

Yesterday the economics of the playground, today the ve...

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I missed this letter in the [Guardian on Tuesday](#) from Philip King, CEO of the Institute of Credit Management, but it's well worth noting:

The business secretary announced on 4 March that small firms will no longer have to produce independently audited accounts in a measure he believes will save 42,000 businesses £40m per year. I've always respected Vince Cable and have no doubt of his commitment to helping small business, but such a move demonstrates a naivety that verges on madness. I agree with him when he says that "one of the barriers to growth is the burden of regulation – it takes up time and stops business growing, and that means our economy does not grow". That is why the ICM supports the reduction of red tape. But please can we understand that producing accounts is not "administration" and neither is it unnecessary red tape.

Far from helping small businesses, the move is more likely to damage a company's access to credit, therefore restricting growth and in fact adding to their costs. The government needs to get away from this idea that reducing red tape will always mean reducing costs to small businesses. Businesses extend credit to one another based on the trust that comes from knowing that the company is financially viable, and one of the essential proof points is a set of audited accounts.

Banks too look to lend on the basis of sound financial data, so limiting the amount of financial information available will do more harm than good. The government must stop sending mixed messages. If it wants small businesses to drive the economy, this is not the way to do it.

Precisely.

But the neoliberals who think all government is bad and all regulation a burden continue their march towards.....well, the verges of madness.

And yet more evidence is provided of the economics of the playground dominating thinking in the Treasury, BIS and elsewhere.