21 reporting period the OSBC has continued to focus its efforts on building awareness of its free service, by working to drive up levels of engagement among stakeholders.

The OSBC has continued its regular programme of quarterly meetings with the Minister for Business, Fair Work and Skills in the Scottish Government, as well as meeting with other key national organisations representing small business interests during the 2020/21 reporting period. There have been regular engagement meetings during the reporting period with a wide range of stakeholders. These meetings can be viewed on the [OSBC website](#).

In June 2020 the Commissioner appeared before the Northern Ireland Economy Committee, which provided an important opportunity for him to share his views about the challenges associated with late payment in Northern Ireland.

Among [the case studies listed on the OSBC website](#) are some clear stories of how our services were able to help small businesses with payment concerns during the reporting period. The sums of money recovered vary, but each payment was meaningful to the business owner involved. For small businesses like the catering supplier from Staffordshire who approached us, or the freelance photographer from the south coast, being able to access our expertise free of charge helped them to access their money quickly and easily.





Top 4 regions from which complaints have been received in 2020/21

1. London (26%)
2. South East (16%)
3. West Midlands (15%)
4. East Midlands (11%)

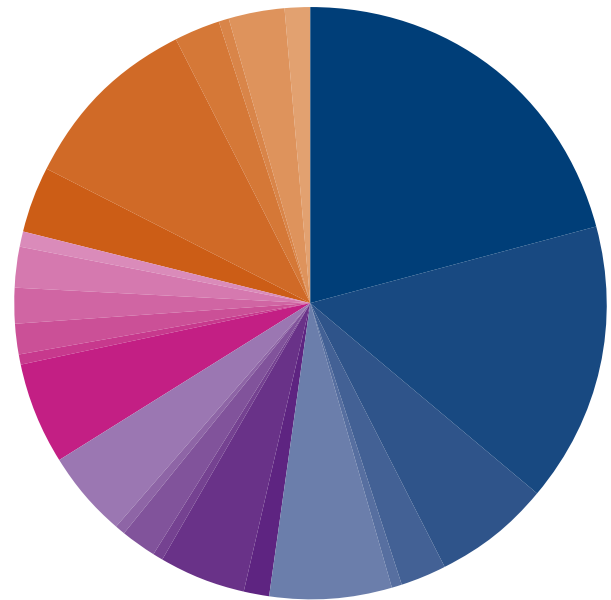
Figures for all other areas remain consistently lower than 10% of the overall total. Due to the high level of business activity in London and the West Midlands, we anticipated to receive higher volumes of complaints from these areas.

To increase the awareness of our service in other geographical areas and extend stakeholder relationships across the whole of the UK, all geographical areas have been allocated to caseworkers.

### Sector Breakdown

Top 4 sectors where complaints were received are;

1. Small businesses operating in the business services environment (21%). This is unsurprising, given the UK is predominantly a service-based economy. The categorisation of business services includes areas such as design, professional services, translation services, project management and property management
2. Construction (15%). This sector falls outside the OSBC's remit. The OSBC continues to make a concerted effort to inform small businesses and trade associations of its specific scope and remit, with the aim of reducing the number of enquiries and complaints from the construction sector
3. Retail (10%)
4. Consultancy / Entertainment and Media (7 %)

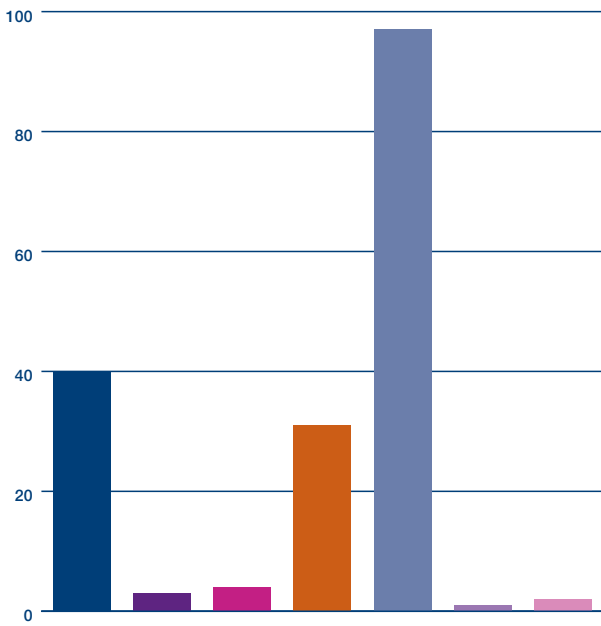


### Complaints by geographical region 2020 - 2021



The sector trends have been consistent since the OSBC was implemented in December 2017. Furthermore, given the current economic climate and the significant impact that the COVID-19 pandemic has had on these services, we expect complaints from these sectors to continue.

### Complaint outcomes and monies released



Outcome of resolved complaints 2020 - 2021

- Upheld
- Not Upheld
- Dismissed
- Handle Out of Scope
- Signposted
- Signposted at first point of contact
- Signposted upon receipt

The above graph demonstrates most of the complaints that the OSBC received in the reporting period were signposted or handled informally. Signposted complaints are those that fall outside the remit of the OSBC and have been supported by signposting to relevant alternative services, either immediately upon receipt or after further investigation.

### Top 4 reasons for signposted complaints

1. Not directly related to payment and usually connected to one or more aspects of service or product delivery (26%)
2. Complainant has omitted to provide further information due to fear of

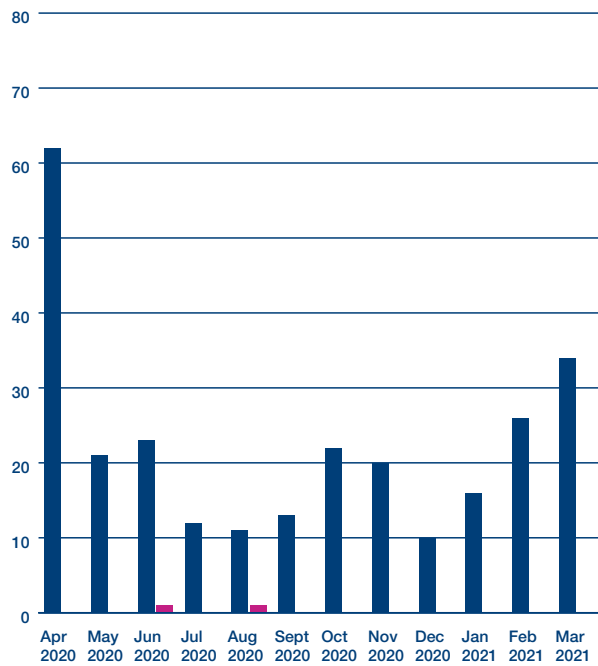
retribution (14%). The OSBC continues to try and resolve this by offering anonymity

3. Complaints involves a dispute around contractual requirements of an agreement (12%)
4. Complaints related to construction (12%)

**During the reporting period we recovered £1,074,629.28, bringing the total money recovered from implementation in December 2017 – 31 March 2021 to £7,846,155.28.**

### Enquiries handling

The OSBC responded to 284 enquiries, signposting 51 to alternative support.



Number of enquiries received 2020 - 2021

- General enquiry
- Signposting Request

# OSBC Communications Engagement

## Engagement

The OSBC provides information to small businesses in relation to late payments across the UK. In 2020/21, the OSBC continued to engage with the small business community in a variety of ways, including direct emailing, via social media platforms, the OSBC website, through intermediaries and, prior to the introduction of COVID-19 restrictions, in person.

From March 2020, the OSBC provided only online information sessions as a result of the COVID-19 pandemic.

Over the course of the year our website became a focus for business self-help and self-service, and we saw a growth in user sessions and unique page views throughout autumn 2020 and winter 2021. Month on month we saw growing evidence of website users spending more time on our pages and our page view analytics gave us further insight into how visitors were using information in combination.

For example, in early 2021 we spotted a trend in visitors spending time on the Prompt Payment Code website alongside our interest calculation tool. This suggested a self-help approach that combined Prompt Payment Code intelligence with wider actions on late payment. We report on these types of web analytics to internal stakeholders and BEIS sponsorship colleagues on a monthly basis and produce similar detailed reflections on

our social media activity too.

## Public Events

Unfortunately, due to COVID-19 many planned activities for 2020/21 were cancelled. However, we took our first steps into the world of virtual exhibitions when we attended the annual Women in Business event in October 2020, which was held online for the first time.

The SBC and his team engaged with a wide range of stakeholders during 2020/21. Many presentations were presented online to aid businesses managing through COVID-19.

Annex A- List of events/webinars can be found on page 96.

## Publications

The OSBC reviewed and conducted minor updates to our Framework Document this year. The OSBC also uses publications to raise the awareness of services and deliver valuable information to small businesses. This is done either through the engagement we have with businesses, key stakeholders, or other government departments.

## Social Media Platforms

The OSBC uses its social media platforms to deliver targeted communication and information, as well as engage with other government departments to cross deliver information relevant to small business. While the OSBC recognises that there are still many

small businesses who are not connected or engaged with social media, it acknowledges that social platforms are powerful tools for sharing relevant information. Social platforms are another shop window for the OSBC’s services and engaging posts help draw browsers in to find out more about what the organisation can offer small businesses.

Twitter remains the most successful platform for the OSBC and a separate account to cover work associated with the Prompt Payment Code was launched in March 2020. Our monthly analytics reports suggest that engagement with our Facebook account continues to grow.



Average monthly referrals to the OSBC website

This data suggests that a growing number of users are using our social media posts as a way into more detailed information about the OSBC’s services. We intend to continue tracking this engagement, with a view to

further evolving our social media approaches in 2021/22.

**Website**

**The OSBC website is the main point of entry for enquires. There were 93,764 new user visits to the OSBC website in 2020/2021, a 42% increase on the previous year.**

At the end of 2020 we celebrated the OSBC’s third anniversary, marking the occasion with videos from the Interim Commissioner and our Head of Operations for the SBC, alongside committed stakeholders Michelle Ovens MBE, Director of Small Business Britain, Mike Cherry, the National Chairman of the Federation of Small Businesses (FSB).

**Communications plans:**

In line with the approach adopted by the communications team at BEIS, the OSBC communications plans for 2021 are being broken into smaller quarterly plans. The continuing uncertainty associated with the COVID-19 pandemic means this approach allows the OSBC to be more flexible to changing external demands. However, wider communications work has been focused on some consistent themes:

- Continue to create awareness and understanding of the OSBC & Prompt Payment Code (PPC) locally and

nationally

- Further establish the Office as the go-to organisation for small businesses experiencing payment problems with large businesses
- Continue working to gain commitment to the ethos of the PPC #MakePaymentPrompt messaging from key stakeholders
- Encourage cultural change

Our social media channels, alongside the programme of awareness work led by the casework team, have been central to outlining the OSBC's profile to small business owners and the financial sector. Wider stakeholder engagement work, although not face-to-face because of public health requirements, has continued where possible.

Both the Interim Commissioner and the OSBC's Head of Operations have worked with organisations inside and outside government to publicise and build confidence in the service offered. The establishment of learning and working relationships with the Groceries Code Adjudicator, the Pubs Code Adjudicator and Business Support Helpline has worked well in further developing the OSBC's credibility with government partners and devolved administrations.

Separately, work with UK high street banks, Chambers of Commerce, Growth Hubs, LEPS, technological and business trade bodies, sometimes very visibly through video or social media interviews, has grown awareness of OSBC services among small business owners and operators. The OSBC has seen a growth in the number of website visitors since spring 2020, with many users utilising self-help tools to resolve their payment issues. This growth in numbers and associated channel shift has been evident in the regular analytics reports discussed by the OSBC's Strategic Board each month. Further analysis of this data, together with native platform social analytics, will be used to develop further communications priorities across the next financial year.

In particular, OSBC's work to better develop service awareness, understanding and cultural change will look further at the freelance sector during 2021/22. With young people and the self-employed counted among those who have struggled most during the COVID-19 pandemic, our work in this space to enhance awareness of the OSBC will help the UK build back stronger in the months ahead. Where possible, OSBC awareness and outreach work will continue to be effectively evidence-led, using appropriate analytical data.



## 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.

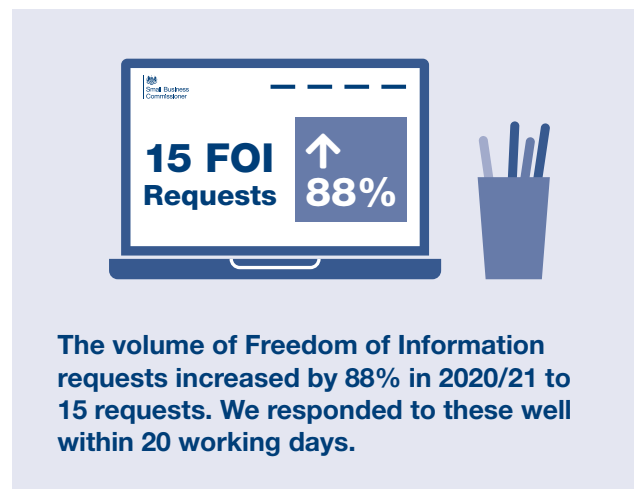
We mandate annual 'Responsible for Information' learning for our staff and augment it by promoting good practice in the areas of email security, password protection and the use of cloud collaboration tools. All staff are aware of the General Data Protection Regulation (GDPR) and undergo training on an annual basis.

Any security breaches and near-misses are reported to the Management Board with individual breaches considered and escalated as appropriate dependent on their seriousness.

In the period covered by this report the OSBC had no data handling breaches or near-misses that resulted in a notification to the Information Commissioners Office (ICO).

### Open & Full Information

#### Freedom of Information



### 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') takes place in our organisation or supply chains. This includes the recruitment of staff.

#### Our commitment to the principles of the Modern Slavery Act 2015

The OSBC 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 OSBC 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 statement is published on our website:**

<https://www.smallbusinesscommissioner.gov.uk/modern-slavery-and-human-trafficking-statement-april-2018-march-2019/>

**Our supply chains**

The OSBC 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 obtain goods and services from a restricted range of UK and overseas suppliers. Only two of the companies that we have used 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 clients' supply chains.

**Actions taken for the period ending 31 March 2021**

Over the past period, the OSBC has undertaken the following actions:

- Made all staff aware of the risk of internal fraud and held refresher training informing them of the proper action to take if they suspect a case of phishing
- Carried out a Cookie Policy audit on our SBC/PPC website
- Ensured that our 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.

We work in a competitive market for talented caseworker and complaint handlers and during the year we reviewed our recruitment, development and performance management frameworks to help ensure we continue to recruit, keep and develop people who share our values and commitment to fairness. We are focused on implementing policies and procedures that help and support our people to perform at their best.

**Learning & Development**

During 2020/21 we have used personal development meetings to emphasise the importance of learning. These quarterly one-to-one discussions empower our staff to take ownership of their own learning and development. We have had to move away from face-to-face training during the year,

instead using resources such as Civil Service Learning and other digital platforms. This has been especially valuable while staff work from home due to COVID-19. Peer coaching and mentoring has also been introduced.

### **Some 2020/21 highlights and developments include:**

- The appointment of an additional Communications Manager from a reserve list
- Participation in the BEIS online events between 18-24 May to promote [Learning at Work Week](#)
- The enrolment of OSBC staff onto a free online learning platform run by The Open University- [Open Learn](#) with over 15,000 hours of free online courses and over 950 short courses (varying from 1-1000 hours of study)
- Making use of BEIS “blended learning” online resources and peer-to-peer learning, alongside online seminar drop-in sessions

### **Anti-corruption and anti-bribery matters**

All staff have completed counter fraud, bribery and corruption training through the Civil Service Learning platform. This course is refreshed annually.

### **Health & Wellbeing**

We are committed to protecting the health, safety and wellbeing of everyone who works for us and with us. People across our service are responsible for health and safety, including our property management team, managers, first aiders, fire marshals and our BEIS health and safety colleagues, who help raise awareness of health and safety issues and minimise the number of accidents.

### **In 2020/21 we:**

Raised awareness of the network of mental health first aiders, to offer immediate support for colleagues experiencing mental ill health at work and direct them to longer term professional support where necessary

- Enhanced our contact with our employees by holding daily morning meetings so we could check on their wellbeing
- Focused on how we can best support the physical and mental wellbeing and health and safety of our colleagues during sustained periods of working from home. We were especially conscious that the suitability of home working environments and challenges at home especially for those with caring responsibilities, recognising that these challenges would be different for each person
- Evaluated our future office space needs as part of our COVID-19 planning

### **Flexible Working**

We have continued to support flexible working and made more provision for dependents’ leave for those with childcare or caring responsibilities. Through manager discussions with staff, we have agreed flexible working arrangements that work for everyone while continuing to support the needs of the business.

### **Mental Health First Aid (MHFA)**

In 2020/21, the COVID-19 pandemic changed the way we worked. Fear and anxiety about this new disease and other strong emotions were overwhelming for some people. It was more important than ever that we kept in close contact with our team. We held discussions on how to cope with these emotions and we supported the



well-being of the people we cared about in our workplace and our wider community. During this pandemic, it has been critical that staff recognize what stress looks like, take steps to build resilience and manage stress and know where to go if they need further help.

The network of Mental Health First Aiders has supplied information and resources that can be offered for emotional support and practical help. MHFA have many professionals who can offer help when someone is in crisis or may be experiencing the signs and symptoms of a mental illness or addiction. We have signposted people to the right support, whether from their line manager, the Employee Assistance programme offered by BEIS, health services or a combination.

### **Sickness absence**

Through the support offered on wellbeing and a supportive management team, the OSBC has not seen an elevation in sickness absence rates.

### **Health & Safety**

We continued to engage with our people to raise health and safety awareness as

they worked from home and encouraged workplace adjustment assessments to be undertaken.

### **In 2020/21 we:**

- Documented and ensured that all mandatory and practical health and safety training was completed by all staff
- Continued to engage with our people to raise health and safety awareness across the organisation
- Supplied sources for credible outbreak-related health information
- Reported to BEIS on the impacts of COVID-19, taking part in a wider data collection and policy change exercise. The information was provided to the Permanent Secretary and Director Generals on a weekly basis. Information was also sent to the Department's Economic Recovery Board and used to update Ministers as needed

No accidents or near-misses were reported during 2020/21 (2019/20: None).

### **Diversity**

### **Equality, diversity and Inclusion**

We are committed to being a great place



to work and an employer that attracts and develops people from the widest possible range of backgrounds. We want everyone to perform at their best and feel able to be themselves – and if we're diverse and inclusive, we'll better understand different perspectives, which is fundamental to our job resolving late payment complaints.

**In 2020/21 we:**

- Established a sense of belonging for everyone, building an environment of us all being in a pandemic together
- Displayed empathetic leadership for a team in which each member has had an exceptionally tough year
- Virtually onboarded fresh staff to the daily aspects of work, our team-building culture, our successes and lessons learnt, the importance of performance reviews and succession planning
- Highlighted and celebrated moments of success each week
- Used social media to publicly

demonstrate the value placed on our casework teams' achievements in supporting small businesses and recovering late payments, so our stakeholders could see signs of our progress and celebrate those

- Recognised and rewarded our people through our Strategic Board
- Ensured the brand and culture of the OSBC & PPC and our products and services reflect our values. For example, in the design of the new logo for the PPC we incorporated the views of the OSBC team, BEIS & the Minister to create a design that was inclusive

**Environmental Impact**

We support the BEIS environmental objectives, through minimising waste and disposing of it in the right way, using technology and our office space well. We switch off electrical devices when not in use and this year, we've reduced our paper use through the recent technologies



we've introduced, including our new case management system, resulting in us needing access to fewer printed documents.

This new technology, in addition to necessary smarter working since March 2020 has reduced our need to print, leading to a reduction in printing and general paper consumption. We have been communicating with our consumers and businesses by phone and email, as we have not been in the office to use our central print functionality.

We ask for correspondence to be sent to us electronically as we have an efficient digital process in place saving time and money.

### **Our Waste**

We encourage our staff to dispose of their waste in a way that helps to reduce our impact on the environment. Every floor of our office has recycling, non-recycling and food waste bins. Under our service charge, our property owner disposes of the waste we generate as part of its own waste strategy.

The materials we recycle are paper, cardboard, cans, plastics and glass.

In addition, we recycle confidential papers and any written correspondence we receive through our suppliers.

### **Sustainable Procurement**

We take an ethical approach to procurement – choosing to work with suppliers that take corporate social responsibility seriously, including the environmental impact of their business.

### **Corporate Social Responsibility**

Corporate social responsibility is all about companies playing their responsible part in society and giving back to society. The OSBC core values as a service include doing the

right thing and it is important that our team share this philosophy with the companies, customers and communities that we interact with in order that we can all thrive together.

### **Apprenticeships**

As an organisation with a small team of staff, we do not fall within the scope of the government's Public Sector Apprenticeship Target; therefore, we work with BEIS to support them in their overall target. This target means BEIS should employ at least 2.3% of our workforce as new apprenticeship starts from 1 April 2017 to 31 March 2021 and report annually on the average we've achieved each year.

We appointed our first apprentice during the reporting period and from this learning opportunity we will continue in the future to use the programme to attract, develop and keep the talent we need to meet our strategic priorities. Our apprentice has worked in both our casework and support teams and has experienced a blend of training and working, as well as one-to-one coaching from her line manager. We foresee that our apprentice will pass their apprenticeship programme in 2021 and we have all learned from the valuable experience.

### **Employee Engagement**

Since the outbreak of COVID-19, which has required our staff to work from home, our focus has been making sure our people still feel connected to their colleagues and to the service. Through new and existing internal channels, we have developed approaches to help all our people feel connected, engaged and informed – from supplying regular updates from the executive team, to encouraging teams to maintain informal conversations and social events such as a weekly quiz.

## 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 and Risk Assurance Committee (ARAC) has a role in ensuring the organisation is accountable and acts with corporate governance standards.



# The Accountability Report

## Non-Executive Director Accountability Statement

I have been a Non-Executive Director for the Office of the Small Business Commissioner's Advisory Board (OSBC) since January 2019 and Chair of its Audit and Risk Assurance Committee since February 2019.

My main duties at the Board and Committee consist of ensuring governance matters, decision-making and financial management are carried out appropriately within the OSBC 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 aim to contribute to the formulation of strategy and organisational culture.

As a member of the Board and Committee, I contribute to supporting both the Commissioner's strategic aims and the organisation's evolution to meet those objectives. This includes helping to articulate those 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 work to support the team and the Commissioner's work to build the profile of the OSBC and wider awareness of the issues

arising from late payments.

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

For individuals and organisations, the last year has been one of enormous challenge. The OSBC was well placed to move to remote working as a response to COVID-19 and has continued to provide its service for small businesses effectively, despite the impact of the pandemic. The Interim Commissioner has done much to promote awareness of late payments as an issue both with small businesses and with the larger businesses upon whom they so often depend for secure cashflow. With the support of colleagues from the Department for Business, Energy and Industrial Strategy, the OSBC has matured its financial processes and reporting during the year and prepared itself for the next steps in supporting the operations of the Prompt Payment Code.

Many small businesses have been cushioned to some extent from the full impact of COVID-19 by the supporting arrangements put in place by government. It may be that further challenges for small businesses lie ahead as these arrangements fall away

and as business looks ahead both to the opportunity for growth and the impetus to repair balance sheets. In such an environment, the work of the Commissioner will continue to be important.

The appointment of a new permanent Commissioner, the outcome of the public consultation on prompt payment and completing the work to support the Prompt Payment Code will all provide opportunities for the OSBC to reassess priorities and continue to raise awareness of how critical prompt payment is for the many small businesses that underpin our economy.

Reflecting these changes, the Board and Committee, with the support of the Government Internal Audit Agency (GIAA), is considering its own governance arrangements to ensure they will continue to be robust and efficient going forward.

There continues to be a rich opportunity to raise awareness of both the personal and business damage caused by late payments and to change this culture for a healthier business environment.

Laurence Milsted, 16 September 2021

## Auditors

### National Audit Office (NAO)

To oversee the relationship with the external auditors, the National Audit Office (NAO). The NAO has direct access to the Chair to discuss financial reporting matters and is invited to all audit committee meetings. Our annual report and accounts are subject to audit by the Comptroller and Auditor General (C&AG) and Head of the NAO.

### Government Internal Audit Agency (GIAA)

To monitor and review how effective our internal audit function is, in the context of the

overall risk management and independent assurance – and to approve the appointment and removal of the internal auditor.

### 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 OSBC 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 HM Treasury and the Cabinet Office
- Giving evidence, normally with the Principal Accounting Officer, when summonsed before the Public Accounts Committee (PAC) on the Commissioner's stewardship of public funds

### Regularity of Expenditure – Losses (subject to audit)

There were no losses in the reporting period. (2019-20: None)

**Regularity of Expenditure – Special payments (subject to audit)**

There were no special payments in the reporting period. (2019-20: None)

**Regularity of Expenditure – Gifts (subject to audit)**

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 & Hospitality register. (2019-20: None)

**Fees and Charges**

The OSBC does not have any fees or charges. (2019-20: None)

**Remote Contingent Liabilities**

Following the write back of seconded staff provisions shown in Note 7 Provisions for liabilities and charges in the accounts, SBC disclose a remote contingent liability that exists in this respect for £39,883. (2019-20: None)



# Corporate Governance Report

## The Directors Report

The OSBC is a corporation sole and is sponsored by the Department for Business, Energy and Industrial Strategy.

As Accounting Officer, I am responsible for ensuring that the OSBC has an appropriate governance structure and systems to ensure I meet my statutory obligations. I am personally responsible for safeguarding public funds for which I have charge; for ensuring propriety and regularity in the handling of public funds; and for day-to-day operations and management of the OSBC as set out in Managing Public Money. The OSBC governance structure combines efficient decision making with accountability and transparency.

The OSBC has an essential role in underpinning confidence in the addressing of late payments both by helping to resolve individual disputes and by sharing insight to prevent unfairness arising. It is also funded by BEIS, who rightly expect that the service operates in a responsible, sustainable way and takes into account the needs of small businesses and stakeholders when setting its strategic direction and reaching key decisions.

For these reasons, the Strategic Board, Audit and Risk Assurance Committee and the Advisory Board takes its duties very seriously. As a matter of course, they regularly review information about the OSBC & PPC

service's progress against its commitments – a combination of specific performance indicators and broader aims and principles, spanning small business confidence, employee engagement, stakeholder relationships and financial and environmental sustainability.

To support decision making, the Advisory Board and Audit and Risk Assurance Committee receives regular reports from the Commissioner & Head of Operations and other members of the OSBC senior management team. These reports cover information about complaint volumes and trends; standards of customer service, including waiting times; small businesses research, including awareness of the service; trends and themes identified through employee engagement activities; and stakeholder responses to any formal consultations carried out by the service.

Relevant executive directors and other colleagues attend board meetings to answer questions about their respective areas of responsibility. The Audit and Risk Assurance Committee also regularly considers the service's key risks and actions being taken to manage them. Our Chair Laurence Milsted also meets regularly with the Commissioner and GIAA to discuss issues and challenges of mutual interest.



## Governance Statement

The OSBC 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 Commissioner is classified as a Non-Departmental Public Body (NDPB) – operationally independent of government and a partner organisation of the Department for Business, Energy and Industrial Strategy.

The Secretary of State for Business, Energy and Industrial Strategy 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 Interim Commissioner, Philip King stood down and was replaced at year end. Governance of the OSBC is carried out through the Strategic Board, Audit and Risk Assurance Committee and Advisory Board. Board and Committee members assess the information provided to them and challenge it where appropriate to ensure robust considerations. The OSBC has 3 non-executive directors.

The OSBC framework document was drawn up by the Department for Business, Energy and Industrial Strategy in consultation with the OSBC. 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://www.gov.uk/government/publications/small-business-commissioner-framework-document>



# Statement of Accounting Officer Responsibilities

## Accountant and auditor

### Statement of Accounting Officer Responsibilities

The Department for Business, Energy and Industrial Strategy appointed Philip King as Accounting Officer for the OSBC effective from 27 January 2020 until 31 March 2021. The 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 OSBC's assets, are set out in Managing Public Money published by the HM Treasury.

The Enterprise Act did not require the Commissioner to keep accounts or prepare an annual statement of accounts and there was no provision dealing with the appointment of the Comptroller & Auditor General as auditor. However, the Commissioner was subsequently included in the Government Resources and Accounts Act 2000 (Estimates and Accounts) Order 2019, which came into force on 1 April 2019 and designated the Commissioner for inclusion in departmental estimates and accounts from the financial year ending on 31 March 2021. The OSBC therefore falls within the departmental budgetary control limits set by HM Treasury and its inclusion within departmental estimates and accounts better

aligns the main elements of the spending control framework.

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 OSBC 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 OSBC has prepared accounts for the period from commencement on 1 April 2020 to the year ending 31 March 2021 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 OSBC 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 OSBC, I confirm that as far as I am aware, there is no relevant information of which the OSBC'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 & Accounts and confirm that I consider the OSBC'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 OSBC has systems and controls in place to support the delivery of my statutory purposes.

I have no disclosures of control weaknesses to make for the 2020-21 financial year.



**Liz Barclay, Accounting Officer**

Small Business Commissioner

Date: 16 September 2021

# The Small Business Commissioner's Strategic Board

## The Strategic Role of the Board





The role of the Strategic Board of the OSBC is to:

- Ensure that the service is properly resourced and able to carry out its work effectively and independently.
- Agree the strategic direction of the service and its key commitments.
- Oversee and monitor the service's operational and financial performance.
- Prepare and approve an annual plan that sets out how resources will be used.
- Approve the annual review and the

directors' report & financial statements.

- Propose and manage the budget and approve major expenditure.
- Plan, prioritise and oversee the delivery of the organisation's strategy and commitments.
- Ensure the organisation is running effectively and efficiently.
- Manage risks.

The board met 8 times during the financial year 2020/21. This table below shows the number of meetings attended during the year.

	<b>Philip King (Chair)</b> Interim Small Business Commissioner 8/8 Meetings Attended
	<b>OSBC Representative</b> Business Manager 8/8 Meetings Attended
	<b>OSBC Representative</b> Casework Manager 7/8 Meetings Attended
	<b>OSBC Representative</b> Communications Manager 6/8 Meetings Attended

	<b>OSBC Representative</b> Head of Operations 7/8 Meetings Attended
	<b>OSBC Representative</b> Casework Manager 7/8 Meetings Attended
	<b>OSBC Representative</b> Communications Manager 8/8 Meetings Attended

# The Commissioner's Non-Executive Directors

## Recruitment

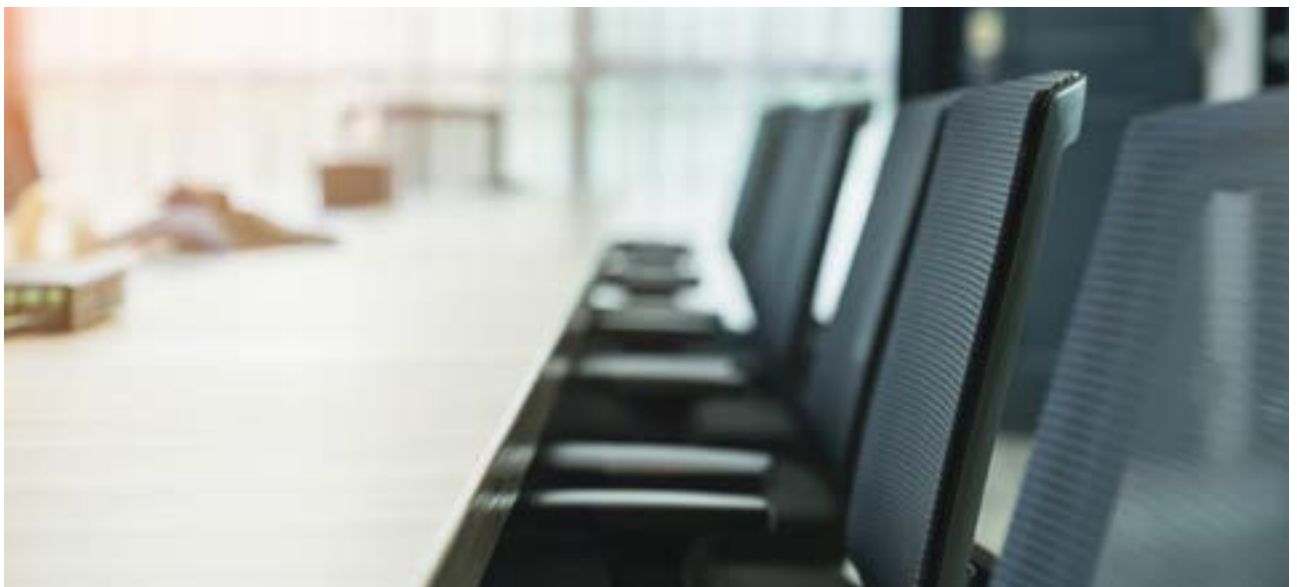
The recruitment process for the Commissioner and non-executive positions is open and transparent, with advertisements running via social media channels. We make appointments as an equal opportunity employer, in line with the principles of fairness and impartiality and our commitment to diversity and inclusion. Board appointments are made by the Secretary of State for BEIS.

The non-executive directors and the Chair of the Audit and Risk Assurance Committee are appointed in the public interest, not as individual representatives of any particular group or sector. They are not involved in considering the individual complaints that are brought to us and all board members are

independent.

All non-executive directors go through an induction programme to introduce them to the OSBC service. This includes meeting our staff and executive team, being guided through the way we resolve complaints, familiarisation with our BEIS wider support framework and receiving a directors' handbook of information about the OSBC and the service. Throughout the year, both as a group and individually, the Non – Executive directors undertake a number of activities to maintain and enhance their knowledge of our work.

The board in 2020/2021 consists of three directors.





**Laurence Milsted**

Audit and Risk Non-Executive Director

Laurence is an experienced Chief Financial Officer with large professional services firms. As well as his Non-Executive Director roles, he advises firms on finance, systems and strategy and coaches executives through change. He is currently a Trustee and the Audit Committee Chair of ESCP Europe Business School and is an independent member of the Ministry of Justice Audit Committee. He is a Fellow of the Institute of Chartered Accountants in England and Wales.



**Heidy Rehman**

Corporate Services Non-Executive Director

Heidy is the Chief Operating Officer at the Biometrics Institute. Previously, she was the CEO of sustainable womenswear brand, Rose & Willard and also spent almost 14 years as a senior equity research analyst at Citi. She is a Fellow of the Association of Chartered and Certified Accountants and has degrees in Mathematics and Applied Accounting.



**Dr Yvonne Gale**

Non-Executive Director

Dr Yvonne Gale was appointed CEO at business finance specialists NEL Fund Managers in 2015. She has been a director for several small businesses focusing on strategy, delivery and resourcing. Other board appointments include Shared Interest Society, an ethical finance provider and as a Business Growth Board member for the North East Local Enterprise Partnership focusing on the challenges of growth and accessing finance. She is a Fellow of the Institute of Chartered Accountants in England & Wales and holds both a master's and a Doctorate in Business Administration together with the Institute of Directors' Certificate and Diploma in Company Direction.

## OSBC Audit and Risk Assurance Committee

The Audit and Risk Assurance Committee Chair and Commissioner meet regularly to discuss the operation and development of the service. The Chair ensures that the service has a clear strategy and direction, with effective management for its current and future needs. The Chair leads the board and ensures it meets its statutory and corporate responsibilities and is effective in its decision-making.

The Chair provides oversight to ensure the information provided to the Committee is of sufficient accuracy and quality, including in terms of the clarity of content and the purpose and action required. The Chair has an important role in modelling the OSBC service, culture and values and its commitment to diversity and inclusion, as well as acting as an ambassador for the service externally.

The Interim Commissioner & Head of Operations are responsible for leading the service's strategy and overseeing the delivery of its commitments. They also lead the executive in making and implementing operational decisions and ensuring that the Committee has high quality, clear, timely and

accurate information about operational and financial performance. They are responsible for providing leadership across the OSBC service and together with the Audit and Risk Assurance Chair, committee members and the executive team, modelling the OSBC's service, culture and values.

The Chair, the Interim Commissioner & Head of Operations set committee agendas in advance, ensuring an appropriate balance between strategic matters and operational and assurance business. The schedule of matters reserved for the committee sets out the key areas on which the committee and its members receive assurance during the course of the year – including the service's performance, management of corporate risks and the effectiveness of internal systems and controls.

The service's plans and forecasted budget for 2020/21 were discussed in Audit and Risk Assurance Committee held in December 2019.

In March 2020 we put in place a comprehensive response to the COVID 19 pandemic, which we have continued to review and adapt. This has included taking action to protect and support our staff's health and wellbeing; seeking to mitigate and adapt to the impact of the pandemic on the delivery of our service; engaging with our stakeholders about our respective operations; and sharing our insight about the complaints we were seeing arising from the

pandemic.

The Audit and Risk Assurance Committee kept in close contact about the service's response and resilience in the light of COVID-19.

The Audit and Risk Assurance Committee meetings were held via video conference meeting in order to provide detailed updates on how the service and small businesses were being impacted, the wellbeing of staff and on operational resilience.

COVID 19 updates were a feature of Audit and Risk Assurance Committee meetings throughout and in the intervening time, the Audit and Risk Assurance Committee received updates from the Interim Commissioner on relevant external and internal engagement.

COVID19 sickness absence and operational planning and performance figures were provided weekly to BEIS.

### **Performance evaluation of the Audit and Risk Assurance Committee**

Each year the Audit and Risk Assurance

Committee will carry out a formal evaluation of its own performance and that of its members. In this evaluation, the Audit and Risk Assurance Committee considers the balance of its skills, experience and knowledge of the service, its diversity, how it works together as a unit and other factors that influence its effectiveness.

### **Corporate governance**

The OSBC is committed to maintaining the highest standards of corporate governance in line with best practice.

Under changes introduced in the Government Resource and Accounts Act 2000, the Comptroller and Auditor General is responsible for the audit of our annual accounts. Like the other members of our regulatory family, we are subject to an annual account's direction from HM Treasury.

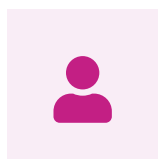
We continually engage with a wide range of people who have an interest in our work – including, where appropriate, at Chair-to-Chair level. These stakeholders include financial businesses and trade bodies, consumer groups, regulators and



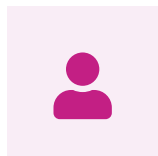


government, parliamentarians and the media.

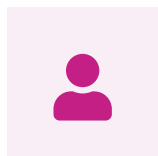
The OSBC team is grateful to the Chair and committee members for the additional time they give to support our strategic development.



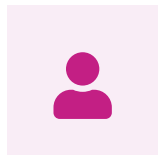
**Laurence Milsted (Chair)**  
Non-Executive Director  
3/3 Meetings Attended



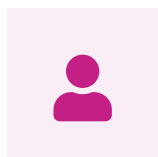
**Yvonne Gale**  
Non-Executive Director  
3/3 Meetings Attended



**Observing Representative**  
Department for Business, Energy and  
Industrial Strategy (*By Invitation*)  
7/8 Meetings Attended



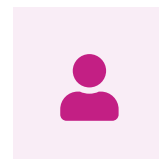
**Observing Representative**  
National Audit Office  
3/3 Meetings Attended



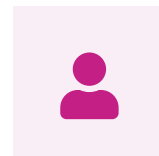
**OSBC Representatives**  
Business Manager  
3/3 Meetings Attended

## Audit and Risk Assurance Committee

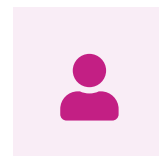
The Audit and Risk Assurance Committee met 3 times during the financial year 2020/2021. This table shows the number of meetings attended during the year.



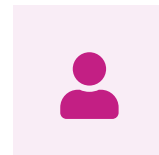
**Heidi Rehman**  
Non-Executive Director  
3/3 Meetings Attended



**Philip King**  
Interim Small Business Commissioner  
3/3 Meetings Attended



**Observing Representative**  
Government Internal Audit Agency  
3/3 Meetings Attended



**OSBC Representatives**  
Head of Operations  
3/3 Meetings Attended

## Audit committee members

The Committee is satisfied that the combined knowledge and experience of the audit committee members ensures that it can fulfil its responsibilities effectively. During the year, as well as its review of the Annual Report & Accounts and financial forecasting statements.

The Commissioner, Head of Operations, BEIS executives and BEIS Finance Business Partners (FBP) are invited to attend all Audit and Risk Assurance Committee meetings.

The NAO and the GIAA are also invited to attend the meetings.

## The Small Business Commissioner's Advisory Board

The Advisory Board consists of the Commissioner (as Chair), three nonexecutive directors and representation by invitation from the Department for Business, Energy and Industrial Strategy.

The Advisory Board ensures that the OSBC receives expert advice on emerging technology, small business late payment issues and gains insight into doing business in a diverse UK market.

Interim Commissioner, Philip King, was ultimately responsible for decision-making authority and collective responsibility up to year end when he stood down. Our Advisory Board's members provide us with a range of talent that would otherwise not be available to the OSBC. They are experienced and understand the commercial challenges that come with running an organisation.

Although the Advisory Board has no governance authority or statutory responsibilities, it meets as a board quarterly and is consulted on an ad hoc basis as required.

The board's primary purpose is to assist the Commissioner in discharging their statutory responsibilities. Members of the OSBC attend the meetings to provide work stream updates and the secretariat function for the board is provided by the OSBC.

The Advisory Board has a clear remit, objectives and terms of reference, as well as

the expected time commitment, established at the start of members' appointments.

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.

During the year, as part of the service's usual annual plans and budget setting process, the service engaged with the Advisory Board to inform thinking on the volume and kind of casework that the service might expect to receive in 2020/21.

As an ongoing part of this process, the service continued to refine the underlying objectives, operational plans and performance framework against which its output and achievements would be measured. The Advisory Board continued to progress work to establish its strategic priorities for the next 3 years. In the meeting held on 3 November 2020 the Advisory Board approved the OSBC Business Plan.

In the early days, as the service transitioned to a remote working operation, the Chair, the Interim Commissioner and Head of Operations were in regular contact as necessary.

Considering COVID-19, we postponed the review of the OSBC so that we could work with BEIS to re-evaluate the strategic priorities and check they remained relevant against the changing landscape.

The Advisory Board concluded that this was a sensible approach. However, as a review mechanism it was agreed that the overarching OSBC Framework Agreement should be reviewed and signed off by the Advisory Board.

The Advisory Board received regular updates from BEIS on other relevant engagement, including with the Small Business Minister, FSB, Cabinet Office, HM Treasury, financial businesses and other small business consumer organisations, where discussions had been held and included the development of the service's future strategy.

As part of the service arriving at the specific business plan and forecast budget proposals, the Advisory Board received regular updates on the analysis and key assumptions of the likely workload (volumes and case mix) for

the following year.

External engagement included a broad range of key stakeholders, as well as CEO and finance director level meetings and calls with industry trade associations, to share insight and aid thinking on collective action and a joined-up response, where appropriate.

In December 2020 the board considered the feedback received from a wide range of stakeholders and their views on the PPC reforms. Yvonne Gale attended the first PPC Steering Group representing the OSBC Non-Executive Directors in order to provide and independent overview of the aims.

The board met 3 times during the financial year 2020/2021. This table below shows the number of meetings attended during the year.

	<p><b>Philip King (Chair)</b> Interim Small Business Commissioner 3/3 Meetings Attended</p>		<p><b>Laurence Milsted</b> Non-Executive Director 3/3 Meetings Attended</p>
	<p><b>Heidy Rehman</b> Non-Executive Director 3/3 Meetings Attended</p>		<p><b>Yvonne Gale</b> Non-Executive Director 3/3 Meetings Attended</p>
	<p><b>Observing Representative</b> Department for Business, Energy and Industrial Strategy <i>(By Invitation)</i> 3/3 Meetings Attended</p>		<p><b>OSBC Representatives</b> Head of Operations 3/3 Meetings Attended</p>
	<p><b>OSBC Representatives</b> Business Manager 3/3 Meetings Attended</p>		

## Register of Interests

Members of the board are required to complete an annual declaration about their current interests and those of people connected with them – and to confirm that those interests do not conflict with their position as a non-executive director of the OSBC.

A register of interests is maintained and reviewed regularly to keep all the details up to date. Before a new Commissioner or non executive director is appointed, they must seek appropriate authorisation for any potential conflicts of interest and board members must seek authorisation as and when potential conflicts arise during their tenure on the board.

A register of interests for the Commissioner and their team is maintained by the OSBC 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 the three non-executive directors are subject to disclosure rules. All 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.

## Personal Data Related Incidents

All staff are aware of the General Data Protection Regulation (GDPR) and have completed all mandatory training on the Civil Service-Learning platform. 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 Commissioners 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 Assurance Committee annually on the operation of the OSBC whistleblowing policy.

## 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 HM Treasury's 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 and 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 and Risk Assurance Committee.

## 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 departments supply estimate and be subject to Parliamentary control.

# Remuneration & 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 Interim Small Business Commissioner, Philip King, was appointed from 27 January 2020 to 31 March 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. There are currently no directly appointed staff.

The Small Business Commissioner team, 12 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 OSBC.

## 2020/2021 Remuneration Figures (subject to audit)

Single total figure of remuneration (01 April 2020– 31 March 2021) 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
Philip King	120 - 125	-	-	48,000	170 - 175

## 2019/2020 Remuneration Figures

Single total figure of remuneration (01 April 2019– 31 March 2020) 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	60 - 65	-	-	-	60 - 65
Suzanne Burke	15 - 20	-	-	8,000	25 - 30
Philip King	15 - 20	-	-	6,000	21 - 26

### 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
- Philip King was appointed interim commissioner on 27 January 2020. The full-time equivalent remuneration he received in 2020/2021 was £120k - £125k
- 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

### 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 Interim 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 salaries 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](http://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.

**Senior management pension benefits (subject to audit)**

<b>Name/Role</b>	<b>Accrued pension at age 65 as 31 March 2021 and related lump sum £'000</b>	<b>Real increase in pension and related lump sum at pension age</b>	<b>CETV at 31 March 2021 £'000</b>	<b>CETV at 31 March 2020</b>	<b>Real increase in CETV</b>
Philip King	0 - 5	2.5 - 5	55	6	40

**Fair pay disclosures (subject to audit)**

The Small Business Commissioner has a total of 13 members of staff, including the Commissioner.

All posts (excluding the commissioner) were filled via secondments from OGDs. The Commissioner, as a public appointment, was paid by the sponsor department.

Philip King was appointed as Interim Small Business Commissioner from 27 January 2020 – 31 March 2021.

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 OSBC in the financial year 2020 – 2021 was £120,000-£125,000 (bands of £5,000).

This was 3.4 times the median remuneration of the work force, which was £36,735. The work force includes staff seconded to the OSBC.

<b>Remuneration</b>	<b>For the period ending 31 March 2021</b>	<b>For the period ending 31 March 2020</b>
Band of highest paid directors' total remuneration (£'000) (bands of £5'000)	120 - 125	120 - 125
Median total (£)	36,735	£35,765
Remuneration ratio	3.4	3.4

**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 staff's salaries will be included in the assessments of pay multiples at the OGDs they are employed by
- Comparative figures have been provided

### Staff Report

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

### Staff numbers and costs

People costs represent the majority of our spend, we've continued to build flexibility into our projected costs to ensure we are able to scale up and down in response to changing demand.

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

From April 2020 to March 2021 the cost of staff remuneration was:

### 2020/2021 Staff Costs (subject to audit)

Cost	Permanent Staff	Other Staff	Total
<b>Wages &amp; Salaries</b>	£122,230	£506,242	<b>£628,472</b>
<b>Social Security Costs</b>	£15,610	-	<b>£15,610</b>
<b>Pension</b>	£36,936	-	<b>£36,936</b>
<b>Total</b>	<b>£174,776</b>	<b>£506,242</b>	<b>£681,018</b>

### 2019/20 Staff Costs

Cost	Public Appointment	Other Staff	Total
<b>Wages &amp; Salaries</b>	£78,639	£432,455	<b>£511,094</b>
<b>Social Security Costs</b>	£9,000	-	<b>£9,000</b>
<b>Pension</b>	£23,827	-	<b>£23,827</b>
<b>Total</b>	<b>£111,466</b>	<b>£432,455</b>	<b>£543,921</b>

**Note:**

- The OSBC is not VAT registered. 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 cost of the Small Business Commissioner is disclosed under Public Appointment, the cost of all other staff working in the OSBC are disclosed under other staff
- There have been no severance/retirement payments in the reporting year

**2020/2021 Staff composition (subject to audit)**

The composition of the Office of the Small Business Commissioner:

Position	Female	Male
The Commissioner	0	1
Non-Executive Directors	2	1
SBC Staff	9	3

**2019/2020 Staff composition**

The composition of the Office of the Small Business Commissioner:

Position	Female	Male
The Commissioner	0	1
Non-Executive Directors	2	1
SBC Staff	9	2

**Sickness absence data**

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

**Staff policies for disabled persons**

Utilising the BEIS workplace adjustment

policy has helped us ensure that employees can perform to their best ability and thrive in their careers. The framework sets out how we will identify challenges and barriers faced by people with disabilities or long-term health conditions – whether these are physical or mental – and make adjustments including changes to people's working environment or working patterns or providing IT equipment or software. Learning from the adjustments

we make helps us to be a better employer and create a more inclusive workplace.

All the team have been encouraged to complete DSE assessments and as a result equipment has been ordered to aid them in their jobs.

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 OSBC 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>

### Flexible working

We offer flexible ways of working to help people manage their life in and outside work – including parenting and caring responsibilities – as well as to support their wellbeing. We encourage managers and employees to work together to agree arrangements that work for everyone, and we review requests to ensure they are handled fairly and consistently.

Our positive approach to flexibility is

supported by the results of our attendance management, which demonstrate that a good work-life balance is achieved.

### 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 OSBC has qualified first aid trainers on the floor at all times during office working hours. The OSBC 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
- Heidi Rehman 7 January 2019 to 7 January 2023
- Yvonne Gale 1 November 2019 to 31 October 2023

### 2020/2021 Non-Executive Board Members Fee (subject to audit)

Non-Executive Board Members	Number of Board Meetings (Annually)	Annualised Fee	Actual Fee Paid in Year (Nearest £100)
Laurence Milsted	8	£2,800	£2,100
Heidi Rehman	8	£2,800	£2,100
Yvonne Gale	8	£2,800	£2,100

### 2019/2020 Non Executive Board Member Fee

Non-Executive Board Members	Number of Board Meetings (Annually)	Annualised Fee	Actual Fee Paid in Year (Nearest £100)
Laurence Milsted	8	£2,800	£2,450
Heidy Rehman	8	£2,800	£2,450
Yvonne Gale	8	£2,800	£1,050

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. or if they:

- Have been absent from meetings of the Boards for a period longer than six consecutive months without permission of the Board
- 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)

- Are incapacitated by physical or mental illness
- 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.

#### Expenditure on Temporary Staff

The OSBC has not employed any temporary staff during 2020/21 financial year. (2019-20: None)

#### Off – Payroll engagements

There have been no off-payroll engagements in the reporting period. (2019-20: None)

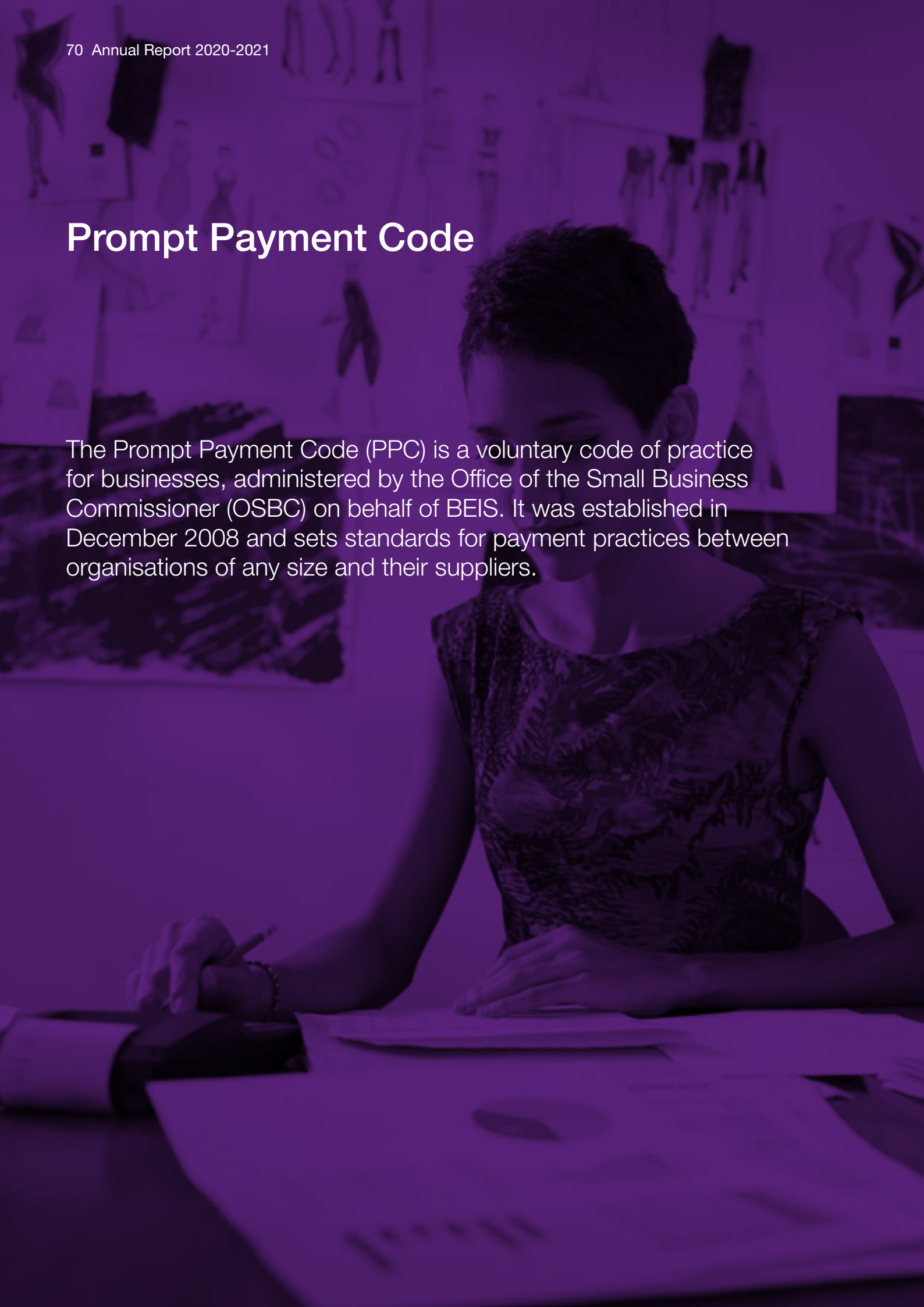
#### Exit packages

No exit packages were paid during the reporting period. (2019-20: None)



## Prompt Payment Code

The Prompt Payment Code (PPC) is a voluntary code of practice for businesses, administered by the Office of the Small Business Commissioner (OSBC) on behalf of BEIS. It was established in December 2008 and sets standards for payment practices between organisations of any size and their suppliers.



# Administration and Reform of the Prompt Payment Code

In June 2019, following the Department for Business, Energy and Industrial Strategy's (BEIS) publication of the government response to the [Creating a Responsible Payment Culture](#) call for evidence, it was announced that the Prompt Payment Code (the Code) would be strengthened and reformed. This would allow the Code to play a more important role in setting best principles in payment terms and practices and driving culture change.

The first step was transferring the administration of the Code to the OSBC in March 2020, to unify prompt payment measures with the Commissioner.

BEIS conducted a survey, to engage with existing signatories and key stakeholders about what a strengthened Code might look like. The OSBC also consulted widely on the proposed reforms, writing to over 2000 existing signatories and 150 key stakeholders on a set of reforms intended to improve and strengthen the Code's position.

The OSBC analysed 419 responses to the online survey on behalf of BEIS, which ran from 21 September to 16 October 2020. Round table sessions were also held with the following organisations:

- CBI
- National Enterprise Network
- Association of Certified Chartered Accountants (ACCA)
- FTSE 100 Group

- Institute of Chartered Accountants in England & Wales (ICAEW)
- BDO
- Federation of Small Businesses (FSB)

The OSBC ensured that all views were considered and invited interested parties to sense check the results. Proposed reforms were developed using the results of the survey, taking into consideration both the qualitative and quantitative data collected during that process. BEIS and the OSBC created and implemented a Code Steering Group, which held its first meeting, chaired by the Interim Commissioner, on 3 December 2020.

The Steering Group brought together stakeholders with an interest and expertise in business-to-business payment practices in the supply chain, alongside BEIS officials. One of its first tasks was to review the reform proposals, supplying context and flagging any concerns, prior to Paul Scully MP, the Small Business Minister, signing them off and the Code being relaunched.

Both the OSBC and BEIS see a continuing role for the group, supplying valuable insight and support to government and the OSBC in the Code's continued growth and development and using its collective influence to promote the Code and encourage businesses to demonstrate good practice by committing to its principles.

## Previous Code Requirements

The key Code requirements prior to January 2021 were to:

- Pay **95% of invoices within a maximum of 60 days** (in line with late payment legislation requirements)
- Work towards adopting 30 days as the norm
- Pay suppliers on time – within agreed terms
- Give clear guidance to suppliers on payment procedures
- Encourage good practice through supply chains
- Avoid any practices that adversely affect the supply chain

## Reforms announced in January 2021

- An additional commitment for signatories to pay **95% of invoices from smaller businesses within 30 days** (while continuing to pay 95% of invoices from all other suppliers within 60 days). **Paid on time to be defined as 95% of invoices paid within terms**
- Smaller business defined as having with fewer than 50 employees
- **The company's Chief Executive Officer or Finance Director should sign the application to join (or the company owner for a small business) to ensure appropriate commitment to the principles and ethos of the Code**
- **A logo to be provided** to signatories to use as a demonstration of their commitment to meet the Code requirements to suppliers and other interested parties
- **Allow the Code's administrator to approach signatories on the basis of an anonymous complaint** by a third

party, to discuss their payment practices

- Invoices in scope of the Code requirements should be UK only
- Intercompany transfers should be out of scope

**Reforms were implemented in full at the relaunch of the Code, apart from the requirement for 95% of invoices to be paid within 30 days for smaller businesses, which will come into force in July 2021, allowing a transition period of 6 months.**

After the Code Steering Group meeting in December 2020, officials sought formal Ministerial sign off. The Code was relaunched on 19 January 2021.

The OSBC will continue to work collaboratively and proactively with BEIS to ensure that companies that show exemplary conduct and that are developing best practice in payment performance, are encouraged to sign up to the Code.

Payment practices reporting data shows that there are many companies who currently follow the Code standards but are not yet signatories. The OSBC will approach these companies to ensure they are aware of the commercial benefits to signing up to the Code.

## Code benefits for suppliers

UK companies often supply goods and services on trade credit, deferring payment for a period after delivery rather than requiring immediate payment. When customers do not pay on time this causes problems for suppliers, affecting their cash flow, diverting resources towards chasing payment and potentially incurring costs of covering cash flow shortages through raising external finance. When suppliers are entering into



contracts with customers, they may lack information on the reliability of the customers in terms of paying on time. Suppliers who contract with, or plan to contract with, signatories to the Code will be able to make informed decisions when negotiating payment terms and prices and supply with more confidence.

It should also reduce demands for lengthy payment terms and remove the need for suppliers to factor the cost of having to cover additional cash flow needs into the price of the contract.

By providing clear information on dispute resolution processes, suppliers facing complications with payment can clearly identify how to escalate an issue, reducing the time and resources involved with chasing a payment or a dispute.

Working with a Code signatory will mean suppliers are in a better position to make an informed judgment on whether to enter into a contract, negotiate fair terms and challenge late payment when it happens. Intended effects are that it will increase the incentives for businesses to improve their payment practices and performance, reducing the overall level of late payment between businesses.

The reforms to the Code are intended to drive behaviour change and reduce incidence of late payment in the economy. Benefits of this would include reduced cash flow problems, increased liquidity for businesses leading to greater ability to invest in extra capital or employment and fewer insolvencies arising from cash flow problems caused by late payment.

### Benefits for signatories

Those businesses with better payment

performance and showing their commitment to the Code will give their suppliers confidence that they adopt best payment practice and use of the Code logo will allow businesses to highlight and display their commitment to good payment practices.

Shareholders and investors will be able to see the importance that a business puts on accountability and that it has a good record in paying suppliers.

Businesses that have a good record of performance in terms of prompt payment and are already signed up to the Code may not have previously realised how their performance compared to others. Information from the [payment performance reporting portal](#), which is publicly available, can be used to provide an advantage when negotiating contracts. This will enable suppliers to compare the payment record of different customers before deciding to enter into any contract and their pricing can reflect the value, they place on prompt payment. Over time this could result in the value of prompt payment contributing more to the negotiation of contract terms and thus create a further incentive for prompt payment.

It is important that the Code logo is recognised as coming from an official authority demonstrating fairness and recognition of the signatory's approach to its supply chain.

### Plans

In 2021/22 the OSBC will:

- Continue to build on the underlying reforms and plans that will support the delivery of the Code strategy, engaging with our people and our stakeholders to translate them into action
- Working collaboratively with others, find

new and better ways of harnessing, sharing and using our insight to achieve fairer outcomes and help underpin trust and confidence

- Working with BEIS, ensure our organisation has the capabilities it needs

to administer the Code effectively for the future

- Share qualitative and quantitative information through regular and ad hoc meetings at all levels as well as through exchanges of correspondence



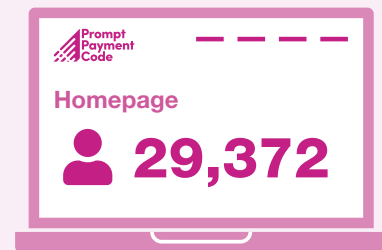
## PPC Communications & Engagement



As part of a planned process of recruitment, an additional communications manager with a remit to work closely on the Prompt Payment Code began work with the OSBC in October 2020. Development work was completed in-year to design a Code logo and an associated set of identity guidelines. This branding work separated work associated with the Code from the wider business of the OSBC and saw Code signatories begin to add logo information to their invoices and other documentation.

The reforms to the Code in January 2021 were no barrier to signatory status and, in the period between March 2020, when the OSBC took over PPC administration and 31 March 2021, more than 800 new organisations became signatories to the Code including 203 signing-up after the reforms were announced. Awareness of the Code has continued to grow across business sectors and ongoing work with BEIS officials to further embed the new Code requirements will drive this awareness and engagement work further during the upcoming reporting period.

In early 2021 we spotted a trend in visitors spending time on the Prompt Payment Code website alongside our interest calculation tool. This suggested a self-help approach that combined Prompt Payment Code intelligence with wider actions on late payment. We report on these types of web analytics to internal stakeholders and BEIS partnership colleagues on a monthly basis and produce similar detailed reflections on our social media activity.



**The PPC home page received 29,372 visitors**



**The most popular page was Current Signatories with 11,162 page views.**

# Financial Statements

For the year ending 31 March 2021



# 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 year ended 31 March 2021. The financial statements comprise: 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. The financial reporting framework that has been applied in their preparation is applicable law and International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual.

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 2021 and of the Small Business Commissioner's net expenditure for the year then ended;
- have been properly prepared in accordance with the 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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Small Business Commissioner in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Small Business Commissioner's use of the going concern

basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, 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 when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this report.

The going concern basis of accounting for the Small Business Commissioner is adopted in consideration of the requirements set out in International Accounting Standards as interpreted by HM Treasury's Government Financial Reporting Manual which require entities to adopt the going concern basis of accounting in the preparation of the financial statements where it anticipated that the services which they provide will continue into the future.

### 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. The Accounting Officer is responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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, based on the work undertaken in the course of the audit:

- the parts of the Accountability Report to be audited have been properly prepared in accordance with Secretary of State directions; and
- the information given in the Performance Report, Accountability Report and The Prompt Payment Code for the financial year for which the financial statements are prepared is consistent with the financial statements.

### Matters on which I report by exception

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 material misstatements in the Performance and Accountability report. 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
- certain disclosures of remuneration specified by HM Treasury's Government Financial Reporting Manual are not made; 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.

### Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of Accounting Officer's Responsibilities, the Accounting Officer is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the Small Business Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services provided by the Small Business Commissioner will not continue to be provided in the future.

### 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 the applicable law and the International Standards on Auditing (ISAs) (UK).

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. 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.

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Government Internal Audit Agency and those charged with governance, including obtaining and reviewing supporting documentation relating to the Small Business Commissioner's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations relating to the Enterprise Act 2016 and Managing Public Money;
- discussing among the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: posting of unusual journals and unusual transactions;
- obtaining an understanding of Small Business Commissioner’s framework of authority as well as other legal and regulatory frameworks that the Small Business Commissioner operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Small Business Commissioner. The key laws and regulations I considered in this context included, Enterprise Act 2016, Managing Public Money and Employment Law.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management and the Audit Committee concerning actual and potential litigation and claims
- reading minutes of meetings of those charged with governance and the Board;

- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and payments 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.

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.



*Gareth Davies*

**Gareth Davies**

**Comptroller and Auditor General**

**Date:** 17 September 2021

National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

# Financial Statements for the year ended 31 March 2021

## Statement of Comprehensive Net Expenditure

For the year ended 31 March 2021

<b>Operating Expenditure</b>	<b>Note</b>	<b>Year ended 31 March 2021 £</b>	<b>Year ended 31 March 2020 £</b>
Staff costs	2	681,018	543,921
Other expenditure	3	247,324	203,431
		<b>928,342</b>	<b>747,352</b>
<b>Net operating expenditure</b>		<b>928,342</b>	<b>747,352</b>
Financial expense - bank charges		300	300
<b>Net Expenditure for the year</b>		<b>928,642</b>	<b>747,652</b>
<b>Total comprehensive expenditure for the year</b>		<b>928,642</b>	<b>747,652</b>

The notes on pages 86 to 93 form part of these financial statements

There was no other comprehensive expenditure.

## Statement of Financial Position

As at 31 March 2021

<b>Non-Current assets</b>	<b>Note</b>	<b>As at 31 March 2021 £</b>	<b>As at 31 March 2020 £</b>
Intangible assets	4	6,720	16,746
<b>Current assets</b>	<b>Note</b>	<b>As at 31 March 2021 £</b>	<b>As at 31 March 2020 £</b>
Cash and cash equivalents	5	53,091	156,629
Prepayments		21,658	19,407
<b>Total current assets</b>		<b>74,749</b>	<b>176,036</b>
<b>Current liabilities</b>	<b>Note</b>	<b>As at 31 March 2021 £</b>	<b>As at 31 March 2020 £</b>
Payables and other liabilities	6	(223,269)	(197,039)
Provision	7	-	(39,883)
<b>Total current liabilities</b>		<b>(223,269)</b>	<b>(236,922)</b>
<b>Total assets less current liabilities</b>		<b>(141,800)</b>	<b>(44,140)</b>
<b>Taxpayers Equity</b>			
General Reserve		<b>(141,800)</b>	<b>(44,140)</b>

The notes on pages 86 to 93 form part of these financial statements

The financial statements on pages 82 to 85 were approved by the Small Business Commissioner on 16 September 2021.



**Liz Barclay, Small Business Commissioner**

16 September 2021

## Statement of Cash Flows

For the year ended 31 March 2021

<b>Cash flows from operating activities</b>	<b>Note</b>	<b>Year ended 31 March 2021 £</b>	<b>Year ended 31 March 2020 £</b>
Net operating expenditure	SoCNE	(928,342)	(747,352)
Adjustments for non-cash expenditure		10,026	6,667
Increase/ (decrease) in payables and accruals	6	26,230	(41,165)
Increase/ (decrease) in provisions	7	(39,883)	(12,362)
(Increase)/ decrease in prepayments		(2,251)	(12,657)
<b>Net cash inflow from operating activities</b>		<b>(934,220)</b>	<b>(806,869)</b>
<b>Cash flows from financing activities</b>	<b>Note</b>	<b>Year ended 31 March 2021 £</b>	<b>Year ended 31 March 2020 £</b>
Bank charges	SoCNE	(300)	(300)
Grant in aid	SoCITE	830,982	733,804
<b>Cash flows from investing activities</b>	<b>Note</b>	<b>Year ended 31 March 2021 £</b>	<b>Year ended 31 March 2020 £</b>
Purchase of intangibles		-	(10,080)
<b>Net (decrease)/increase in cash and cash equivalents for the year</b>		<b>(103,538)</b>	<b>(83,445)</b>
<b>Cash and cash equivalents at the beginning of the year</b>	SoFP	<b>156,629</b>	<b>240,074</b>
<b>Cash and cash equivalents at the end of the year</b>	SoFP	<b>53,091</b>	<b>156,629</b>

The notes on pages 86 to 93 form part of these financial statements

## Statement of Changes in Taxpayers Equity

For the year ended 31 March 2021

	Note	Total reserves £
<b>Balance at 31 March 2019</b>		(30,292)
Net expenditure for the year	SoCNE	(747,652)
Grant in aid from BEIS paid		733,804
<b>Balance at 31 March 2020</b>		<b>(44,140)</b>
Net expenditure for the year	SoCNE	(928,642)
Grant in aid from BEIS paid		830,982
<b>Balance at 31 March 2021</b>		<b>(141,800)</b>

The notes on page 86 to 93 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 (BEIS). SBC is registered at Office of the Small Business Commissioner, Victoria Square House, Birmingham, B2 4AJ. SBC was launched on 20 December 2017 and these accounts are prepared for the year from 1 April 2020 to 31 March 2021.

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

### 1.1 Basis of accounting

These financial statements have been prepared on an accruals basis in accordance with direction from the Secretary of State for BEIS and the 2020/21 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 SBC 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 BEIS 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 on the accruals basis. The Accounts Direction issued by BEIS provides that SBC 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

SBC has approval from the Secretary of State for grant in aid for 2021/22 that fully takes into account budgeted expenditure. In turn, SBC will receive grant in aid for 2021/22 to fund its activities. It has been accordingly considered appropriate to adopt a going concern basis for the preparation of these financial statements.

There were no material uncertainties identified in the going concern status of SBC. SBC has considered the impact of any changes to the Enterprise Act 2016 on its ability to continue as a going concern. It is believed that any changes would not impact

SBC's objectives and the way it operates, although it may impact the banner under which it operates. An extension to the remit of SBC under the legislation, and likely increase in operating activity, would require additional funding from BEIS. SBC believe this funding would be provided.

#### 1.4 Standards not yet effective

IFRS 16 'Leases' replaces IAS 17 'Leases' and will be adopted by the public sector in 2022/23. 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. SBC is currently assessing the impact of the IFRS 16 adoption.

IFRS 17 'Insurance Contracts' replaces IFRS 4 'Insurance Contracts', which requires reporters to identify insurance contracts, and for those contracts recognise an insurance contract liability. The insurance contract liability is calculated as the present value of future insurance cashflows (the fulfilment cash flows) plus a subsequent risk adjustment. The IASB announced the deferral of IFRS 17 until 1 January 2023 and therefore, the implementation timetable in the public sector is being extended to at least 1 April 2023. SBC do not believe the standard will impact the financial statements.

#### 1.5 Grant in aid

Grant in aid is paid to SBC 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 SBC.

#### 1.6 Expenditure & Staff Costs

All expenditure is recognised on an accrual's basis. Staff costs are recognised as expenses when SBC becomes entitled to receive the relevant benefits, including the cost of any untaken leave entitlement.

#### 1.7 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 determines 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

SBC holds financial assets, which comprise of current balances with banks, which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value and have an original maturity of three months or less.

#### Financial Liabilities

SBC holds financial liabilities, which comprise

of trade payables. Trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less. The carrying value of the items in the above table is assumed to approximate the fair value due to their short-term nature.

### 1.8 Intangible Assets

Expenditure on intangible assets consists of SBC's website and is capitalised where the cost is £2,000 or more and has a useful life of more than one year.

Intangible assets are reviewed annually for impairment and are carried at historic cost less amortisation.

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

### 1.9 General Reserve

The Commissioner accounts for SBC's

accumulated surplus or deficit in the general reserve.

### 1.10 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.

### 1.11 VAT

SBC is not VAT registered. SBC is not part of the wider BEIS VAT group therefore no VAT will be recoverable.

### 1.12 Operating Leases

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

## 2. Staff Costs

The cost of staff remuneration was:

	Year ended 31 March 2021	Year ended 31 March 2021	Year ended 31 March 2021	Year ended 31 March 2020
	£ Permanent Staff	£ Other Staff	£ Total	£ Total
<b>Wages and salaries</b>	122,230	506,242	<b>628,472</b>	<b>511,094</b>
<b>Social security costs</b>	15,610		<b>15,610</b>	<b>9,000</b>
<b>Other Pension costs</b>	36,936		<b>36,936</b>	<b>23,827</b>
<b>Total</b>	<b>174,776</b>	<b>506,242</b>	<b>681,018</b>	<b>543,921</b>

There have been no severance payments in the year.

SBC does not operate a defined benefit

pension scheme but pays into various Civil Service pension schemes on behalf of its employees in line with each of those scheme's rules.



### 3. Other Expenditure

	<b>Year ended 31 March 2021 £</b>	<b>Year ended 31 March 2020 £</b>
Advertising	42,816	34,703
Allowances	3,758	7,350
Amortisation	10,026	6,667
Audit	38,929	37,690
Business rates	53,754	30,177
Computer equipment & software	43,914	47,302
General expenses	45,319	11,180
Legal & professional	6,861	407
Travel & Subsistence	1,947	27,955
<b>Total other operating charges</b>	<b>247,324</b>	<b>203,431</b>

Included in Audit above is £19,200 (2020: £15,000) which relates to the audit of SBC's accounts. The remaining amount of £19,729 (2020: £22,690) relates to other audit

services not performed by SBC's auditor. An amount of £22,690 has been reclassified in the column for 2020 from Business rates to Audit to aid comparison between years.

### 4. Intangible assets

<b>Cost or Valuation</b>	<b>Website £</b>
<b>At 1 April 2020</b>	30,080
<b>At 31 March 2021</b>	<b>30,080</b>
<b>Amortisation</b>	
<b>At 1 April 2020</b>	13,334
<b>Charged in year</b>	10,026
<b>At 31 March 2021</b>	<b>23,360</b>
<b>Net book value at 31 March 2021</b>	<b>6,720</b>
<b>Net book value at 31 March 2020</b>	<b>16,746</b>

<b>Cost or Valuation</b>	<b>Website £</b>
<b>At 1 April 2019</b>	20,000
<b>Gifted in year</b>	-
<b>Additions</b>	10,080
<b>At 31 March 2020</b>	<b>30,080</b>
<b>Amortisation</b>	
<b>At 1 April 2019</b>	6,667
<b>Charged in year</b>	6,667
<b>At 31 March 2020</b>	<b>13,334</b>
<b>Net book value at 31 March 2020</b>	<b>16,746</b>
<b>Net book value at 31 March 2019</b>	<b>13,333</b>

## 5. Cash and cash equivalents

	<b>As at 31 March 2021 £</b>
<b>Balance at 1 April 2020</b>	156,629
Net change in cash and cash equivalent balance	(103,538)
Balance at 31 March 2021	<b>53,091</b>
<b>The following balances were held at:</b>	
Government banking service	53,091
<b>Balance at 31 March 2021</b>	<b>53,091</b>

	<b>As at 31 March 2020 £</b>
<b>Balance at 1 April 2019</b>	240,074
Net change in cash and cash equivalent balance	(83,445)
Balance at 31 March 2020	<b>156,629</b>
<b>The following balances were held at:</b>	
Government banking service	156,629
<b>Balance at 31 March 2020</b>	<b>156,629</b>

## 6. Trade Payables and other liabilities

Amounts falling due within one year

	<b>As at 31 March 2021 £</b>	<b>As at 31 March 2020 £</b>
Trade & other payables	164,203	120,056
Accruals	59,066	76,983
<b>Total</b>	<b>223,269</b>	<b>197,039</b>

## 7. Provisions for liabilities and charges

A provision was made in the period ending 31 March 2019 for costs relating to staff on secondment to SBC, which have not yet been recharged from other departments.

The balance from the year ending 31 March 2020 was written back this year due to a change in the expectation that it is likely going to result in an outflow of economic benefits.

	<b>As at 31 March 2021 Seconded Cost Provision £</b>
As at 1 April 2020	39,883
Provisions not required written back	(39,883)
<b>Total as at 31 March 2021</b>	<b>-</b>

	<b>As at 31 March 2020 Seconded Cost Provision £</b>
As at 31 March 2019	52,245
Provided in year	
Provisions utilised in the year	(12,362)
Provisions not required written back	-
<b>Total</b>	<b>39,883</b>

## 8. Capital Commitments

	<b>As at 31 March 2021</b>	<b>As at 31 March 2020 £</b>
Website provider costs	13,366	13,366
<b>Total</b>	<b>13,366</b>	<b>13,366</b>

Capital commitments are payable between April 2021 and May 2022.

## 9. Commitments under leases

Total future minimum lease payments under operating leases for each of the following periods:

<b>Buildings</b>	<b>As at 31 March 2021 £</b>	<b>As at 31 March 2020 £</b>
Within one year	18,490	44,377
Within 2 to 5 years	-	10,478
Over 5 years	-	-
<b>Total</b>	<b>18,490</b>	<b>54,855</b>

## 10. Financial Instruments

As the cash requirements of SBC is met through BEIS, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The SBC financial instruments relate to cash, trade & other payables and trade & other receivables and therefore SBC 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

SBC had various material transactions with BEIS, through the provision of payroll for staff and information technology services.

None of SBC's members or key managerial staff undertook any material transactions with BEIS during the year, except for remuneration paid for their services.

Remuneration to senior civil servants (SCS) staff is included within the remuneration report on pages 61-62.

## 13. Events after the reporting date and Accounting Office declaration

The Accounting Officer authorised these financial statements for issue on the date stated below the Statement of Financial Position on page 83. They were certified by the Comptroller and Auditor General on the date in the Audit Report on page 81.

There are no post-balance sheet events to report.

In accordance with the requirements of IAS 10 'Events After the Reporting Period', post-Statement of Financial Position events are considered up to the date on which Accounts are authorised for issue. There are no post-Statement of Financial Position events between the balance sheet date and this date.

# Glossary and Annexes



# 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.

## Prompt Payment Code

The Prompt Payment Code (PPC) is a voluntary code of practice for businesses, administered by the Office of the Small Business Commissioner (SBC) on behalf of BEIS. It was established in December 2008 and sets standards for payment practices between organisations of any size and their suppliers.

# Annex A: Events/Webinars attended from 1 April 2020 – 31 March 2021



## Q1

### April 2020

- National Enterprise Network
- Institute of Directors (IOD), Ernst and Young (EY), Northern Ireland Chamber of Commerce
- National Enterprise Network
- The Institute of Chartered Accountants in England and Wales (ICAEW)
- Renfrew Chamber
- Sheffield Chamber of Commerce
- IPSE
- Vistage 123
- Freelancer Club
- All – Party Parliamentary Groups (APPGS)
- Greater Birmingham Chambers of Commerce

- BDO
- London Chamber of Commerce and Industry (LCCI)

### May 2020

- UK Finance
- Institute of Directors (IOD)
- UK Finance
- Deloitte
- Edinburgh Chamber of Commerce
- Taulia
- The Institute of Chartered Accountants in England and Wales (ICAEW)q
- Tech UK
- Barclays

### June 2020

- PPN
- #TSOBpodcast
- Open Banking
- IPSE
- IMPROVE Online Learning
- MENTA





## Q2

### July 2020

- New Anglia Growth Hub
- Chartered Institute of Personal Development (CIPD) Gloucestershire
- IMPROVE Online
- Growth Company
- Barclays
- GoCardless
- Sage

### August 2020

- London Business Hub

- Worcestershire Business Central Growth Hub
- Local Employment Partnership LEP Cumbria
- The Institute of Chartered Accountants in England and Wales (ICAEW)

### September 2020

- The Real Business Club Berkshire
- Suffolk Chamber of Commerce
- British Business Bank
- Cornwall Chambers of Commerce
- West and North Yorkshire Chamber
- ICAS
- Credit Services Association Limited (CSA)



## Q3

### October 2020

- Birmingham Chamber of Commerce
- Wiltshire and Swindon Growth Hub
- Birmingham Chamber of Commerce
- British Business Bank
- London Growth Hub
- The Marketing Matrix Ltd
- Stratford District Council
- Alica Bank

- Accounts Payable Association
- Liverpool City Region Growth Platform
- Women In Business (WIB)

### November 2020

- Wiltshire and Swindon Growth Hub
- Oxford Chambers of Commerce
- Business Revival Conference
- Cornwall Chambers of Commerce
- Small Business Saturday
- IRIS
- Chamber of Commerce Sheffield
- Nimbla Limited

### December 2020

- London Business Hub



# Q4

## January 2021

- MicroBizMatters
- British Telecommunications (BT)

## February 2021

- Business East Sussex Providers Group Meeting
- London Libraries
- Tide
- Growth Hub Stoke-on-Trent Staffordshire

## March 2021

- London Business Hub
- The Growth Club
- Next Generation Chambers of Commerce (Northamptonshire)
- Locate East Sussex “Ready for Business” workshops
- Local Government Procurement Expo (LGPE)
- European Consumer Price Index (CPI) Live Q&A - SME business and working capital solutions
- Parliamentary Briefing part of Credit Awareness Week 2021
- The Institute of Chartered Accountants in England and Wales (ICAEW)
- The Midlands Business Network Virtual Expo

## Annex B: Letter issued to large businesses



Small Business  
Commissioner

Dear

### Payment to Suppliers During the Covid 19 Crisis

I am dismayed to learn that you have told your suppliers that any outstanding payments will be delayed indefinitely until you see an improvement in your cash position. At this time of national crisis, every business is facing extraordinary pressure on cashflow and I understand the need to make commercial decisions in mitigation. I am concerned that the action you are planning to take will damage your suppliers, the economy, and the reputation of your business.

This is a time for collaborating with business partners, rather than confronting them. Tough decisions will, of course, have to be taken and they should be in a spirit of communication and cooperation. The payment you refuse to make to a small or micro business will help ease the pressure on your cashflow. For the business owner not receiving a relatively small payment it may be the difference between putting food on the table or not. I urge you to consider the human impact. I can imagine how devastating an email advising expected payments are stopping might be to a small business, and I am sure you can too.

A number of businesses have already recognised the need for support and dramatically shortened the terms on which they're paying their smallest suppliers. It's disappointing to see your business take the opposite stance. My plea would be that you prioritise your small suppliers and pay them as normal but, at the very least, please arrange individual conversations between them and your team so the impact your actions will have is fully understood. You will then be able to make exceptions that will ensure the worst consequences - which can go far beyond financial, affecting well-being and mental health - can be avoided.

I would like to chat through this with you; please advise who I should contact to set up a telephone conversation. I hope I will hear from you by return.

Yours sincerely

Philip King  
Interim Small Business Commissioner

Lower Ground, Victoria Square House, Victoria Square, Birmingham B2 4AJ  
Direct Line 0121 695 7759 | Enquiries 0121 695 7770  
Email: [Philip.King@smallbusinesscommissioner.gov.uk](mailto:Philip.King@smallbusinesscommissioner.gov.uk)

Twitter: [@SB\\_Commissioner](https://twitter.com/SB_Commissioner) | LinkedIn: Office of the Small Business Commissioner | Facebook: Small Business Commissioner UK  
[www.smallbusinesscommissioner.gov.uk](http://www.smallbusinesscommissioner.gov.uk)









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