

The economic and employment benefits of the Small Business Bonus Scheme

**STUC
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Scottish Trades Union Congress

Introduction

During a session with the Economy, Energy and Tourism Committee (EETC) on 2 November, the STUC was attacked for challenging the widespread assumption that the Small Business Bonus Scheme (SBBS) has delivered significant economic benefits for Scotlandⁱ. The Federation of Small Business (FSB) in Scotland duly issued a strongly worded press release in which they *asserted* that the SBBS had proved successful and questioned the STUC's right to comment on such mattersⁱⁱ.

In simply asserting that the SBBS is delivering economic benefits, the FSB follow the example set by the Scottish Government. A salient feature of this debate is that none of the SBBS's many vocal advocates have bothered to produce evidence to back their extravagant claims. Assertions are the order of the day.

Interestingly, the STUC was challenged by members of the EETC – who seem content for Government to continue asserting the scheme's benefits - to back its arguments with evidence. In this we are pleased to oblige the Committee and the paper that follows is our attempt to draw on available data to examine the absolute and relative performance of Scotland's small businesses since the scheme was introduced.

Given previous reaction to STUC comment on this issue, it is necessary to stress at the outset that this intervention is *decidedly not an attack on Scotland's small businesses*; it is intended as a positive contribution to the ongoing debate about effective economic development. The STUC believes that good policy results from a robust and fair minded exchange of views and we look forward to the response of the SBBS's supporters to the evidence and arguments presented in this paper.

What is the SBBS?

The SBBS is designed to provide small businesses in Scotland with a '*competitive advantage*' through progressively reducing the rates 'burden' for businesses with properties of which the combined rateable value is £15,000 or lessⁱⁱⁱ.

Question: what is the nature of the competitive advantage provided by the SBBS? In the context of very small businesses competing overwhelmingly in local markets (where the SBBS is available to all who qualify), the STUC has always been unclear about what exactly is meant by 'competitive advantage'. If the advantage is not over similar sized businesses in the recipients' local market, then it must be over larger businesses and/or businesses located beyond the local market. In what way do very small businesses 'compete' with either of these constituencies? If they do not, the claim that SBBS delivers a 'competitive advantage' is meaningless. A small local grocer doesn't gain a 'competitive advantage' over Tesco by saving £1,400 a year on its rates bill.

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The scheme was initially introduced from 1 April 2008 and was delivered in full from April 2009. The relief rates from 2009-2010 onwards are set out below:

Combined rateable value of all business properties in Scotland	Percentage relief available, subject to eligibility
Up to £8,000	100%
£8,001 to £10,000	50%
£10,001 to £15,000	25%

The level of relief for each business depends on:

- (i) The combined rateable value of all properties in Scotland of which the business is in rateable occupation or (if vacant) which the business is entitled to occupy;
- (ii) Whether or not each property is eligible for one of the existing rates relief schemes; and,
- (iii) The level of other public sector assistance received by the business.

How much does it cost?

Since its introduction in 2008, far the scheme has cost £289m^{iv}:

2008-09	£68m	(64,179 recipients)
2009-10	£104m	(73,939 recipients)
2010-11	£117m	(80,021 recipients)

The 2011-12 figure is estimated to be £131m (paid to 85,199 recipients) and so it is reasonable to assume that over the course of the current Spending Review the SBBS is likely to cost around £400m.

What were the Scottish Government's aspirations for the SBBS?

It should be stressed that the Government's aspirations went much wider than simply providing an ill-defined competitive advantage. Consider the following comments made by the then Enterprise Minister Jim Mather MSP, during a Parliamentary debate^v on the introduction of the SBBS in June 2008:

- 'An important stage in the fulfilment of the Government's ambition to create a more successful country by increasing sustainable economic growth' – **SBBS as growth enhancing mechanism**;
- 'we have talked to the small business community about the disincentive effect that rates can have in creation and expansion of small businesses which is why we too want swift action to reduce the burden of business rates' – **SBBS as mechanism to increase the rate of small business formation and expansion**;

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- From 1 April 2009, up to 120,000 small businesses will pay no rates at all, which will give Scotland a real competitive advantage compared to other parts of the UK – **SBBS providing small Scottish businesses with a competitive advantage (and boosting the attractiveness of Scotland as a location for small business?);**
- ‘I am confident that the local firms, small traders, retailers and entrepreneurs that make up the small business community will react positively by investing and by triggering more sustainable growth and being better able to cope with that growth as it affects their businesses’ – **SBBS as mechanism to boost business investment;**
- ‘with the bonus scheme and growth rates converging with those that are enjoyed elsewhere, we will not only avoid the costs that far outweigh the reduction that we have made in business rates but will generate compensating revenues that Scotland will benefit from in the future’ – **SBBS as revenue generator i.e. there is no need to balance this tax cut with compensating spending reductions because the incentive effect unleashed will lead to higher revenues (classic supply side economics);**
- ‘The key fact is that there will be an enormous impact. I think there will be a dramatic chain reaction and that populations will be retained in our villages, towns and down-at-heel parts of our cities and that there will be access to closer services for our citizens and support for the elderly and those without cars in particular. I think that money will be retained – that the local pound will be retained in the local area and more businesses will be able to interact and work with one another’ – **SBBS as mechanism for sustainable, effective urban and rural regeneration;** and,
- The bonus scheme is exciting. It is creating a sense of purpose among our business community. There will be a culture change that will let our businesses step up to the challenge. Ingenuity will be released’ – **SBBS as boost to innovation and impetus for transformative, cultural change.**

Therefore, it is reasonable to conclude that the SBBS, if it is to meet the Scottish Government’s aspirations, should as a minimum:

- Directly and substantially improve the rate of new small business formation;
- Directly and substantially improve the rate of business growth;
- Increase Scottish Government revenues;
- Contribute to rising GDP;
- Contribute to rising business investment;
- Make a major contribution to the Scottish Government’s regeneration strategy;
- Contribute to the achievement of Scottish Government targets on solidarity and cohesion; and,
- Contribute to enhancing the economy’s capacity for innovation and help to drive transformative cultural change.

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Has any effort been made to evaluate the effectiveness of the SBBS in achieving the Scottish Government's Economic Strategy targets?

Over three years since the SBBS was introduced, **there has been no robust independent evaluation of its effectiveness**. There has been no attempt by the Scottish Government to commission comprehensive independent research. The SBBS's many vocal advocates have made no attempt to draw on Scottish Government, Department for Business, Innovation and Skills (BIS) or ONS statistics on company size, formation, employment and turnover to assess the absolute and relative performance of Scotland's small businesses since the SBBS was introduced. **The STUC is unable to recall another instance when an expensive public policy initiative was subjected to so little scrutiny.**

All that has been published to date is an analysis^{vi} by the Scottish Government of the number of small businesses receiving the bonus and a survey^{vii} by the FSB of its own members. The latter is worthy of further discussion.

The FSB survey was published in April 2009. Out of a membership of over 17,000 there were 400 respondents (a response rate of 2.5%) to the survey. It found that:

- 64% of FSB members said they were benefitting from the SBBS;
- Of the remaining third, four-fifths were ineligible for a number of reasons;
- Only 6% of all the businesses who responded cited lack of awareness as the reason for not applying;
- 10% had re-invested savings made back into the business;
- Two thirds (67%) said the saving had helped offset steep increases in other bills over the year e.g. energy and finance charges;
- 5% said it had allowed them to maintain or increase employee numbers;
- 14% said money saved was helping their business to stay afloat in the current difficult economic circumstances;
- Almost 70% of those members described the savings offered as substantial, with 26% describing them as modest; and
- Most businesses found the application process relatively easy and most were satisfied with their local authority's handling of the scheme. However, there was clear frustration about the administrative costs for both business and council.

At this point it is necessary to stress that the FSB's purpose in publishing these results is **to demonstrate the value, not the deficiencies, of the SBBS**. The FSB, described by Mr Mather as the '*principal architect of the scheme*'^{viii} is hardly a neutral authority in the matter of evaluating its effectiveness. And yet, with what we have to assume is the best gloss put on its findings, the survey informs us that:

- Only 10% of FSB members benefitting from the SBBS had reinvested the savings back into the business;
- Only 5% claim money saved had 'allowed them to maintain or increase employee numbers; and,
- 14% claim money saved was helping them to stay afloat.

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In the FSB's evidence to the EETC^{ix}, the third point above is extended; SBBS relief (averaging £1.4k) is no longer just *contributing* to helping small businesses to stay afloat; it is the crucial factor in *enabling* them to stay afloat:

“Funding the Small Business Bonus (SBBS) is vital and we welcome the commitment of the Scottish Government to maintain this crucial scheme. It should be acknowledged that the SBB has made a real difference to thousands of Scottish businesses. Indeed, according to 2009 research, around one in four of our members now don't pay rates due to this scheme, while many more receive a significant discount. Our members attest that the SBB eased cash flow worries when bank lending was constrained, late payment was rife and bad debts increasingly common. With average savings of £1403 we have no doubt it made the difference between survival and failure for many of our members”.

Question: is it really credible to argue that £1,403 a year is the difference between survival and failure for a business? Or that this level of tax break is enabling businesses to take on more people? (What are small businesses paying these days?) Should public policy seek to intervene to support businesses so fragile that they would fail for want of £1,403? Is this really the best way to boost growth and jobs? Why is it that so many who usually extol capitalism's 'creative destruction' (not the STUC) support a scheme which seeks to prop up the most fragile companies?

One factor distinguishing successful economies is the number of high productivity medium to large firms employing significant numbers of people and operating successfully in global markets. This is recognised – implicitly if not always explicitly - in the Scottish Government's key sector strategy which seeks to build on Scotland's comparative advantages. It is not clear how the SBBS helps to support this strategy; indeed, by hoovering up scarce resources that could, for instance, support/incentivise investment in capital goods or R&D, it is legitimate to argue that it undermines it.

Has the SBBS boosted company formation, expansion, jobs and economic growth?

The truth is that providing a definitive answer to this question is likely to prove extremely difficult. Establishing direct cause and effect would always have posed challenges but an additional layer of complexity is present given that the SBBS was introduced just as the economy entered the deepest and longest recession since the War. Trying to disentangle the very real, negative impacts of recession from any benefits possibly accruing from the SBBS is not easy. But, as we shall see, the STUC believes there are very good reasons for believing the SBBS has had little or no positive impact.

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All things being equal, on the basis of the Scottish Government's claims about the impact of the SBBS, we could reasonably expect that 1) the absolute performance of the small business sector in Scotland would improve; and, 2) the performance of the Scottish small business sector relative to the rest of the UK would improve. If the extreme claims on the potential benefits of the scheme stacked up, we would also expect to see small businesses improve their performance relative to larger firms.

While performance against the first measure is bound to have suffered as a result of the recession, the second should not be affected – all small businesses across the UK have suffered from falling demand, access to finance difficulties and other problems associated with the weak economy since late 2007. Indeed, ***the recession in Scotland was both shallower and shorter^x than the recession in other parts of the UK so all things being equal, we would expect to see small businesses in Scotland fare marginally better than their counterparts across the UK in the years since the introduction of the scheme. With the boost provided by the SBBS, it is not unreasonable to assume that the performance will have been significantly better. Indeed, this is what advocates of the scheme have led us to expect.***

What do the statistics tell us?

The STUC has analysed BIS statistics^{xi} to consider the absolute and relative performance of Scotland's very small businesses since the introduction of the SBS in 2008. For each of the nations of the UK, these provide a detailed overview of:

- The number of businesses by employee numbers;
- Total employment in small businesses;
- Total turnover for small businesses; and,
- All the above as a proportion of total business activity.

It is important to emphasise that the STUC openly accepts that these statistics do not tell the full story about the impact of the SBBS; it would be helpful to have detailed information on the types of businesses (sector, employment and turnover) receiving the SBBS. However, this data is not being collected by the Scottish Government. We have focused on figures for very small firms employing less than 9 people as it seems highly unlikely that many firms employing more than 9 employees are operating out of premises with rateable values of £15k and under.

The results of our analysis of BIS statistics serve as a stark contradiction to the success being asserted by the Scottish Government, FSB and others.

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Absolute performance of Scotland's very small companies since 2008

As expected, the last few years have been difficult for Scotland's very small firms with significant falls in the number of businesses, employment and turnover:

Table 1 *Decline in number of enterprises, employment and turnover in very small Scottish businesses 2008-2011*

	No. of enterprises		Employment		Turnover	
	2008 ^{xii}	2011 ^{xiii}	2008	2011	2008	2011
Scottish businesses with 0-9 employees	306,805	272,225	541,000	498,000	40,917	36,690

The proportion of total activity in these areas accounted for by small businesses has also declined:

Table 2: *Small businesses as a proportion of total business activity in Scotland 2008-2011 (%)*

	Enterprises		Employment		Turnover	
	2008	2011	2008	2011	2008	2011
Businesses with 0-9 employees	95.3	94.5	33.3	30.9	23.8	20.1

The decline in number of enterprises, total employment and turnover are what we would expect to find in a recession and tell us only that the SBBS has not been of sufficient scale to compensate for the problems associated with the recession; an unremarkable finding. It is therefore necessary to consider the performance of Scotland's very small businesses against the performance of the other UK nations.

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Relative performance of Scotland's very small businesses

With so many firms benefitting from the 'competitive advantage' bestowed by the SBBS, it is not unreasonable to assume that Scotland's small businesses will have outperformed their counterparts in England, Wales and Northern Ireland over the period 2008-2011. But the figures suggest otherwise:

Table 3: *Businesses with 0-9 employees: change in number of enterprises, employment and turnover between 2008 and 2011*

	Enterprises		Employment (thousands)		Turnover (£ms)	
	2008	2011	2008	2011	2008	2011
Scotland	306,805	272,225	541	498	40,917	36,690
England	3,867,925	3,758,180	6,638	6,303	572,341	533,939
Wales	193,080	184,360	342	324	20,919	18,862
N Ireland	119,360	115,820	224	211	17,803	16,811

Table 4: *Businesses with 0-9 employees: change in number of enterprises, employment and turnover between 2008-2011 as a proportion of all companies*

	Enterprises		Employment		Turnover	
	2008	2011	2008	2011	2008	2011
Scotland	95.3	94.5	33.3	30.9	23.8	20.1
England	95.8	95.5	39.1	30.8	21.2	19.5
Wales	95.9	95.7	45.3	42.4	27.8	26.2
N Ireland	94.3	94.9	41.5	40.8	32.1	31.3

Table 5: *Businesses with 0-9 employees: percentage change in number of enterprises, employment and turnover between 2008 and 2011*

	Enterprises	Employment	Turnover
	% change 08-11	% change 08-11	% change 08-11
Scotland	-11.3	-7.9	-10.3
England	-2.8	-5.0	-6.7
Wales	-4.5	-5.3	-9.8
Ireland	-3.0	-5.8	-5.6

(see Annex A for figures/changes presented in one table)

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Remember, the recession in Scotland was shorter and shallower than for the UK as a whole so it could reasonably be anticipated that Scotland's very small businesses would perform better than their counterparts in the other nations of the UK. However, the findings above show that:

- Since the SBS was implemented in 2008, **Scottish small businesses with between 0 and 9 employees performed significantly worse than their counterparts in England, Wales and Ireland in terms of number of businesses, employment and turnover;**
- The rate of decline in the number of enterprises in Scotland is proportionately four times that of England; more than three times that of Northern Ireland and over twice that of Wales;
- The performance was marginally better on employment – yet Scotland still lost jobs at a significantly faster rate than any of the other nations; and,
- Where Scotland appears to perform relatively better i.e. the steep fall in the share of employment accounted for by England's very small businesses – this is because larger firms were growing more in England.

These findings appear to thoroughly contradict the Scottish Government's forceful assertions on the benefits of the scheme.

It is also worth looking in more detail at 2010-2011, the last full year in which the SBBS operated and figures are available. As noted above, the SBBS cost £117m to deliver in this year; an increase of £49m on 2008-09. This was also a year in which the Scottish labour market as a whole outperformed the UK labour market. Again, all things being equal, it is reasonable to assume that small Scottish companies would outperform their contemporaries in England, Wales and Northern Ireland; significantly so if we take into account the more extravagant claims on the benefits of the SBBS.

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Table 6: *percentage change in number of enterprises, employment and turnover 2010-2011*

No. of employees	Enterprise	Employment	Turnover
	% change	% change	% change
Scotland			
0	1.4	3.7	-8.4
1-4	-1.5	-1.9	-4.7
5-9	-1.3	-1.7	1.9
0-9	0.7	0.6	-4.1
England			
0	2.3	4.3	-4.5
1-4	-2.5	-2.2	-6.0
5-9	-0.3	-0.6	-7.5
0-9	1.3	1.3	-6.0
Wales			
0	1.8	4.5	-6.1
1-4	-4.2	-3.9	-6.0
5-9	-2.3	-3.0	-4.2
0-9	0.5	0.3	-5.6
N Ireland			
0	3.6	7.5	10.7
1-4	-3.9	-2.9	-8.2
5-9	-7.7	-8.2	-1.9
0-9	1.5	0.5	-0.2

(see Annex B for full figures)

Although Scotland's performance during 2010-11 was better than over the 2008-2011 period as a whole, the performance on all three measures still provides no evidence of the growth enhancing magic of the SBBS:

- On number of enterprises created Scotland significantly lags England and Northern Ireland and England and only marginally outperforms Wales;
- On employment created Scotland is marginally ahead of Northern Ireland and well behind England;
- On turnover, Scotland is ahead of Wales and England but significantly behind Northern Ireland; and,
- Only in the 1-4 employee category does Scotland outperform the other nations but only marginally so in the case of England.

Conclusions

The extravagant claims made for the SBBS by the Scottish Government, employer organisations, media commentators and many politicians across the political spectrum do not appear to be justified by the performance of Scotland's small businesses since the scheme was introduced in 2008. This comes as no surprise to the STUC; we were never convinced that providing rates relief across the board to Scotland's very smallest businesses would boost jobs and growth.

The assumption that it would is based on:

- the Scottish Government's rigid adherence to supply-side economics; the belief that cutting taxes on business will ***in all circumstances*** unleash incentive effects that will ***necessarily*** lead to growth and higher revenues. The same thinking pervades the Scottish Government's position on corporation tax; and,
- the oft repeated but poorly evidenced assumption that small businesses are the key drivers of growth and employment in the Scottish economy.

The Scottish Government's problem is that there is scant evidence to support either of these propositions. Supply side economics is perhaps the most discredited 'theory' in the history of economics. There is precious little evidence to support the view that providing a generalised tax break to all small companies will boost growth and jobs.

There is a yawning gap between the vision inherent in Mr Mather's quotes referenced above and the relative performance of Scotland's very small businesses since the introduction of the SBBS. The unwillingness to properly research the value of the scheme is perhaps related to the obvious political attraction of providing tax cuts to thousands of small businesses.

There is also a fundamental disconnect between the Scottish Government's economic strategy - rooted in the comparative advantages of Scotland's key sectors - and a generalised tax cut to many small businesses, a substantial proportion of which have neither the inclination nor capability to grow.

It seems incredible to us that the SBBS's advocates argue that the scheme is making the difference between survival and failure for many small businesses as we learn that the average received is £1,403. Quite simply, if the business depends on £1,403 through the SBBS to stay afloat then it is not a viable business and public policy should not be seeking to prop it up. It is equally absurd to claim that funding at this level is being used to retain current, or recruit new, staff.

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Small businesses and business support

The STUC is aware that offering any critique, no matter how constructive and evidenced, of the SBBS will be perceived, often wilfully, as tantamount to an outright attack on all small businesses. This is not our intention. The STUC is delighted to acknowledge that small businesses are an important part of the Scottish economy and that many are delivering excellent goods and services to market, often in innovative ways.

However, by consistently exaggerating the role within, and importance to, the national economy, policymakers are in danger of persisting with a policy framework that is ultimately to the benefit of no-one; including small businesses. It shows an extraordinary lack of awareness for small business representative organisations to dismiss new policy initiatives which seek to address longstanding structural problems – problems which disproportionately impact on those small businesses with the greatest potential to create growth and jobs - in the Scottish economy as ‘trendy initiatives’^{xiv}.

The STUC will continue to support the provision of excellent advice and grant support to small businesses and form our policy positions on evidence. We are also very willing to discuss more appropriate ways of making the taxation framework as a whole fairer on small businesses. A key priority must be to end the prodigious success of large companies in avoiding and evading their taxation responsibilities.

Recommendations

Reforming SBBS

- Ideally, the ***STUC would like to see the SBBS abolished and the money spent in areas that could make a significant difference to the long-run growth rate and help create the quality full-time jobs that Scotland so desperately needs***: Scottish Investment Bank, R&D incentivisation and support, infrastructure to support renewables development, quality active labour market programmes, addressing skills gaps in key sectors, supporting effective skills utilisation in key sectors. This list is not exhaustive.
- ***Future tax relief must be targeted and tied to job related investment if it is to have any impact on employment and growth***. An approach that simply assumes the benefits of a widely dispersed tax break is doomed to failure.

Research

The STUC notes that, in its report on the draft Budget, the EETC has recommended that ‘*the Scottish Government undertake an evaluation of its overall economic benefit in order to shape future thinking and decision-making*’^{xv}. We thank the Committee for this recommendation.

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The STUC absolutely acknowledges that there are gaps in this paper. It would be tremendously helpful to know much more about the companies (number of employees, turnover, markets served) receiving SBBS funding. It would also be helpful to track their development over a number of years. Indeed, it is unacceptable that such monitoring wasn't built into the initiative from the start.

What the Scottish government/small business representative organisations must do to prove their case:

- Provide meaningful data on the organisations - size by employment and turnover - receiving the SBBS;
- Show that the performance of these companies – relative to those not receiving assistance - has improved;
- Demonstrate a positive effect on business formation, investment, growth and innovation.

A final irony...

It is remarkable that during the debate referenced above in which Mr Mather outlined his ambitions for the SBBS, just about every MSP contributing had to state an interest; ***they were directly benefitting from the scheme through their local offices.*** So it seems the SBBS was designed to boost growth, create jobs, drive innovation and culture change... and provide a tax break for MSPs.

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January 2012

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Annex A Business with 0-9 employees: changes in number, employment & turnover 2008-2011

	Enterprises		Employment		Turnover		Enterprises	Employment	Turnover
	2008	2011	2008	2011	2007	2011	% change	% change	% change
Scotland	306805	272225	541000	498000	40917	36690	-11.3	-7.9	-10.3
England	3867925	3758180	6638	6303	572341	533939	-2.8	-5.0	-6.7
Wales	193080	184360	342000	324000	20919	18862	-4.5	-5.3	-9.8
N Ireland	119360	115820	224000	211000	17803	16811	-3.0	-5.8	-5.6

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Annex B Businesses 0-9 employees: changes in number, employment & turnover 2010-11

Size by no. of employees	Enterprises		Employment		Turnover		Enterprise	Employment	Turnover
	2010	2011	2010	2011	2010	2011	% change	% change	% change
Scotland									
0	202315	205140	219	227	13099	12005	1.4	3.7	-8.4
1-4	53965	53155	161	158	14475	13795	-1.5	-1.9	-4.7
5-9	16145	15930	115	113	10691	10890	-1.3	-1.7	1.9
Total	272425	274225	495	498	38265	36690	0.7	0.6	-4.1
England									
0	2863215	2928270	3065	3196	186269	177833	2.3	4.3	-4.5
1-4	659310	642740	1864	1823	195625	183926	-2.5	-2.2	-6.0
5-9	187805	187170	1292	1284	186183	172180	-0.3	-0.6	-7.5
Total	3710330	3758180	6221	6303	568077	533939	1.3	1.3	-6.0
Wales									
0	139600	142135	155	162	6892	6470	1.8	4.5	-6.1
1-4	34520	33060	102	98	7827	7359	-4.2	-3.9	-6.0
5-9	9380	9165	66	64	5256	5033	-2.3	-3.0	-4.2
Total	183500	184360	323	324	19975	18862	0.5	0.3	-5.6
N Ireland									
0	85440	88475	93	100	5533	6123	3.6	7.5	10.7
1-4	22035	21175	68	66	6619	6075	-3.9	-2.9	-8.2
5-9	6685	6170	49	45	4701	4613	-7.7	-8.2	-1.9
Total	114160	115820	210	211	16853	16811	1.5	0.5	-0.2

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ⁱ Economy, Energy & Tourism Committee, Official Report, 2nd November 2011
<http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=6520&mode=pdf>

ⁱⁱ FSB Scotland press release, 2nd November 2011
<http://www.fsb.org.uk/News.aspx?loc=scotland&rec=7391>

ⁱⁱⁱ The Small Business Bonus Scheme, Scottish Government
<http://www.scotland.gov.uk/Resource/Doc/262685/0078523.pdf>

^{iv} SBBS total recipients and total relief (£m) 2008-2011, Scottish Government
<http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance/SBBSPub2>

^v Official Report, Wednesday 11 June 2008, Scottish Parliament
[http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=4803&i=40403&c=921733&s=small business bonus scheme](http://www.scottish.parliament.uk/parliamentarybusiness/28862.aspx?r=4803&i=40403&c=921733&s=small+business+bonus+scheme)

^{vi} Non-Domestic Rates Relief Statistics for Small Businesses in Scotland 2011, Scottish Government, October 2011 <http://www.scotland.gov.uk/Topics/Statistics/Browse/Local-Government-Finance/SBBSPubWord>

^{vii} The survey pdf appears to have been removed from the FSB Scotland website. The related press release can be found here: <http://www.fsb.org.uk/News.aspx?loc=scotland&rec=5220>

^{viii} See note v above.

^{ix} FSB written submission to the EETC (pg17)
http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Meeting%20Papers/2011101.pdf

^x That the recession in Scotland was shallower and shorter than in the rest of the UK is not disputed; indeed, Scottish Government Ministers regularly stress this very point. However, the recovery has been somewhat weaker in Scotland. Recent editions of the Fraser of Allander Institute Economic Commentary provide a detailed overview:
<http://www.strath.ac.uk/media/departments/economics/fairse/Latest-Fraser-of-Allander-Economic-Commentary.pdf>

^{xi} Statistics published in the Scottish Government's 'Scottish Corporate Statistics 2011' are inadequate for the type of analysis we are seeking to provide in this paper given that the SME sector is generally treated as 0-49 employees. As discussed in the body of the paper, we believe 0-9 employees is a far better estimate of the types of business receiving the SBBS.

^{xii} For 2008-09 statistics, see Small and Medium Sized Enterprise Statistics for the UK and Regions, BIS
<http://webarchive.nationalarchives.gov.uk/20110920151722/http://stats.bis.gov.uk/ed/sme/index.htm>

^{xiii} For 2010-11 statistics, see Business Population Estimates for the UK and Regions, BIS
<http://www.bis.gov.uk/analysis/statistics/business-population-estimates>

^{xiv} See (ii) above. The STUC assumes that this is a reference to the recently established Scottish Investment Bank.

^{xv} Para 39, Report from the EETC to the Finance Committee on the Draft Budget 2012-13
<http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/45089.aspx#and>