

press release

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FOR IMMEDIATE RELEASE

Tory MP calls for 'iconic' cut in VAT

Tory MP Brian Binley has called on the government to cut the rate of VAT applied to domestic refurbishment work.

Speaking at a National Federation of Builders (NFB) fringe event at the Conservative conference, Mr Binley talked of the need to look at the demand side of the economy. "We need to look at how we create demand and saying that any form of demand stimulus will add to debt is too crude a viewpoint" he said.

Stating that the NFB was "absolutely right" to be talking about reducing VAT on refurbishment, he added: "This doesn't have to mean more government borrowing. In fact, it could make the Treasury money. And I think this is something which would be iconic. Housing is iconic to the country."

The call to look at a reduced rate of VAT on home improvements, repair and maintenance work, a measure allowed for under EU rules, was backed up by two other Conservative MPs, Peter Aldous and Anne Marie Morris, both speaking at the same event. The measure appears to have significant cross-party support, as the shadow chancellor Ed Balls has called for the government to do the same.

Mr Aldous made the point that the full rate of VAT applied to most renovation and repair work sits perversely alongside the zero rate on new build, and can act to fuel the black economy. "This is something the chancellor really needs to look at in his autumn statement" he said.

Taking up the theme of construction SMEs, Aldous, the MP for Waveney, cited the example of some schools being built in his constituency, where the local authority had chosen not to award any of the contracts to builders from the local area, saying "There has got to be some give and take on the part of LAs on this."

Mr Binley, also spoke in strong terms about the common failure of local authorities to support their local construction industry.

"Let's be frank, the treatment of SMEs in local authority procurement is often appalling. And that is true of Tory councils as much as Lib Dem and Labour, let's be honest about it. Government has to have the courage to look at this. If you want to help local businesses, you have to tackle this issue."

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Julia Evans, chief executive of the National Federation of Builders, seized on the same theme, telling local authorities that: "SME builders, who have played a vital role in their local economies for years are now struggling to win contracts from local authorities."

"And it is not because they are all of a sudden not good enough. It is because your processes are squeezing them out." Ms Evans urged local authorities to "put this right and make a difference."

ENDS

Words - 465

Notes to Editor:

1. The NFB is one of the UK's longest established trade federations for small to medium-sized (SME) builders, contractors and house builders across England and Wales. It was created 150 years ago to represent the building profession and to help create the conditions for its members to thrive and contribute to the economic success of the UK. Its members range from the sole trader to large, multi-million pound construction companies, with turnover ranging from below £500k to £500m plus. The NFB provides advice, training and business solutions to ensure members stay up to date.
2. The NFB campaigns on the issues that impact the construction industry such as procurement, utilities, sustainability and funding. It represents the industry at government and industry forums and is an active media commentator and policy influencer.
3. For further information please contact the NFB press office on 01293 586664 or email marketing@builders.org.uk