

An aerial photograph of a small boat on a vast, blue ocean. The boat is in the center, moving away from the viewer, leaving a white wake behind it. The horizon is visible in the distance under a clear sky.

ACCA NORTHERN IRELAND  
SME roundtable consultation with  
the Small Business Commissioner



LIZ BARCLAY AND RONNIE PATTON



JON DICKINSON AND JAMIE TRACEY

## Small Business Commissioner Liz Barclay joined nine SMPs to discuss a range of issues from skills shortages to late payment.

This roundtable event, held on 17 October 2022, aimed at small and medium accounting practices (SMPs), was organised by ACCA and facilitated by Ulster University.

Chaired by Ronnie Patton, ACCA global Council member, the event explored members' experiences in a number of key areas, including: skills shortages and pandemic-related issues; government support; access to funding and banking; the cost of doing business; and late payment.

### SKILLS SHORTAGES

The issue of skills shortages was the top concern among SMPs. The shortage was noted across the board in most industries but was particularly acute in the accountancy profession.

A number of delegates returned repeatedly to the difficulty in attracting and retaining staff in SMPs. One reason cited was the UK government's 'levelling-up' initiative, with delegates noting that this had resulted in some mainland professional services firms receiving grants to open back-office operations in Belfast. While these operations tended to service London-based clients, staff received Northern Ireland pay rates. This had caused a local shortage of skilled talent, particularly accountants. Additionally, SMPs reported that they had not received grant aid in the same way as larger entities.

The inability to recruit outside the UK was also seen as contributing to staff shortages. This was a particular issue in the social care sector, with nursing homes acutely affected. A number of anecdotes were related of nursing homes that had had to close or were unable to open due exclusively to staffing issues.

Farming, meanwhile – with the exception of the apple harvest in Armagh – had not been affected by the skills shortage, although the sector was still suffering from increased costs. The lack of EU workers was mentioned a number of times, but it was also recognised that the local education system, including higher education, may not be feeding the pipeline with the right skills.

Delegates reported a change in workers' attitudes post-pandemic, with staff in all sectors less willing to work weekends or unsociable hours. The 16-hours cut-off for continuing to receive certain state benefits was noted as an impediment. One delegate said that since the pandemic, people appeared happier to have fewer hours and less pay as they had more free time. Meanwhile, it was reported that there was no shortage of entrepreneurs in Northern Ireland.

There was a general discussion on what employers feel employees are looking for. One delegate said that younger workers 'want a cause, not a job', and

to work for an employer with good environmental, social and corporate governance credentials that is delivering on the United Nations Sustainable Development Goals (UN SDGs).

### GOVERNMENT SUPPORT

Several delegates noted that some grant support agencies are more geared towards serving bigger businesses, with processes inflexible and unsuited to smaller ones. A notable exception, however, was Northern Ireland Screen, which supports start-ups. In the film industry, the general shortage of specialised production accountants was referenced as a limiting factor.

Delegates pointed out that HMRC refunds were often delayed, particularly in the construction sector. It was also noted that there was an increase in HMRC enforcement activity, especially concerning businesses that did not make a tax settlement or made an immaterial tax settlement for very minor matters.

### ACCESS TO FUNDING AND BANKING

The general consensus was that small businesses had plenty of money for now but a 'reckoning' would come when pandemic-related funds needed to be repaid. Almost every delegate said that their clients were better off now than before the pandemic in terms of cash reserves, and there was widespread support for the government's initiatives.



NINE MEMBERS FROM SMPs SHARED THEIR VIEWS

Working capital was not seen as an issue yet. A permanent Bounce Back Loan Scheme would be welcomed.

In terms of bank funding, delegates noted that while reasonable loan proposals for existing small businesses were being accepted, start-ups were not being successful in their applications.

The ability of new businesses to open traditional high-street bank accounts was raised as an issue several times, with delegates reporting that it could take up to six months. Revolut and other online bank accounts could be opened quickly but did not offer a full range of traditional facilities (eg cash/coin lodgment facility). High-street banks were asking long established businesses for additional historical anti-money laundering customer due diligence, including source of funds. Credit unions, delegates said, were not equipped to take up the slack for micro companies and there was a need for a small business bank.

#### **COST OF DOING BUSINESS**

The cost of electricity was a big issue, forcing some businesses to reduce their services. While levels of business had not yet picked up since the pandemic, overheads had increased.

There was an extended discussion on the cost of providing accounting services. All delegates noted that their costs had substantially increased but they felt unable to pass that increase on to their cash-strapped clients.

Supply-chain difficulties were not an issue, delegates said, because of reduced business activity in Northern Ireland, so capacity was still available.

It was noted that the general increase in overheads had led to the risk of businesses switching to cheaper, unqualified accounting advisers. The importance of supplying compliance accounting services and the added value of advisory services was discussed.

Delegates were concerned that Making Tax Digital was causing small businesses to rely even more heavily on their accountants to do their tax compliance work, reducing the time available to provide value-added advisory services.

The importance of engaging with an accountant prior to start-up was highlighted. Delegates were frequently meeting clients for the first time after several months of trading, with clients only then discovering, for example, that they needed to be VAT registered or had missed important HMRC deadlines.

The commissioner said that she would welcome supporting evidence of small business needs.

#### **LATE PAYMENT**

In the discussion around late payments, the right of a supplier to bill £40 per invoice, backdated for six years, was presented as a strategic tool to ensure prompt payment by big business suppliers.

### **CONCLUSION**

The roundtable reached a number of conclusions:

- The skills shortage is the biggest issue for small businesses in Northern Ireland.
- Additional evidence on the needs of small businesses is required.
- Younger workers – including those looking for apprenticeships or graduate traineeships – increasingly want to work for employers with good ESG credentials, so employer need to demonstrate their commitment to delivering on the UN SDGs.
- There is a need for a bank dedicated to supporting SMEs.
- The VAT registration limit needs to be increased to reduce compliance costs for some businesses.
- Invest Northern Ireland should adopt a more flexible application process for small businesses.
- SMPs are the trusted business advisers for small businesses and need to be supported.

Thanks to **Liz Barclay**, Small Business Commissioner, and **Ronnie Patton**, roundtable chairperson and ACCA global Council member.

Thanks also to **Ulster University** for hosting the event.

**ACCA member delegates were:**

Roger Boyce  
Ephraim Bradley  
Jon Dickinson  
Patrick Farry  
Clodagh Hegarty  
Alan Moore  
Brian McGuire  
Jamie Treacy  
Thomas Wardlow