



**East Hampshire
Conservatives**

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NEWS RELEASE

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Tories demand improved access for local firms to Government contracts

MP Michael Mates and parliamentary candidate Damian Hinds are backing calls for the Government to do more for small firms in East Hampshire hit by the economic downturn.

With a £125 billion procurement budget, the Government is Britain's biggest buyer. But Whitehall bureaucracy means that small businesses are often locked out of the system. There are 745 firms in East Hampshire that employ between 5 and 19 people – an unusually high proportion. Conservatives are demanding that Whitehall opens up its procurement programme to such smaller employers, helping to protect local jobs during the downturn.

Following consultation with small business owners, the Conservatives are proposing a string of reforms, which include:

- Enforcing pro-active on-line advertising of sizeable contracts out for tender
- Scrapping the rule that you have to provide three years of audited accounts when bidding for government contracts
- A radical cut in the form-filling needed to bid for contracts of less than £50,000 value
- Aiming for at least a quarter of government contracts to be awarded to small and medium enterprises

Michael Mates MP said: "Small firms in East Hampshire are facing difficult times. This is another part of the Conservative action plan for small business, which also includes proposals to defer VAT bills, cut payroll taxes by 1p and reduce the small company corporation tax rate."

Damian Hinds added: “Despite the recession, the one part of the economy that is forecast to keep growing is public spending. We just want smaller employers to have a fair chance of benefitting from public sector procurement. The American government awards 25% of its contracts to small and medium firms; we want to see that here too.”

ENDS

Notes to editors:

Government statistics show that East Hampshire district has 4,570 VAT-registered businesses, broken down as follows:

0-4 people employed	3,645
5-9 people employed	495
10-19 people employed	250
20+ people employed	180

Only 16% of UK government contracts are awarded to small and medium enterprises (SMEs). In America, 25% of the US federal budget has to be spent with small businesses.

There is ample evidence that small and medium enterprises are often more responsive, nimbler, and lower-cost – making them good value for taxpayers’ money.

However, according to the latest research by the Federation of Small Business (FSB & CBI, Evaluating SME experiences of Government procurement, October 2008):

- Nearly three quarters of SMEs rarely or never bid for government work.
- Over 50 per cent of SMEs feel the process of tendering for government contracts requires more time and resource than their business can allow.

The Conservatives’ plans for small businesses include:

- Small and medium-sized businesses to be allowed to defer their VAT bills, for up to six months. A typical firm could save £12,000 a year as a result, and improve its cash flow – which is so vital.
- Employers’ National Insurance to be cut by one per cent for all businesses with fewer than five employees. A small business with four employees and an annual wage bill of £150,000 would save more than £100 a month. Gordon Brown, when Chancellor, increased the rate of National Insurance, hitting businesses and jobs.
- Small business corporation tax rate to be cut from 22p to 20p.
- Action to raise awareness of small business rate relief to encourage more firms to claim it, and so save up to £1,100 a year in business rates.