

# Spending money wisely - making it go further

The Government intends to spend £10 billion on public works projects to provide an economic stimulus and drive forward job creation.

But to get the maximum return and benefit for society, the FSB says the Government needs to make sure that the contracts to deliver these projects are small scale, short-term and easy to access. They should also be directed towards small businesses at the local level.

“Unfortunately, the Government has a poor track record for directing public procurement contracts to where they can have maximum effect,” says the FSB’s Sue Terpilowski.

“In 2005-06, only 16 per cent of the total value of public procurement contracts went to small businesses. Over half of small businesses are deterred from the process of tendering for government contracts due to the time required and bureaucratic burden entailed.”

The FSB has proposed the creation of a single, universal on-line Pre-Qualification Questionnaire which would be cheap and easy to introduce.

“It could massively increase the number of small businesses able to apply for public procurement contracts - and we know awarding contracts to small businesses is cost effective, offers quicker turnaround times and keeps the carbon footprint low. What’s more, 83p in every £1 spent with a local business goes back in to the *local* economy, helping to sustain local jobs.”

## The FSB’s Top Ten Priorities for London

- 1 The provision of publicly-funded business support should be targeted to those Micro- and Small Businesses (MSBs) seeking to grow and to recruit new staff. This should be delivered by the LDA through Business Link and through an expanded mentoring service
- 2 The establishment of a central Business Information Bureau (BIB) based at an expanded Business and IP Centre at the British Library to provide a comprehensive information service covering all aspects of business ownership, including a database of available premises, advice services, funding streams, networking opportunities and business-related events
- 3 Businesses should be able to report non-violent crime by email, automatically receiving a crime reference number
- 4 MSBs based in, or operating in, the Congestion Charge zone should have residents’ rights for up to five business vehicles
- 5 The creation of a London-wide organisation to promote environmental action, giving to London’s businesses an integrated service providing information, practical assistance and access to appropriate funding sources
- 6 The GLA and its functional bodies should set and publish an annual target for goods and services procured from local and small businesses with a view to increasing this target on a year-by-year basis.
- 7 The equivalent of 10% of the floor space of new commercial developments should be made available as low-cost accommodation for MSBs
- 8 Small Business Rate Relief should be automatically granted to eligible businesses where the billing address is the same as the property to which the bill relates
- 9 A requirement for S106 contributions from commercial developments (“planning gain”) to be ring-fenced for the provision of affordable start-up and incubator premises for small businesses
- 10 Training should be made more accessible by offering short, affordable courses with modules in hours rather than days, in order to minimise the impact on small businesses



*Coalition calls for “a bank working for the people and businesses of the UK”*

# Backing for Post Bank campaign

The Federation of Small Businesses has joined a range of other organisations in calling for a new “post Bank” to run as part of the Post Office Network.

Launched last month at a cross-party reception hosted by Jon Cruddas, the campaign is supported by the Communication Workers Union, the National Pensioners Convention, Unite and the New Economics Foundation.

The Post Bank would provide a service for those not currently served by high street banks, support the network of Post Offices, help those not using banks or far from a local branch and, in the words of the CWU, be a true People’s Bank.

Speaking at the launch, FSB Chairman John Wright said, “Small businesses are completely reliant on the Post office network. Most Sub-Post Offices are run like small businesses, and keeping the network alive by establishing Post Bank would not only retain jobs but could also, we estimate, create 11,000 new jobs.”

FSB research shows that 40% of Britain’s 4 million small businesses would consider banking with the Post Bank. “This is an idea which could secure the future of local Post Offices and provide a local business-friendly banking service currently overlooked by the main high street banks,” added John Wright.



Have you signed...  
**EARLY DAY MOTION 1082**  
That this House congratulates the Post Bank Coalition of the Communication Workers Union, Federation of Small Businesses, New Economics Foundation, Unite the Union, National Convention of Pensioners and Public Interest Research Centre, on its plans for a new state-owned Post Bank based on the Post Office network; recognises the importance such a Bank could have in underpinning the future sustainability of the Post Office network; and calls on the Government, as a matter of urgency, to set up a Post Bank to combat financial exclusion and allow communities and local businesses to access a fair and trusted banking system.



## FSB BUDGET SUBMISSION

See inside for details of the FSB’s submission to Alastair Darling, including the proposals for a Banking Mediator.

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[www.fsb.org.uk](http://www.fsb.org.uk)

News and Views from the FSB’s London Area

# The FSB's Budget Submission 2009

## Support for leasing

Government guarantees are in place for businesses to borrow finance but not for leasing contracts.

With asset finance levels to small businesses down by around 25 per cent from a year ago, the government should extend their support schemes to include asset finance and leasing - helping SMEs upgrade their assets more cheaply.

## Building confidence

A rise in the Income Tax and NI thresholds to £10,000 would put money back into the pockets of employees and cut the cost of taking on staff. It would take the lowest paid out of tax and reduce the numbers claiming tax credits.

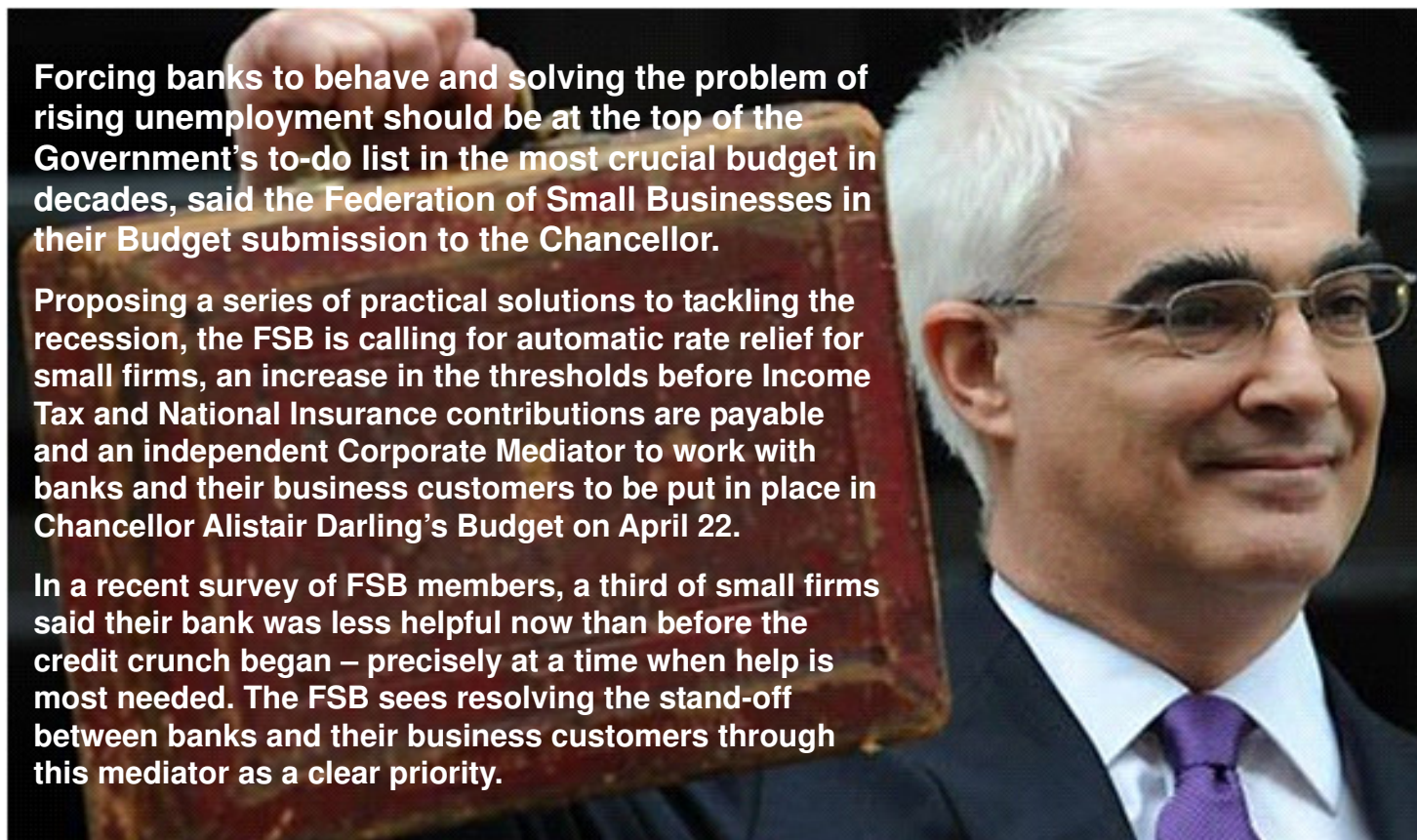
## Cut business overheads

While the Government's announcement about business rates is welcome, it only delays the payments of large rate increases. Small business rate relief should be made automatic - following the lead set in Wales and Northern Ireland.

**Forcing banks to behave and solving the problem of rising unemployment should be at the top of the Government's to-do list in the most crucial budget in decades, said the Federation of Small Businesses in their Budget submission to the Chancellor.**

**Proposing a series of practical solutions to tackling the recession, the FSB is calling for automatic rate relief for small firms, an increase in the thresholds before Income Tax and National Insurance contributions are payable and an independent Corporate Mediator to work with banks and their business customers to be put in place in Chancellor Alistair Darling's Budget on April 22.**

**In a recent survey of FSB members, a third of small firms said their bank was less helpful now than before the credit crunch began – precisely at a time when help is most needed. The FSB sees resolving the stand-off between banks and their business customers through this mediator as a clear priority.**



## Enterprise Allowance Scheme

Self-employment is a real option for the unemployed, but the New Deal does not go far enough.

EASs already operate successfully in other countries and should be introduced here. In one year alone the old EAS scheme created 60,000 new businesses - and many of those created in the 1990s are still going, making wealth, jobs and opportunity.

## Use of European Investment Bank funds

The Government should draw down the available EIB funds, ring-fence it for SMEs and make it available to them through the LDA. Working in the same way as the Enterprise Finance Guarantee, it could help end the credit crunch.

**Full details of the FSB's budget submission can be found on the FSB website at [www.fsb.org.uk/documents/budget](http://www.fsb.org.uk/documents/budget).**

## A solution to the banking crisis

The FSB proposes the creation of a Corporate Mediator (as exists in, for example, France), an intermediary to solve disputes and problems between the banks and business customers. This office could also ensure implementation of the government's business support packages.

## Councils and Business: Working together

**The Federation of Small Businesses is asking London's Councils to include small businesses in decision-making.**

Launching its new Small Business Engagement Accord, the FSB has worked with local government in the creation of 14 Accord Principles which promote the importance of listening to the views of small businesses.

John Walker, FSB Policy Chairman, said "During this recession, it's absolutely crucial that local authorities proactively seek the views of small businesses and listen to their needs, so that they can provide them with the support they need to get through these tough times. Where a local authority signs the Accord, small businesses will be able to put their views and concerns directly to decision-makers."

## FSB and TUC link up with wage subsidy call

**The TUC and the FSB have joined forces to call for the government to set up a fund for companies moving to short-term wages and temporary lay-offs.**

The FSB and the TUC believe this fund will help business save costs, give them a better chance of survival and provide immediate support for up to 600,000 workers a year.

The TUC's Brendan Barber said "The

government must act quickly and introduce a wage subsidy scheme to help stem the flow of job losses, which are rising faster in the UK than in most of Europe."

FSB's National Chairman John Wright added, "We must give viable small businesses the support they need to keep people in jobs to pull the country out of recession, targetting wage and training subsidies where it can have the greatest impact and where there is most need."