

Seeing red over regulations 'crippling' small business



Nikki Ferguson: "Most employers bury their heads in the sand."

by Caroline Bullock

The avalanche of red tape which will see businesses facing a further 73 new pieces of regulation this summer has been blasted for the "tiresome and crippling" effect it could have on SMEs by one Surrey firm.

The mounting levels of bureaucracy have become a principal gripe of SMEs in recent years, with business owners citing that as well as being time-consuming, complex and expensive to put in place, the persistent distraction of legislation will have a far reaching impact on the competitiveness of the economy as whole.

While most employers accept that a greater flexibility towards accommodating employee's needs is required to retain valued and skilled staff, the latest round of red tape has sparked criticism that the balance has now swung firmly in the employee's favour and that employers are increasingly being held to ransom in a "where there's blame there's a claim" culture.

As part of the new legislation Statutory Maternity Pay (SMP) is to be extended from six to nine months under the Work and Families Act.

And the right to request flexible working, previously available for parents of children under six (or 18 if disabled) has now been



The smoking ban will place fresh demands on employers.

extended to the carers of adults.

Added to this are new rights for under 16-year-old employees regarding Statutory Sick Pay (SSP), a new provision which protects employees from dismissal on grounds of redundancy and the imminent smoking ban which will see employers have to be more vigilant about members of staff smoking on the premises.

As always failure to comply could result in litigation.

As well as the impact on the productivity of small business which often rely on small teams already stretched to full capacity, further concern is centred on whether or not increased maternity leave will lead to more unfavourable view of women in the workplace. Dan May, director

of operations at IT specialists, ramsac in Godalming, which was the winner of the small business category in this years Surrey Business Awards, believes that the practical implementation of the new regulations are penalising business owners

"A work life balance should be encouraged and I can certainly understand the rationale behind extending the time a new mother needs off," said May

"However the effect of time off for SME's can be crippling, especially where you have skilled workers that are virtually impossible to replace on a temporary basis. If you lose 20% of your workforce to long term absence, with no real guarantee that will choose to come back at the end of it, you inevitably have to sacrifice at least part of your business.

"Running a SME is certainly complicated by the ever-increasing regulations and red tape.

"The threat of litigation from the 'where there's blame there's a claim' culture has certainly forced all business owners to focus on crossing t's and dotting i's".

"But the ever increasing need to record, justify, insure and protect can become a little tiresome. Employees need to be protected from unscrupulous employers, but it does sometimes feel like the masses are being held accountable for the shortcomings of the few."

As managing director of Quin-Essence, a Surrey-based company which offer a one stop solution for companies' personnel, management, legal and employee benefit, Nikki Ferguson is used to advising companies on the best strategy to put in place to meet new regulation.

She believes the greatest problem posed by the increase in regulations is the lack of awareness from those businesses affected, which in turn leaves them wide open for serious repercussions if they

fail to comply correctly.

According to the Forum of Private Business, as well as concern over the complexity of these regulations the immense cost in terms of pay and resources is a considerable drain for SMEs.

A recent survey conducted by the organisation cited that 83% of respondents spend up to 12 hours a month dealing with PAYE and other tax or National Insurance issues.

And Ferguson admits that while it can be extremely difficult for companies to try and organise an appropriate response in-house, not every small business has the financial means to pay someone else take care of it.

"Maternity leave always has a big impact on small firms, but once people are aware of what they need to do, procedures can be put in place," said Ferguson.

"But it is a big worry for small firms which are so busy running day to day business they don't have time to absorb all the information.

"I was talking to one firm with five employees who didn't know anything about the new regulations at all because they are so engrossed in the day to day running of their company.

"You have to go through contracts of employees, health and safety manuals, policies and procedures."

"The worse thing and the most common situation is employers burying their head in the sand and hoping it will go away when it won't."

However, she does believe the regulations will make employers more aware of maternity issues, which following the results of a recent survey by the equal opportunities commission would seem long overdue.

The survey found that just four in 10 employees think their employers fully understand how to manage pregnant staff and were in the dark on the associated health and safety issues.