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# 3HR Legal Weekly

## Commercial

### Enterprise Bill receives Royal Assent

On 4<sup>th</sup> May 2016 the Enterprise Bill received Royal Assent and was enacted into law as the Enterprise Act. This Act concerns the role of the UK government in supporting small businesses in the United Kingdom. Small businesses included in the Enterprise Act are those with a staff of less than 50 and certain other features relating to turnover which will be more fully described in regulations to come. Public authorities are excluded from the category of businesses (whether large or small) under the Act.

#### ***Small Business Commissioner***

The Enterprise Act has established a Small Business Commissioner who will be responsible for giving advice and information to businesses including dispute resolution (but not legal advice). The Commissioner will also review complaints from small businesses regarding late or missed payments from larger businesses on supply of goods and services contracts. Small businesses have faced such issues where the bargaining power of large companies has enabled them to deal unfairly in commercial arrangements. The Commissioner will make recommendations regarding such payment issues which may include provisions under the Late Payment of Commercial Debts (Interest) Act 1998.

#### ***Support for Businesses and Reduction of Regulatory Burdens***

The Enterprise Act contains amendments the Industrial Development Act 1982 (IDA) which had provided for the UK government to support businesses financially. The new provisions will enable the UK Secretary of State to loan or grant funds for improving electronic communications facilities in the United Kingdom. Additionally the UK government may now under the Act provide financial assistance to businesses in amounts up to £30 million without a House of Commons resolution (increasing the previous £10 million cap). This will primarily be used in the telecommunications and broadband industries to provide better Internet connections to businesses. A poor Internet connection may damage the reputation of a small business and the Act aims to address this problem.

The Act is also designed to focus the government on reducing regulatory burdens on businesses in order to boost their productivity and free up resources. The UK government has a deregulation target of £10 billion in savings for regulatory costs and intends to provide greater transparency to businesses on the impact of regulations.

#### ***Late Payment of Insurance Claims***

Many small businesses face the problem of late payments particularly in the insurance arena where following a major loss the business is particularly vulnerable. Such payments are vital for the business to restore its operations especially after damage to premises or machinery. The Act addresses this issue by imposing the obligation on insurers to pay valid insurance claims within a reasonable time.

#### ***What does this mean for your business?***

The Enterprise Act is good news for start-ups and other small businesses hoping to establish profitable operations or wishing to grow establishments in the United Kingdom. The Act aims to cut red tape, assist in settling disputes, provide better Internet connections and ensure that insurers pay promptly following a catastrophe. Should you require advice on the impact of any of these provisions or an update on regulations to come, please contact 3HR at [carol.kilgore@3hracs.com](mailto:carol.kilgore@3hracs.com).

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