

Labour will use £200 billion government purchasing power to upgrade our economy

Corbyn: We will use the £200bn government spends in the private sector and powers taken back from Brussels to upgrade our economy and create good jobs

Speaking at Wabtec train maintenance company in Doncaster this afternoon, Jeremy Corbyn will pledge that the next Labour government will use the enormous £200 billion national and local government spends in the private sector to upgrade our economy, create good local jobs and reduce inequality.

This will include requiring best practice from firms government does business with on:

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paying tax
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workers' rights
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equal opportunities
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environmental protection
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training and apprenticeships
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paying suppliers on time, and
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boardroom excess, by moving to a 20-1 limit on the gap between the lowest and highest paid.

He will also announce how Labour would use powers repatriated from Brussels after Brexit to create high quality local jobs, develop new industries and support good domestic businesses – large and small. This would mean allowing public bodies to support local jobs and businesses with local employment and content requirements.

Jeremy Corbyn will also call on the government to consider extending the rights of local authorities in left-behind areas to require local suppliers and jobs in public contracts, in relation to World Trade Organisation procurement rules, as has happened in the US.

Jeremy Corbyn, Leader of the Labour Party, speaking at the event, will say:

“For years we’ve been told that there’s nothing that can stop the race to the bottom in the jobs market that is making people’s lives harder and holding back our economy.

“Well, today I say, Britain doesn’t have to be so meek, and settle for things getting worse and more insecure for so many. We can make the change we need if we understand the power we already have – and how we can better use it.

“National and local government spends £200 billion per year in the private sector. That’s an incredible purchasing power, which we can use to support the good companies and improve the behaviour of the bad ones that undercut with unfair practices.

“Under the next Labour government, Britain will subsidise bad corporate behaviour no longer. Our business partners should have the same values we as a country hold: enterprise, fairness, high-quality service and doing right by everyone.

“And while Brexit presents many challenges to Britain, it can give us more powers to encourage best practices and support new and existing businesses and industries in Britain.

“While the Conservatives seem intent on using Brexit to turn us into a low-wage tax haven, Labour will use every power possible to upgrade our economy so we can all lead richer lives.”

Ends

Notes to editors:

1. Require all companies bidding for a government contract to meet the following:

- a) Give full trade union recognition for their workforce and comply with collective bargaining agreements
- b) Move towards a ratio of 20-1 between the lowest and highest paid, matching the target in the public sector, over a transitional period

- c) Pay their suppliers the full amount owed within 30 days
- d) Maintain high environmental standards in relation to energy use, emissions and waste disposal, while taking appropriate measures to aid the transition to a low carbon economy
- e) Provide training and apprenticeship opportunities proportionate to firm size
- f) Full tax compliance
- g) Adopt best practices in equal opportunities

This is all possible within existing EU rules, provided it's done on a non-discriminatory basis. In particular:

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The 2014 EU Directive expressly requires Member States to take into account the widest possible range of social and environmental considerations, as well as price, when buying goods and services for the public sector.

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In UK law, the Public Services (Social Value) Act 2012 requires authorities that are engaging in certain procurement exercises for services, to consider first how the proposed procurement might improve the economic, social and environmental well-being of their area, and how these improvements might be secured. The Act applies to England, and to Wales to a limited extent.

2. For government contracts that fall outside the WTO General Procurement Agreement (GPA), we would introduce local jobs and content requirements to allow public bodies to use local pounds on local jobs and businesses.

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Currently, both EU and the WTO General Procurement Agreement (which the UK is a member of in virtue of being in the EU) require that public procurement contracts above certain thresholds be opened up to potential suppliers from other countries. These thresholds are £5,446,950 for construction contracts, £141,621 for central government contracts for goods and services, and £217,878 for subcentral government contracts for goods and services.

The thresholds for central government entities are 130,000 Special Drawing Rights (SDRs) for goods and services, and 5m SDR for construction; UK central government bodies that are covered by the GPA are listed [here](#) (at the bottom of the document). The thresholds for sub-central government entities are 200,000 SDR for goods and services, and 5m SDR for construction; these include county council and city council procurement bodies, as well as local schools, fire authorities, NHS procurement etc. Calculations above are made on the basis of a 1SDR = £1.09 exchange rate.

Below these thresholds, much procurement is opened to suppliers in other EU member states because of principles that are part of the Treaty on the Functioning of the European Union. Leaving the EU should therefore create scope for additional flexibility for public authorities to require the use of local or regional suppliers after Brexit below these thresholds. That would allow procurement contracts below GPA thresholds to contain local jobs and content requirements, directing public money back into local economies.

“As regards below-threshold procurement, the practical importance of covering this may depend on the extent to which regional or local discrimination is prohibited internally in the UK, since this kind of discrimination may provide the greatest barrier to market access.” Source: Sue Arrowsmith, [Consequences of Brexit in the area of the public procurement](#), April 2017

In 2012 the UK had €96.8 billion of public procurement contracts above threshold. Of these contracts, €74.4 billion (or 77%) were covered by the GPA and €22.4 billion (or 23%) were not. Since 2012 there the GPA has been revised and EU procurement directives have been updated. In 2015, the UK spent €127.56 billion on above threshold public procurement. This is roughly a third to a half of all procurement spending, implying that at least half falls under thresholds.

These figures are indicative figures only. They are provided by the House of Commons library with the following notes:

2012 figures are from WTO Committee on Government Procurement, [STATISTICS FOR 2012 REPORTED UNDER ARTICLE XIX:5 OF THE AGREEMENT: REPORT BY THE EUROPEAN UNION](#), June 2016 – UK annex (annex 29), Total

table

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2015 figure is from European Commission, [Public Procurement Indicators 2015](#), December 2016 – this figure is based on the value of tenders published in the EU TED (OJEU) database, including for utilities and defence. Tenders must be published in the database if they are over threshold. The database – and therefore the statistics – do include some tenders that are under the threshold – about 8% of UK tenders are under the lowest of the thresholds.

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There are a couple of ways to calculate total public procurement spend and these affect the calculation of the proportion of all spending that is above threshold – figures from the Whole of Government Accounts give a lower total (and a higher proportion) as they exclude public sector purchases from the public sector itself.

3. Labour

is calling on the Government to do an impact assessment of the level and extent of coverage of the GPA on “left behind” local authorities

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The UK is currently subject to the GPA as a member of the EU, but not in its own right – the government is apparently “considering the UK’s position” as to whether it will seek to remain a member after Brexit.

<https://www.publications.parliament.uk/pa/cm201617/cmselect/cmintrade/817/81705.htm>

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While the USA is signed up to the GPA, there is significant variation in the level of coverage across different states. Only 37 of the 50 states are included in the GPA, and, among those that are, the GPA has extensive coverage over public spending by the states of, for example, Washington and California and much more limited coverage in Mississippi and Hawaii.

https://www.wto.org/english/tratop_e/gproc_e/gp_app_agree_e.htm

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The USA and Canada also have higher thresholds for sub-national contracts for goods and services than the UK currently does

within
the EU.

355,000 SDR compared to 200,000
SDR for EU countries, see

https://www.wto.org/english/tratop_e/gproc_e/thresh_e.htm

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Given the restrictions imposed by the GPA on local
authorities, Labour is calling for an impact assessment of different levels
of
GPA coverage on local authorities in the UK and of the thresholds to which
they
are currently signed up.

In 2014/15, UK public sector procurement was worth
£191.7 billion. Of this, £68.9 billion was local government procurement and
£115.5 billion was central government (including NHS) procurement. Note that
these figures do not include public sector procurement from other parts of
the public sector. Source: House of Commons Library.

Getting things done – rail line at Magdalen Green



Residents have complained to be about litter on and beside the rail line as
it passes Magdalen Green.

I raised this with Network Rail and am promised it will be litter picked on
17th April.

Illegal parking in Beijing to face double punishments



Drivers parking illegally in Beijing may get double punishments. [File Photo]

Drivers parking illegally in Beijing may get double punishments if a new draft regulation is finalized, Beijing News reported.

According to the draft launched by the Legal Affairs Office of the People's Government of Beijing Municipality and open for public opinion from April 11 to May 10, a driver who parks their car illegally in a non-designated spot may be fined 200 yuan (\$29), and have three demerit points included on their driver's license.

In China, drivers will be disqualified from driving after accumulating 12 demerit points, according to current law. The city's traffic administration displays "No Parking" signs at busy roadsides and places around hospitals and shopping centers, the report said.

With seven sections and 61 rules, the draft also sets regulations on issues such as the planning and construction of parking facilities, and has specifications on companies that provide parking services.

The new regulation may take effect this year, according to the Beijing Municipal Commission of Transport.

This will be the capital's first local law focusing on parking management.

Taxing whilst promoting growth

Most people's definition of the rich is someone better off than themselves. The millionaire feels poor in the company of billionaires.

Clearly, someone who has a decent home they own and sufficient invested capital to be able to pay their bills for the rest of their lives without needing to take a paid job is well off. Many retired people however, are by definition in that category. Many when they retire own their own home and have sufficient accumulated pension to live comfortably without recourse to work. People who achieve that well before retirement age, usually through success in business but sometimes through inheritance, have financial freedoms the rest of us do not enjoy.

I do not myself wish to punish people who through hard work and energy have bought themselves a decent home and built up financial savings for their later years. Governments of all persuasions used to encourage people to do both these things. There was mortgage interest tax relief to help home buyers, and unlimited tax free savings within a pension fund for the prudent. Recent governments have removed the tax relief on home purchase, and now have retrospectively limited the tax relief allowed to people who have saved and invested well for their old age.

I want to see the tax system allow people to succeed. Business success, when someone builds their own business from nothing, is a fine thing we should wish to encourage. High income and capital gains tax charges put some off building their business, or encourage people to sell out early. Buying and improving your own home is also a good idea. Why then make it more difficult with high Stamp duties?

There is a lot to recommend New Labour's tax settlement for the better off. They kept the Conservative's top rate of Income Tax at a maximum of 40% for most of their time in office. They cut Capital Gains Tax to 18%. These two rates were somewhere near the optimum rates from the point of view of the total amount of revenue collected. There is plenty of evidence that CGT above 20% raises less, and that Income Tax above 40% loses revenue. People with high incomes and substantial assets are much freer than others to move their domicile or place of business. They are also free to do less, venture less, earn less, if the tax rate goes too high. CGT is very avoidable. Many people refuse to sell shares from their investment portfolios above the tax free allowance. Many people are now sitting on second homes or BTL properties that they do not wish to sell because they do not want to pay the tax. It is easy to see CGT receipts going up if we went back to Labour's uniform rate for all assets of 18%.

Stamp Duties are now at very high levels for the dearer properties. Once a home goes above £925,000 the marginal Stamp Duty soars to 10%, or 13% for a BTL or second home. Over £1.5m the levels are 12% and 15%. In the Thames Valley I have seen some executive new build family homes on modest sized plots on the market for around £2.5m. That would mean the family that buys paying £213,750 of Stamp Duty. In Central London in the dearer districts £2.5m would not buy you a house.

These rates should be brought down.

[Infectious diseases kill 1,589 in China in March](#)

A total of 1,589 people died as a result of infectious diseases on the Chinese mainland in March, official data have shown.

According to the National Health and Family Planning Commission, there were 544,132 cases of infectious diseases reported on the mainland last month.

More than 325,791 cases were classified as Class B infectious diseases under China's Law on the Prevention and Treatment of Infectious Diseases, resulting in 1,579 deaths.

Viral hepatitis, tuberculosis, syphilis, gonorrhoea as well as bacterial and amoebic dysentery accounted for 95 percent of these cases.

Category C diseases were responsible for 218,341 cases and 10 deaths. Infectious diarrhea, foot and mouth disease, and influenza were the most prevalent in this category, accounting for 90 percent of cases.