

# North Devon Conservatives

t (Press) 01271 344300

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## **Local firms in North Devon need helping hand to move out of recession**

*Philip Milton urges practical steps to promote enterprise and new business*

Philip Milton, Prospective Member of Parliament for North Devon, added his voice to calls to help local firms and entrepreneurs in North Devon get up running and grow new business. More firms have gone bust during this recession than in any previous downturn. The latest Government figures show that in the last quarter, across the Barnstaple County Court area two companies faced being wound up and eighty people faced bankruptcy.

New Conservative proposals would:

- End Labour's practice of pushing thousands of businesses into bankruptcy over small amounts of unpaid taxes. Jobs would be saved and entrepreneurs would be given the support they deserve. The statutory threshold over which the Government can petition to make a business insolvent would be raised.
- Boost social mobility by ending the unfair restrictions on people starting a business in social housing. Social tenants could become entrepreneurs, creating new jobs and opportunities. Measures to prevent noise and nuisance would remain in place.
- Make it easier for people to set up new enterprises by cutting the time it takes to open a new business. Britain should become the fastest place in the world to start a business. Under Labour, it takes twice as long to start one in the UK as in the USA, Denmark or Hong Kong. The number of forms needed to register a new business will be cut, moving towards a 'one-click' registration model.

These changes come on top of Conservative plans to reduce small company corporation tax rates to 20p; to make small business rate relief automatic in England, saving small firms up to £1,260 per year; and to abolish tax on the jobs created by new businesses in the first two years of a Conservative Government.

Philip said:

“To move out of recession, local firms in North Devon need a strong helping hand to help create new jobs and expand their business. Conservatives will remove the obstacles in the way of new firms and stop the taxman kicking local firms when they're down.

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EX31 1EU. Tel 01271 343101

“But the message from Labour Ministers is ‘don’t start a business, don’t buy your home, don’t try and leave money to your children, don’t try and get on’. They’ve made it so difficult to employ people, so difficult to start a business. We can’t go on like this, and it’s time for change.”

## **Notes to Editors**

### **NEW CONSERVATIVE PLANS TO HELP SMALL FIRMS**

#### ***Ending Labour’s practice of pushing businesses into bankruptcy over small amounts of unpaid taxes***

The Labour Government has initiated over 3,500 winding up orders against businesses since the recession began – putting thousands of people out of work and undermining the economic recovery (Insolvency Service, *A study of petitions for compulsory liquidations*). We do not believe it makes sense for the Government to be forcing companies into insolvency, especially during a recession when many companies face cyclically-induced cash-flow issues.

A Conservative Government will increase immediately the threshold that applies to the Crown as petitioner from £750 to £2,000 - meaning that the Government will not be able to push companies into bankruptcy with outstanding debts below £2,000.

This measure will be cost neutral, even if a company saved from bankruptcy has only one employee. This is because the maximum cost of the outstanding revenue foregone (£2,000) is less than the cost of supporting a person on benefits (£5,000).

#### ***Boost social mobility by ending the unfair restrictions on people starting a business in social housing***

Thousands of entrepreneurs across the country run a business from their home. Even before the recession began, 41 per cent of all UK businesses were run from home (Small Business Service, *Annual Survey of Small Businesses*). However, independent analysis has shown that many social landlords still use tenancy agreements that ban tenants from running a business from a social housing property (Joseph Rowntree Foundation, *Disconnected*).

Census data shows that people in social housing are less likely to work from home than home owners. 11 per cent of home owners work mainly from home, compared to 7 per cent of housing association tenants and 5 per cent of council tenants (2001 Census data).

This is having an impact on enterprise and social mobility in the poorest communities. Only 11 per cent of small businesses in the 1,000 most socially deprived areas operate from home compared with 36 per cent in the rest of the country (DBERR, *Business start-ups and closures: VAT registrations and de-registrations*).

Labour have failed to take action. The Government has not provided any guidance whatsoever to local authorities on enabling social tenants to run businesses from their homes (*Hansard*, 11 May 2009, col. 518W).

A Conservative Government will unlock enterprise across the country by preventing local councils and housing associations from including clauses in tenancy agreements that stop social tenants from reasonably running a business at home. This policy will apply to new social tenancy agreements, and social landlords will be encouraged to amend existing tenancy agreements. Conditions concerning noise and nuisance will remain firmly in place.

#### ***Making Britain the fastest place in the world to start a business***

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Between 2008 and 2009 it got relatively harder to start a new business in the UK, harder to employ new staff and harder to register a new property. According to the World Bank, it takes 13 days to start a business in the UK - twice as long as it takes in the US, Denmark or Hong Kong. It takes as long to start a business in the UK as in Mongolia, Mexico and Serbia, Montenegro and Jordan (World Bank Group, *International Ease of Doing Business Index*, 2010).

A Conservative Government will re-engineer the new business registration process to make sure it is as streamlined and bureaucracy free as possible. For example, we will reduce the number of forms needed to register a new business, and move towards a 'one-click' registration model.

## **LOCAL FIGURES**

The Government publishes figures for insolvency and bankruptcy petitions by court area.

Ministry of Justice, *Company winding up and bankruptcy petition statistics*, November 2009, Table 2.

<http://www.justice.gov.uk/publications/companywindingupandbankruptcy.htm>

<http://www.justice.gov.uk/publications/docs/insolvency-bulletin-2009-q3.pdf>

(A debtor's petition occurs when an individual decides to become bankrupt. A creditor's petition occurs when someone who is owed money moves to make the indebted borrower bankrupt).

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