



Protection for micro businesses in non—regulated sectors response form

The consultation is available at: www.gov.uk/government/consultations/protections-for-small-and-micro-businesses-in-non-regulated-sectors

The closing date for responses is Thursday 9 June 2016 at 23:59.

Please return completed forms to:

Graham Pepper
Business to Business Team
Department for Business, Innovation and Skills
1 Victoria Street
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Tel: 0207 215 3773

Email: graham.pepper@bis.gsi.gov.uk

Or respond online via Citizenspace: <https://bisgovuk.citizenspace.com/enterprise-directorate/protection-for-micro-businesses-in-non-regulated-s>

Please be aware that we intend to publish all responses to this consultation.

Information provided in response to this consultation, including personal information, may be subject to publication or release to other parties or to disclosure in accordance with the access to information regimes. Please see page 9 for further information.

If you want information, including personal data, that you provide to be treated as confidential, please explain to us below why you regard the information you have provided as confidential. If we receive a request for disclosure of the information, we shall take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the department.

I want my response to be treated as confidential

Comments: [Click here to enter text.](#)

Questions

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	Respondent type
<input checked="" type="checkbox"/>	Business representative organisation/trade body
<input type="checkbox"/>	Central government
<input type="checkbox"/>	Charity or social enterprise
<input type="checkbox"/>	Individual
<input type="checkbox"/>	Large business (over 250 staff)
<input type="checkbox"/>	Legal representative
<input type="checkbox"/>	Local government
<input type="checkbox"/>	Medium business (50 to 250 staff)
<input type="checkbox"/>	Micro business (up to 9 staff)
<input type="checkbox"/>	Small business (10 to 49 staff)
<input type="checkbox"/>	Trade union or staff association
<input type="checkbox"/>	Other (please describe)

About MRS

The Market Research Society (MRS) is the world's largest research association. It's for everyone with professional equity in market, social and opinion research and in business intelligence, market analysis, customer insight and consultancy. MRS supports best practice in the research industry by setting and enforcing industry standards.

The UK is the second largest research market in the world (second to the US) and the UK research sector is recognised as leading the way in the development of creative and innovative research approaches. In 2015, MRS with PWC undertook an updated assessment of the size and impact of the UK research and evidence market, The Business of Evidence 2016. One of the main findings from this report is the size of the UK 'business of evidence'

market, which employs up to 73,000 people and generates £4.8 billion in annual gross value added (GVA).¹

MRS represents both large businesses and SMEs and we have a range of research suppliers included in our membership. However the research supplier market is dominated by SMEs. The MRS 2013 League Tables which are the MRS Intelligence industry statistics detailing the largest suppliers of market research, analysis and intelligence ranked by individual company UK-based turnover (£m) reported in 2013, indicates that once outside the Top 15 companies, all other suppliers are SMEs and there is a considerable number of small and micro business suppliers.² This report is available at [MRS Intelligence Industry League Table](#).

Although we have not surveyed our members directly in response to this current consultation we have previously engaged with members and gathered evidence on the impact of trading practices on smaller research businesses.

Option One: The Small Business Commissioner's general advice and information function, which will include providing information on current rights for micro businesses.

Question 1 Subject to the Enterprise Bill being enacted, we will develop a user-friendly site for the Commissioner's general advice and information. The advice and information will cover points useful to small (including micro) business, for their dealings with larger firms. Please provide your views on the kinds of advice and information, or any particular areas, that would be helpful for micro businesses through this site.

Comments:

The MRS supports the proposed role of the Small Business Commissioner. We consider that micro businesses will benefit from the introduction of targeted advice that can bridge unmet legal need. This is partly due to the gap between access to free or subsidised services such as advice services targeted at individual consumers (e.g. Citizens Advice or pro-bono arrangements) and paid-for legal services which are accessed more by larger businesses than smaller businesses.

Our general engagement with smaller businesses and members of MRS (and affiliated research groups) indicates that some of the areas where micro-businesses such as sole traders would find advice and information valuable are:

¹ <http://www.pwc.co.uk/boe>

² Based on EU definition of SME using sole turnover criteria of 50 million euros.

- **terms and conditions applicable to purchase of goods and services and differences between trading as a consumer and as a business**
- **public procurement process and terms and conditions in government contracts.**

The Legal Services Board Legal Needs of Small Business survey also provides evidence on the areas where advice and support will prove useful to small and micro businesses. The report highlights that the most common legal problems faced by small firms relate to trading, employment and taxation.³

Option Two: Guidance for businesses when supplying micro businesses.

Question 2 Do you support the introduction of guidance for companies when contracting with micro businesses?

Comments:

Question 3 Please comment on the potential advantages and disadvantages of option 2.

Comments:

The MRS supports the introduction of guidance for companies when contracting with micro businesses. We consider that the introduction of this guidance could be helpful in alleviating some of the issues faced by smaller businesses by changing business culture and encouraging greater transparency in dealings with smaller businesses.

However it will be important to ensure that the expectations placed on businesses are not burdensome. In light of this the guidance should adopt a facilitative rather than prescriptive approach. Inclusion of best practice examples, wordings and templates would provide context for the expected compliance standards.

Question 4 Do you feel that any guidance should be statutory or more general, good practise in nature?

Comments:

MRS is of the view that the preferable approach would be to rely on more general best practice that encourages good practice standards rather than on binding statutory guidance.

The basis for the imposition of statutory guidance should be clear demonstrable evidence of continued concern and detriment. However it may

³ <https://research.legalservicesboard.org.uk/news/latest-research-small-business/>

be appropriate for the legislative instrument introducing these reforms to be sufficiently flexibility to allow for a tired approach that will facilitate a move to the introduction of statutory guidance if it is considered that the best practice approach has not been effective (based on clear and certain criteria and evidence base).

Question 5 Do you have any examples where the presence of statutory guidance has or would have assisted in resolving an issue (please give further details)?

Comments:

Question 6 What specific areas would you find it useful to see any guidance cover in relation to contracting with micro business?

Comments:

Question 7 Do you feel that having regard to statutory guidance would place particular burdens on contracting companies, both micro and other (please give further details)?

Option Three: Requiring businesses to provide pre-contract information when dealing with micro businesses.

Question 8 Do you support requiring businesses to provide pre-contract information to micro businesses?

Comments:

Question 9 Please comment on the potential advantages and disadvantages of option 3.

Comments:

Provision of pre-contract information in a simple readable format may be useful for smaller businesses. Although it represents a compliance burden and cost for larger businesses it would also be the logical continuation of an approach to dealing with individual consumers (such as in unfair contract terms legislation and data protection and privacy statements) that focuses on the provision of clearer terms. However as a key issue for small/micro businesses is limited expertise and manpower to review the contracts we are not convinced that the provision of pre-contract information will make a significant difference to the understanding of certain micro-business groups.

If pre-contract information needs to be introduced then the format should be tested with the key target groups, through consultation exercise or commissioned research, to ensure that the design, content and language are appropriate and useful to the intended audiences.

Question 10 What would be the main costs if this option were to be implemented, and who would be bear them?

Comments:

Question 11 Please comment on the types of contracts where pre-contract information should and should not be made available. For example should there be a threshold contract value above which pre-contract information must be made available, and below which it is not required? Or are there any types of contracts where pre-contract information is not appropriate?

Comments:

General

Question 12 Do you have any views on where any of the potential options detailed above may have an impact on businesses supplying a micro business purchaser, as well as on the micro business purchaser?

Comments:

Question 13 Do you have further views or evidence of the issues faced by micro business purchasers, or their suppliers, in (i) negotiating transactions and (ii) awareness and use of their current legal rights if goods or services are substandard?

Comments:

Question 14 Are there any other comments or suggestions you would like to make about the issues covered in this consultation?

Comments:

Question 15 Do you feel that financial thresholds would be helpful to define a micro business that would be covered by any support or protections in relation to purchasing goods or services; or would this unduly complicate the definition in this context?

Comments:

Financial thresholds may be useful but the key point is that the definition should be kept simple and consistent with other definitions used in the UK and EU.

Thank you for taking the time to let us have your views. We do not intend to acknowledge receipt of individual responses unless you tick the box below.

Please acknowledge this reply

BIS/16/49/RF