

Parliamentary Snapshot

MPs on Entrepreneurship

Members of Parliament may talk a good talk about their desire to support entrepreneurship in the UK, but in practice there are multiple, competing policy options open to them – whether this is increasing tax breaks, spending more in various ways or cutting regulation. Due to the limited time and resources available to government it matters where the sympathies of our representatives lie within the context of the current policies already in force. Parliamentary Snapshot: MPs on Entrepreneurship is the first survey to uncover the views of MPs on policies impacting entrepreneurs, providing useful insights on the opinions and working knowledge of the House of Commons.

There are two broad findings from the survey. First, there is a split between the two major parties about the effectiveness of policies to support entrepreneurs. Labour MPs broadly think spending more is the most effective way to promote entrepreneurship, while Conservative MPs largely think cutting taxes and regulation are more effective. Although some MPs from each of the two major parties can see the merit of other options, there are significant ideological splits between the two parties.

The survey also revealed a startling lack of knowledge among MPs about the policies already in place to support entrepreneurs. When asked to assess the effectiveness of specific policies, too often over half of MPs either had not heard of policies or don't know the policies well enough to assess them.

United They (Don't) Stand

MPs were asked to consider the following policy changes and rate them in terms of the potential impact they might have on entrepreneurial activity in the UK:

- Spending more on improving the skills of the domestic

workforce;

- Spending more on government grants and loans;
- Spending more on government support services;
- Lowering personal taxes;
- Lowering business taxes;
- Cutting UK business regulation;
- Exempting the UK from EU business regulation;
- Making it easier to hire workers from abroad.

Labour and Conservative MPs identify different priorities in their support for entrepreneurship. The top three policies for Labour MPs are: spending more on improving the skills of the domestic workforce (93%); spending more on government support services (76%); and spending more on government grants and loans (75%). In contrast, the top three policies for Conservative MPs are: cutting UK business regulation (98%); lowering personal taxation (94%); and lowering business taxes (91%), which is tied for third with exempting the UK from EU business regulation (91%).

The only policy with clear cross-party support is spending more on improving the skills of the domestic workforce, which has 92% on average across the sample representing the House of Commons – 93% support from Labour MPs and 89% support from Conservative MPs.

The most significant split between Conservative and Labour MPs is over the EU, with the vast majority of Conservative MPs, 91%, believing that exemption from EU business regulation would have a positive impact on entrepreneurial activity in the UK. In contrast, the majority of Labour MPs believe exemption from EU business regulation would have a negative impact on entrepreneurial activity. In fact, cutting EU business regulation is the only broad policy that the majority of either of the two main parties think would have a negative impact: only 15% of Labour MPs think exemption from EU business regulation would have

a positive impact on entrepreneurial activity in the UK, versus 62% who think it would have a negative impact.

Immigration remains a contentious political issue. Interestingly, there is weak, but clear support for the view that making it easier to hire skilled workers from abroad would improve entrepreneurship in the UK: 49% of MPs have a positive view of the impact versus just 20% who think it would have a negative impact. It is by no means the policy with the greatest support but this result suggests that most politicians understand that liberalising immigration for highly skilled workers could help entrepreneurship in the UK.

Spending More on Improving the Skills of the Domestic Workforce

The policy direction that has the most support across the House of Commons is spending more on improving the skills of the domestic workforce, with 92% of respondents believing that this would have a positive impact on entrepreneurial activity in the UK. Both Conservative and Labour MPs are heavily in favour of this:

- 89% of Conservative MPs think spending more on improving the skills of the domestic workforce would have a positive impact on entrepreneurial activity in the UK:
 - o 38% are strongly positive;
 - o 36% are fairly positive;
 - o 15% are slightly positive.
- 11% of Conservative MPs think spending more on improving the skills of the domestic workforce would have neither a negative nor positive impact on entrepreneurial activity in the UK.
- 93% of Labour MPs think spending more on improving the skills of the domestic workforce would have a positive impact on entrepreneurial activity in the UK:
 - o 45% are strongly positive;
 - o 30% are fairly positive;
 - o 18% are slightly positive.
- 3% of Labour MPs don't know whether spending more on improving the skills of the domestic workforce would have a negative or positive impact on entrepreneurial activity in the UK.
- 4% of Labour MPs think spending more on improving the skills of the domestic workforce would have a negative impact on entrepreneurial activity in the UK:
 - o 1% is fairly negative;
 - o 3% are slightly negative.

Lowering Business Taxes

Most MPs, 73%, think lowering business taxes would have a positive impact on entrepreneurial activity in the UK. Conservative MPs are mostly strongly in favour, while Labour MPs are less convinced:

- 91% of Conservative MPs think lowering business taxes would have a positive impact on entrepreneurial activity in the UK:
 - o 70% are strongly positive;
 - o 16% are fairly positive;
 - o 5% are slightly positive.
- 5% of Conservative MPs think lowering business taxes would have neither a negative nor positive impact on entrepreneurial activity in the UK.
- 4% of Conservative MPs don't know whether lowering business taxes would have a negative or positive impact on entrepreneurial activity in the UK.
- 46% of Labour MPs think lowering business taxes would have a positive impact on entrepreneurial activity in the UK:
 - o 3% are strongly positive;
 - o 18% are fairly positive;
 - o 25% are slightly positive.
- 40% of Labour MPs are neither positive nor negative about lowering business taxes.
- 14% of Labour MPs are broadly negative about lowering business taxes:
 - o 6% are fairly negative;
 - o 8% are slightly negative.

Cutting UK Business Regulation

Most MPs, 72%, think cutting UK business regulation would have a positive impact on entrepreneurial activity in the UK. Conservative MPs are strongly in favour of cutting UK business regulation, whereas Labour MPs are more split on the issue:

- 98% of Conservative MPs think cutting UK business regulation would have a positive impact on entrepreneurial activity in the UK:
 - o 75% are strongly positive;
 - o 16% are fairly positive;
 - o 7% are slightly positive.
- 2% of Conservative MPs think cutting UK business regulation would have neither a negative nor positive impact on entrepreneurial activity in the UK.
- 46% of Labour MPs think cutting UK business regulation would have a positive impact on entrepreneurial

activity in the UK:

- o 3% are strongly positive;
- o 8% are fairly positive;
- o 31% are slightly positive.
- 28% of Labour MPs are neither positive nor negative about cutting UK business regulation.
- 30% of Labour MPs think cutting UK business regulation would have a negative impact on entrepreneurial activity in the UK:
 - o 3% are strongly negative;
 - o 11% are fairly negative;
 - o 16% are slightly negative.

Lowering Personal Taxes

Most MPs, 65%, think lowering personal taxes would have a positive impact on entrepreneurial activity in the UK, while 15% think that it would have a negative impact. Conservative MPs are strongly in favour. In contrast, Labour MPs are less positive:

- 94% of Conservative MPs think lowering personal taxes would have a positive impact on entrepreneurial activity in the UK:
 - o 45% are strongly positive;
 - o 33% are fairly positive;
 - o 16% are slightly positive.
- 3% of Conservative MPs think lowering personal taxes would have neither a negative nor positive impact on entrepreneurial activity in the UK.
- 4% of Conservative MPs don't know what impact lowering personal taxes would have on entrepreneurial activity in the UK.
- 46% of Labour MPs think lowering personal taxes would have a positive impact on entrepreneurial activity in the UK:
 - o 3% are strongly positive;
 - o 18% are fairly positive;
 - o 25% are slightly positive.
- 40% of Labour MPs are neither positive nor negative about cutting UK business regulation.
- 14% of Labour MPs think cutting UK business regulation would have a negative impact on entrepreneurial activity in the UK:
 - o 6% are fairly negative;
 - o 8% are slightly negative.

Spending More on Government Grants and Loans

A majority of MPs, 60%, think spending more on

government grants and loans would have a positive impact on entrepreneurial activity in the UK, while 14% think that it would have a negative impact. Conservative MPs are split on the issue, whereas Labour MPs are broadly more positive.

- 45% of Conservative MPs think spending more on government grants and loans would have a positive impact on entrepreneurial activity in the UK:
 - o 18% are fairly positive;
 - o 28% are slightly positive.
- 30% of Conservative MPs think spending more on government grants and loans would have neither a negative nor positive impact on entrepreneurial activity in the UK.
- 24% of Conservative MPs think spending more on government grants and loans would have a negative or positive impact on entrepreneurial activity in the UK:
 - o 1% is strongly negative;
 - o 5% are fairly negative;
 - o 18% are slightly negative.
- 75% of Labour MPs think spending more on government grants and loans would have a positive impact on entrepreneurial activity in the UK:
 - o 12% are strongly positive;
 - o 19% are fairly positive;
 - o 44% are slightly positive.
- 21% of Labour MPs are neither positive nor negative about spending more on government grants and loans.
- 14% of Labour MPs think spending more on government grants and loans would have a negative impact on entrepreneurial activity in the UK:
 - o 3% are fairly negative;
 - o 1% is slightly negative.

Spending More on Government Support Services

A small majority of MPs, 55%, think spending more on government support services would have a positive impact on entrepreneurial activity in the UK, while 15% think that it would have a negative impact. Conservative MPs aren't particularly supportive of this but aren't strongly against it, while Labour MPs are more positive about spending more on government support services.

- 40% of Conservative MPs think spending more on government support services would have a positive impact on entrepreneurial activity in the UK:
 - o 2% are strongly positive;
 - o 10% are fairly positive;
 - o 28% are slightly positive.

- 39% of Conservative MPs think spending more on government support services would have neither a negative nor positive impact on entrepreneurial activity in the UK.
- 3% of Conservative MPs don't know what impact spending more on government support services would have on entrepreneurial activity in the UK.
- 18% of Conservative MPs think spending more on government support services would have a negative impact on entrepreneurial activity in the UK:
 - o 4% are strongly negative;
 - o 2% are fairly negative;
 - o 12% are slightly negative.
- 76% of Labour MPs think spending more on government support services would have a positive impact on entrepreneurial activity in the UK:
 - o 10% are strongly positive;
 - o 13% are fairly positive;
 - o 30% are slightly positive.
- 18% of Labour MPs are neither positive nor negative about spending more on government support services.
- 6% of Labour MPs think spending more on government grants and loans would have a negative impact on entrepreneurial activity in the UK:
 - o 4% are fairly negative;
 - o 2% is slightly negative.

Exempting the UK From EU Business Regulation

Half of MPs, 50%, think exempting the UK from EU business regulation would have a positive impact on entrepreneurial activity in the UK, while 36% think that it would have a negative impact. Conservative MPs are strongly in favour of exempting the UK from EU business regulation, but Labour MPs mostly have a negative view of this policy:

- 91% of Conservative MPs think exempting the UK from EU business regulation would have a positive impact on entrepreneurial activity in the UK:
 - o 57% are strongly positive;
 - o 22% are fairly positive;
 - o 12% are slightly positive.
- 5% of Conservative MPs think exempting the UK from EU business regulation would have neither a negative nor positive impact on entrepreneurial activity in the UK.
- 15% of Labour MPs think exempting the UK from EU business regulation would have a positive impact on entrepreneurial activity in the UK:
 - o 5% are strongly positive;
 - o 3% are fairly positive;

- o 7% are slightly positive.
- 20% of Labour MPs are neither positive nor negative about exempting the UK from EU business regulation.
- 2% of Labour MPs don't know whether exempting the UK from EU business regulation would have a negative or positive impact on entrepreneurial activity in the UK.
- 62% of Labour MPs think exempting the UK from EU business regulation would have a negative impact on entrepreneurial activity in the UK:
 - o 21% are strongly negative;
 - o 22% are fairly negative;
 - o 19% are slightly negative.

Making it Easier to Hire Workers From Abroad

Nearly half, 49%, of MPs think making it easier to hire workers from abroad would have a positive impact on entrepreneurial activity in the UK, while 20% think it would have a negative impact. Conservative and Labour MPs take a similar stance on this issue:

- 40% of Conservative MPs think making it easier to hire workers from abroad would have a positive impact on entrepreneurial activity in the UK:
 - o 3% are strongly positive;
 - o 15% are fairly positive;
 - o 22% are slightly positive.
- 39% of Conservative MPs think making it easier to hire workers from abroad would have neither a negative nor positive impact on entrepreneurial activity in the UK.
- 20% of Conservative MPs think making it easier to hire workers from abroad would have a negative impact on entrepreneurial activity in the UK:
 - o 5% are strongly positive;
 - o 4% are fairly positive;
 - o 11% are slightly negative.
- 53% of Labour MPs think making it easier to hire workers from abroad would have a positive impact on entrepreneurial activity in the UK:
 - o 10% are strongly positive;
 - o 13% are fairly positive;
 - o 30% are slightly positive.
- 23% of Labour MPs are neither positive nor negative about making it easier to hire workers from abroad.
- 24% of Labour MPs think making it easier to hire workers from abroad would have a negative impact on entrepreneurial activity in the UK:
 - o 1% is strongly negative;
 - o 12% are fairly negative;
 - o 11% is slightly negative.

Fig1. Please consider the following policy changes and rate them in terms of the potential impact they might have on entrepreneurial activity in the UK

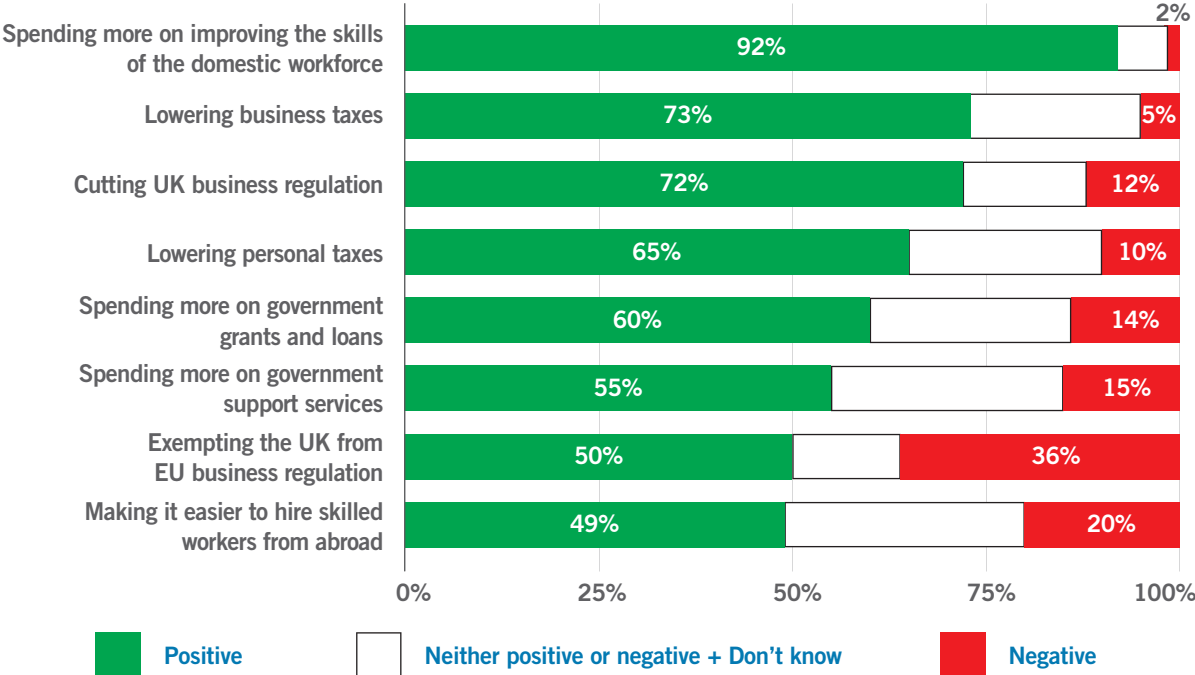


Fig 2. Please consider the following policy changes and rate them in terms of the potential impact they might have on entrepreneurial activity in the UK (Base: 43 Conservative; 53 Labour)

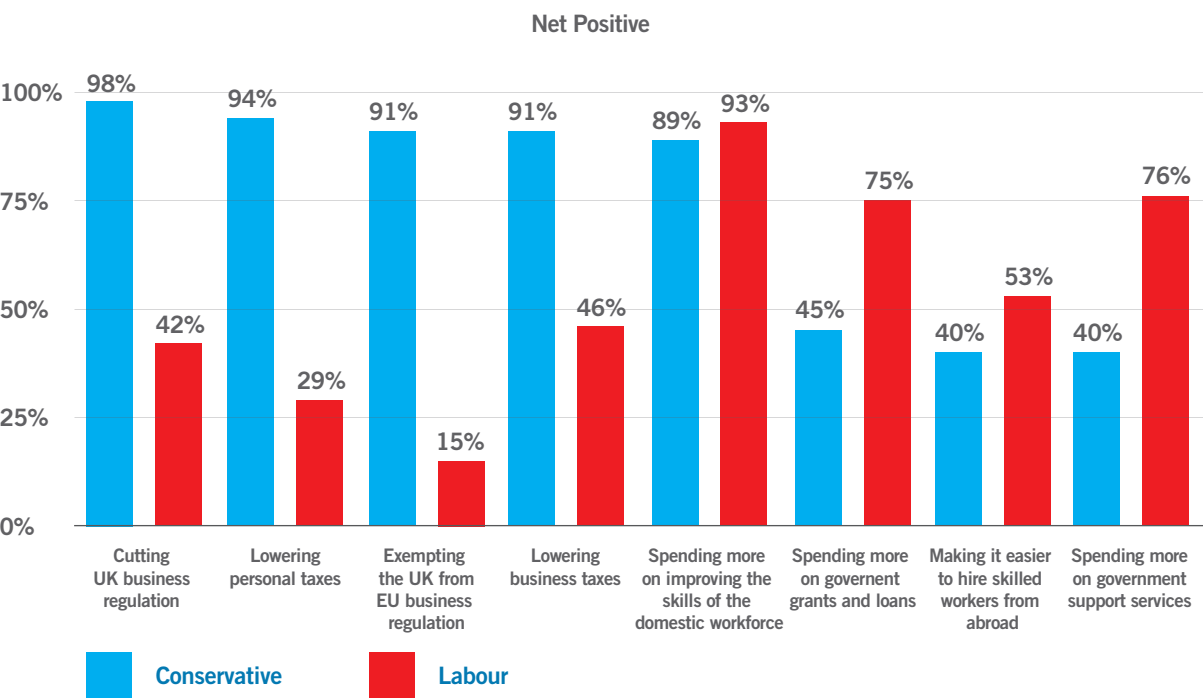


Fig 3. Please consider the following policy changes and rate them in terms of the potential impact they might have on entrepreneurial activity in the UK – Conservative

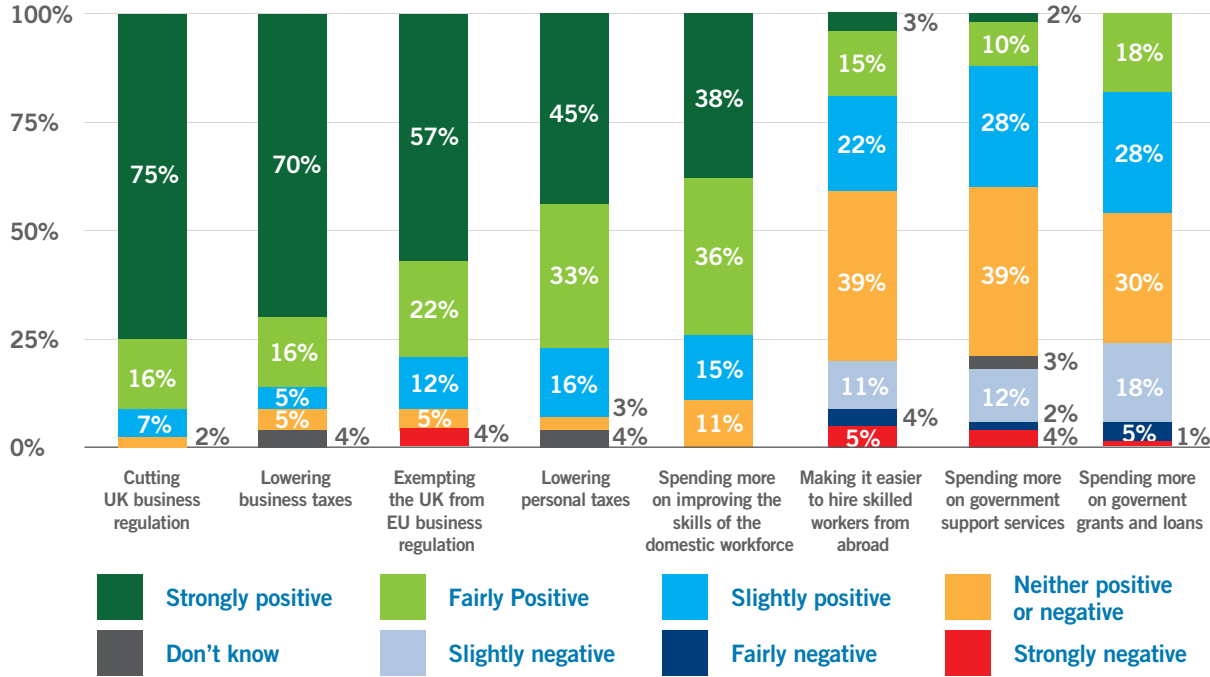
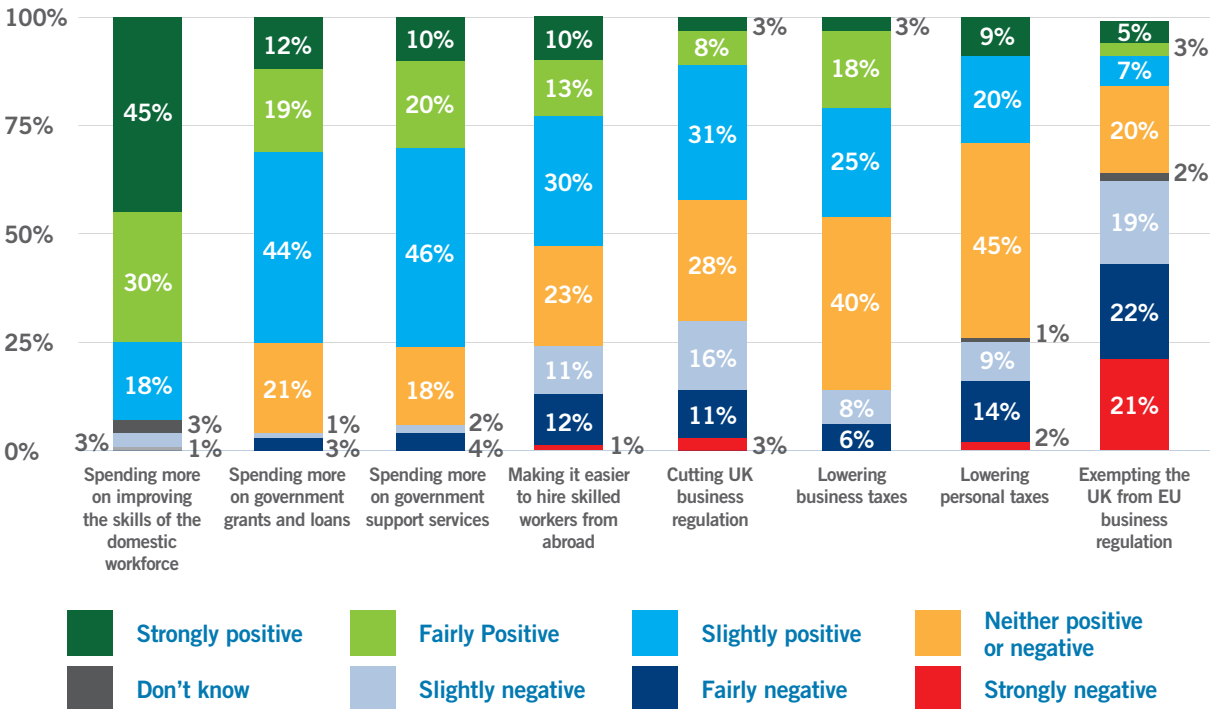


Fig 4. Please consider the following policy changes and rate them in terms of the potential impact they might have on entrepreneurial activity in the UK – Labour



Known Unknowns

MPs were asked how effective they thought the following policies designed to support entrepreneurs are:

- Start Up Loans;
- Venture Capital Trusts;
- Business Growth Fund;
- Enterprise Investment Scheme (EIS);
- Patent Box;
- Seed Enterprise Investment Scheme (SEIS);
- Entrepreneurs' Relief;
- Tech City UK;
- GrowthAccelerator;
- Angel CoFund.

The policies were chosen to represent a broad cross-section of support available to entrepreneurs. Some are not run by government, but all have been supported by government at some stage.

We can't expect all MPs to be aware of every policy, but the level of ignorance from is striking. MPs could, arguably, be forgiven for being largely unaware of the Angel CoFund; however, the fact that half of MPs, 50%, are unaware of GrowthAccelerator and a further 14% don't know whether it has had an impact is telling. GrowthAccelerator is a Grant Thornton / Department for Business, Innovation and Skills scheme available to any independent business based in England and registered in the UK that has fewer than 250 employees and turnover less than £40 million. It's a significant programme of support, offering coaching and expert advice to help businesses attract investment, increase sales and innovate quickly.

TechCity UK was originally set up with a clear focus on attracting foreign direct investment and putting East London's fast-growing tech scene on the map. It has since extended its remit to supporting digital entrepreneurship across the UK. TechCity UK is central to the country's digital strategy, but 48% of MPs have not heard of it and a further 13% have heard of it but don't know whether or not it is effective.

Entrepreneurs' Relief is a significant tax break for successful entrepreneurs who sell or close their business, meaning qualifying entrepreneurs only pay 10% Capital Gains Tax on any qualifying profits. Only 42% of MPs are aware of Entrepreneurs' Relief and a further 12% have heard of it but don't know whether or not it is effective. MPs should be aware of this relief and be able to pass on key facts about

it to their constituents, such as the 5% equity requirement.

The Seed Enterprise Investment Scheme (SEIS) grants individual investors up to 50% tax relief on investing in smaller companies up to a maximum of £100,000. This is something that every start-up seeking investment should know about. SEIS is aimed at new companies that are struggling in the early stages of securing investment and MPs should be sharing the significant tax advantages to investors and start-ups in their constituencies.

The Patent Box enables companies to apply a lower rate of Corporation Tax to profits earned from its patented inventions and certain other innovations. Only 42% of MPs are aware of The Patent Box and a further 9% have heard of it but don't know whether or not it is effective.

The remaining four policies are understood to more respectable degree. Start up Loans has received a great deal of media attention and support from senior politicians, which may explain why it's the most well known policy. The reason the VCT scheme is better known than some of the other policies may be because it has been around since 1995. EIS is a major tax break and although better known than other policies.

Given the relative lack of knowledge about other policies, it is surprising that the Business Growth Fund is familiar to so many MPs. It was set up in 2011, has not received much press coverage, and it independent of government. Further research should be undertaken to explore the reasons for this.

Fig 5. How effective do you feel the following policies designed to support entrepreneurs are, if you have heard of them?

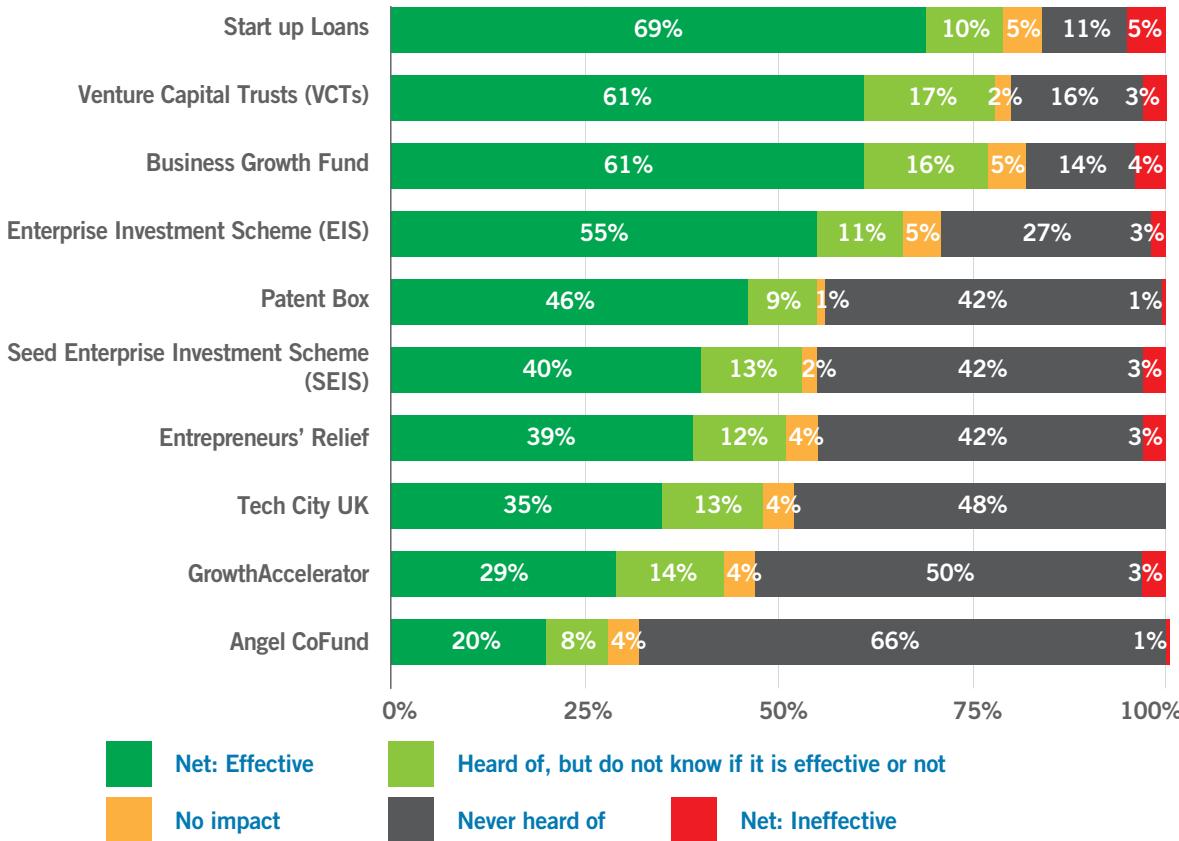


Fig 6. How effective do you feel the following policies designed to support entrepreneurs are, if you have heard of them? – Conservative

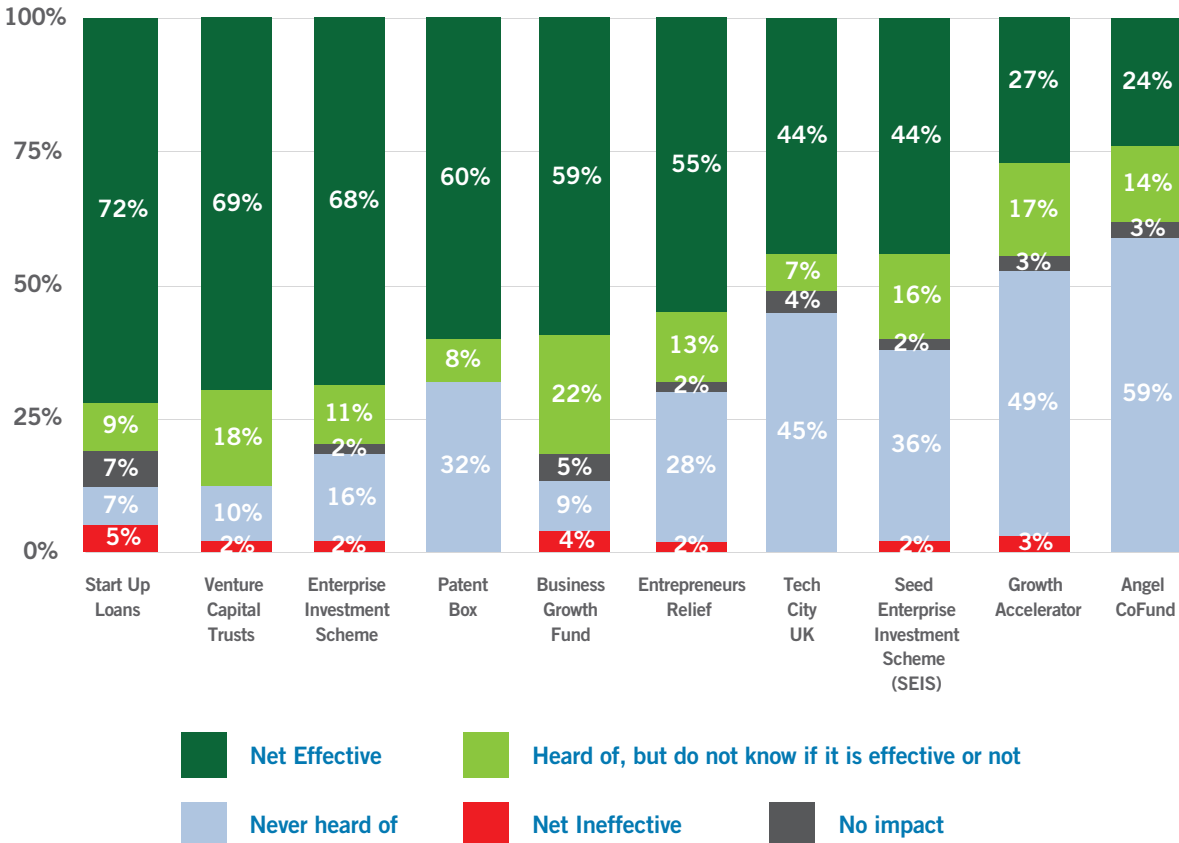
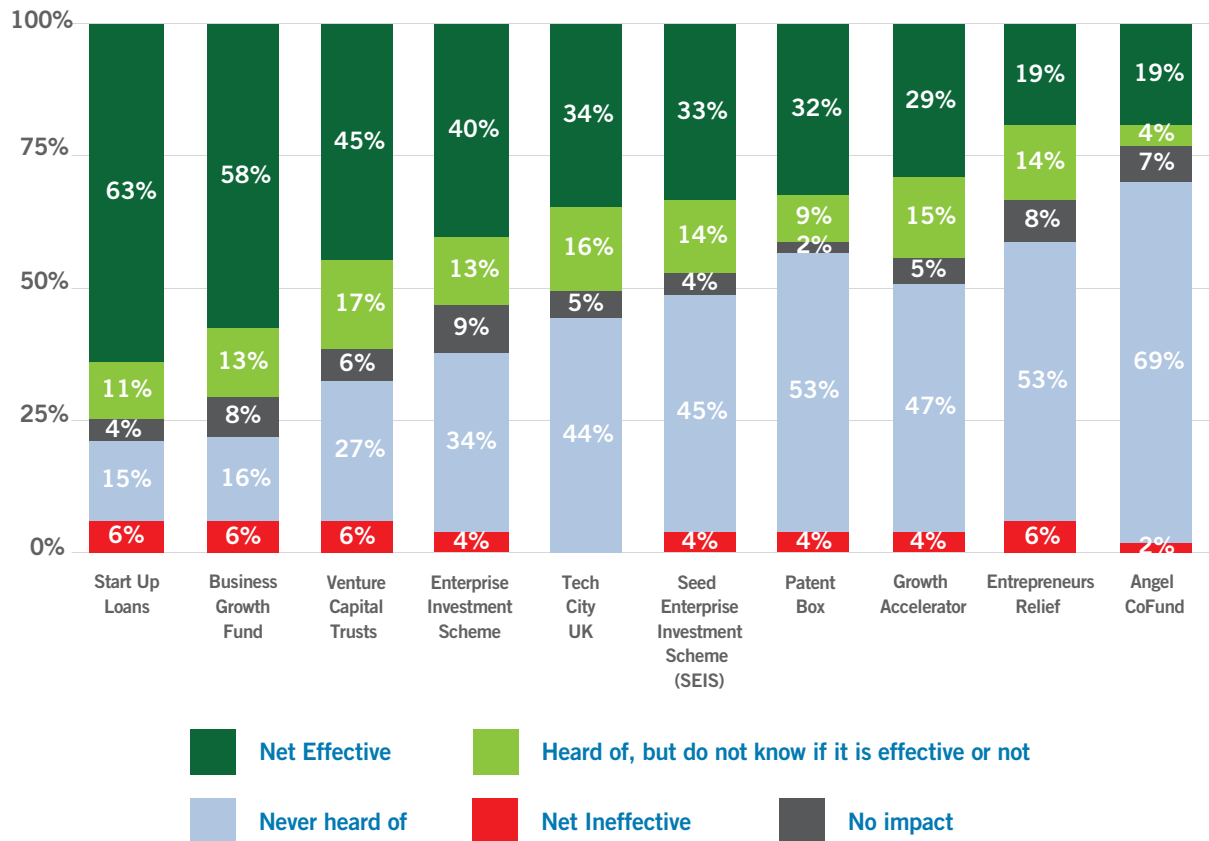


Fig 7. How effective do you feel the following policies designed to support entrepreneurs are, if you have heard of them? – Labour



Concluding Remarks

This is the first survey to uncover the views of MPs on entrepreneurship. A more detailed survey is required to uncover more information about the particular priorities of MPs; however, there is currently a limit as to what can be found out due to the broad lack of knowledge across the House of Commons about current policies.

The ignorance of MPs about current policies is surprising. It appears that most MPs are not adequately informed to vote on future policy changes or disseminate information about support already available to entrepreneurs in their constituencies.

Yet this problem isn't insurmountable, and organisations, such as The Entrepreneurs Network (TEN), have a role to play in educating politicians and informing the public at large about the policies currently in place. The results of future surveys will be testament to the success, or otherwise, of these efforts.

Appendix

Background:

- YouGov completed online interviews with 105 UK MPs;
- Fieldwork was conducted between 07/05/14 and 19/05/14
- All results are based on a sample and are therefore subject to statistical errors normally associated with sample-based information;
- Any percentages calculated on bases fewer than 40 unweighted respondents must not be reported as they do not represent a wide enough cross-section of the target population to be considered statistically reliable;
- Data are weighted by party, gender, electoral cohort, and geography to give a sample that is representative of the House of Commons;
- Based on a 95% confidence level results are correct to plus or minus 9%.

Questions:

Q1. Please consider the following policy changes and rate them in terms of the potential impact they might have on entrepreneurial activity in the UK:

- Spending more on improving the skills of the domestic workforce
- Spending more on government grants and loans
- Spending more on government support services
- Lowering personal taxes
- Lowering business taxes
- Cutting UK business regulation
- Exempting the UK from EU business regulation
- Making it easier to hire workers from abroad

Possible answers:

- Strongly positive
- Fairly positive
- Slightly positive
- Neither positive nor negative
- Don't know
- Slightly negative
- Fairly negative
- Strongly negative

Q2. How effective do you feel the following policies designed to support entrepreneurs are, if you have heard of them?

- Start Up Loans
- Venture Capital Trusts
- Business Growth Fund
- Enterprise Investment Scheme (EIS)
- Patent Box
- Seed Enterprise Investment Scheme (SEIS)
- Entrepreneurs' Relief
- Tech City UK
- GrowthAccelerator
- Angel CoFund

Possible answers:

- Effective
- Heard of, but do not know if it is effective or not
- No impact
- Never heard of it
- Ineffective

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