

# Libor rigging – schools, hospitals, local councils all potential victims – Shadow Chancellor demands compensation for public bodies

## **Libor rigging – schools, hospitals, local councils all potential victims – Shadow Chancellor demands compensation for public bodies**

Local councils, NHS hospitals and schools engaged with PFI contracts, derivatives linked to Libor and day-to-day borrowing could be large scale victims of Libor rigging.

Yesterday, Shadow Chancellor, John McDonnell MP, called for the Chancellor to establish a public inquiry into the scandal. He is today demanding an independent assessment of the losses to public bodies and that where losses are identified as a result of Libor rigging, they must be made good by the banks.

Revelations by the BBC's Panorama programme concerning the involvement of the Bank of England and senior officials from major banks in the rigging of the Libor index raise urgent questions for the Bank of England and the Government:

- Did senior Bank of England officials, in allegedly applying pressure to banks to lowball their reported borrowing rates, act with or without the knowledge of Treasury officials and ministers?
- Was the Bank or Treasury aware of the potential costs to public authorities as a result of lowballing?
- How many public bodies have losses arising from their purchase of Libor-linked derivative products, and what are the scale of those losses?

### **John McDonnell MP said:**

“This is now a matter of utmost concern that gets to the heart of failings in our banking system. Did senior officials at the Bank of England, with or without government encouragement, knowingly cause public bodies like NHS hospitals, schools and local councils to suffer potentially major losses?

“My concern is that local councils, NHS hospitals, and schools could have paid a huge cost for the Libor rigging scandal. We need to know exactly what went on, what was the impact on public finances and who was responsible.

Above

all else if local councils and other public bodies suffered losses then the institutions responsible should pay them back for those losses.”

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## Today's inflation figures are yet more worrying news for working people – Peter Dowd

**Peter Dowd MP, Labour's Shadow Chief Secretary to the Treasury**, responding to today's inflation figures, said:

"Today's inflation figures are yet more worrying news for working people.

"Living standards are being squeezed, with inflation rising and wage growth slowing. As a result, real pay is beginning to decline again, contracting at the start of 2017 for the first time since August 2014.

"Only Labour will ensure working people's living standards are protected. That's why this week Labour is announcing a real Living Wage of £10 per hour from 2020."

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## Jeremy Corbyn's speech to the Federation of Small Businesses

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**CHECK AGAINST DELIVERY-**

**Jeremy Corbyn, Leader of the Labour Party**, in a speech to the FSB in London today, said:

"I want to start by saying thank you. Thank you for inviting me here today and for that introduction.

But, most of all, to thank you all the Federation of Small Businesses for the role you are playing in holding the government to account. Not least in forcing the retreat last month, when, for now at least, they had to drop their 22 percent

increase in the National Insurance rate for the self-employed.

You are respected on all sides of politics because you speak with the authority of your members; the sole traders, the entrepreneurs, the small businesses and you are effective, because you reflect the views of those members.

Like the best trade unions, when you say something, people listen and if they don't? Well, just ask the Chancellor.

Labour does not believe that extra tax burdens should be falling on low and middle income workers, whether self-employed or directly employed.

And we also believe that if we are to restore faith in politics, then politicians have to stick by their word.

That means not breaking a clear manifesto pledge the Conservatives made that they would not increase National Insurance.

The Government's decision to push a £2 billion tax rise on low and middle-earner self-employed broke that pledge. They hoped no one would notice. Well, we noticed. You noticed.

And what we have also noticed is that, while most of us have had to swallow seven years of austerity, some are being given hand-outs on an extraordinary scale.

George Osborne, and now Philip Hammond, have given the term 'welfare state' a whole new meaning – welfare for the wealthiest.

The Tories have cut the corporation tax rate for bigger companies, from 28 per cent in 2010 to 17 per cent by 2020.

Over the six years from 2016 to 2022, the total giveaway, the total revenue lost to the public purse, will be £63.8 billion, according to the government's own figures.

And let's be clear, all of that giveaway will go to big companies.

Remember,  
the corporation tax rate for small companies in 2010 was already, under  
the previous Labour Government, set at 21 per cent.

That  
means that by 2020, big companies will have had an 11 percentage point  
decrease  
in corporation tax, while the rate for small companies will have been cut by  
only four percentage points.

And  
the differential between big and small companies will have been eliminated  
completely, with both on 17 per cent.

So,  
there has clearly been a bias here in the approach of the Government.

A  
bias against small business.

A  
bias that was evident in the attempt to increase national insurance for the  
self-employed.

A  
bias that holds back hard working people who want to make a living  
independently.

A  
bias against entrepreneurs who want to start and build new businesses;  
creating  
jobs, innovating and helping to make Britain richer. Not for the very rich  
few,  
but for the many.

Labour  
will have a different bias.

Yesterday  
we reaffirmed our commitment to a Real Living Wage.

Low  
pay and in-work poverty don't just hurt those directly affected, they mean  
more  
public money going on in-work benefits instead of investing in our future.  
And  
they mean fewer pounds going to your businesses.

We  
know that some of you will struggle to pay your staff more. That's why we  
have  
promised additional support for your businesses, and are looking at expanding  
and reforming the Employment Allowance.

We will support those striving to make a living through self-employment and in small businesses, not just because it is the right and fair thing to do, but because millions of jobs and the future of our country depends on it.

Labour's business team, our shadow Business Secretary, Rebecca Long Bailey, and our Shadow Minister for Small Business, Bill Esterson, have been working hard on this.

They, and the Shadow Chancellor, John McDonnell, tell me how important their relationship is with you, how valued your voice and insights are.

So, I want to share with you today the approach that will guide our relationship and then explain how I see it working in practice.

Firstly, Labour believes in fair taxation. So our policies will follow two cast-iron principles forged in our values:

Any tax rises will fall most heavily on those with the broadest shoulders and will be a something-for-something deal. When we ask for more contributions we'll be clear about what you're getting in return.

Secondly, we want to level the playing field to ensure that no one is being held back due to unfair advantages of the economically and politically powerful using their entrenched positions to hold back the enterprise of others.

And, finally, we will invest to give you the best platform to succeed, with world-leading infrastructure: digital, transport and energy, as well as better access to growth capital, whether it is through loans or equity.

Let me look at those points in more detail.

When I say any tax rises will fall on the broadest shoulders, I want to make it clear today that we will not raise the small business corporation tax rate.

What we cannot accept, however, is that it is right or necessary for big companies to have been given a 40 per cent cut in their corporation tax rate, at a time when others are suffering austerity and the budget deficit remains out of control.

Britain

has the lowest corporation tax in the G7, now by quite some distance.

So,

corporation tax for bigger companies will move closer to the levels of other major economies.

But

it will be a something-for-something deal, we will use that extra revenue to invest in skills.

Employers

are telling us that they need a more skilled workforce and that they struggle to recruit.

Which

is hardly surprising when, in the last seven years, the further education budget has been cut by one-seventh, or when the adult skills budget has been cut in half

And

last year, as student maintenance grants were abolished, university applications fell.

We

need a highly skilled workforce, and a state that can re-train and re-skill people as the economy evolves.

That's

why Labour has set out a vision for a National Education Service, from early years to lifelong learning.

Because

we know that education matters, whether it's high quality universal childcare that allows you the time and space to start and develop your business.

Or

whether it's the chance to re-train later in life; opportunity needs to be there for everyone.

And

today too many people and too many businesses are being held back by the lack of investment in training.

Which

leads me to the second element of our approach, a level playing field.

What

people running small businesses tell me is that they are fed up with there being one rule for them and another for big business.

Whether

it's tax avoidance, late payment to suppliers or business rates – giant

companies seem to be privileged and sometimes a law unto themselves.

No  
one likes paying tax. We don't wake up in the morning thinking, "Oh, I really must pay some more tax today". But most of us know that taxes are essential to a civilised society and a successful economy.

Business  
needs skilled workers and good infrastructure. People who run businesses also have families who need the health and caring services their taxes fund.

So  
most of us play by the rules. We do our tax returns, as you know, mine seems to attract more attention than most but that's okay, transparency is important.

But  
some people don't play by the rules, they use all sorts of elaborate ruses like shell companies or tax havens or offshore trusts to side step the rules.

My  
local independent coffee shop can't spend thousands on accountants to avoid paying tax but a big chain of coffee shops can and does.

And  
small businesses can't make sweetheart deals with the tax authorities like Google or Vodafone seemingly manage to.

So  
when we say we will clamp down hard on tax avoidance and legislate to close loopholes, that's not anti-business, it's anti-cheating.

So  
we will give HM Revenue & Customs more powers and more resources and I can announce today we'll save them one onerous burden, and I hope it's one you'll approve of too.

In  
last week's budget, the chancellor bowed to pressure by delaying the implementation of quarterly reporting for small businesses by one year.

That's  
not good enough; Labour is against small businesses having to report quarterly.  
It's a burden, a distraction, that will hold entrepreneurs back.

Labour  
will scrap year quarterly reporting for small businesses with a turnover of less than £83,000, to help you focus on growing your business.

And

we will tackle another problem that I know is a burning issue and overdue for attention.

Small businesses are owed £26 billion in late payments.

Cash is king for any business and big companies are managing their cash by borrowing – interest free – from their suppliers.

Some of the biggest names in business are holding huge cash piles that don't actually belong to them.

And I'm going to name some names based on the reports of a reputable credit agency:

Marks and Spencer pays its suppliers 72 days over terms

E.ON – the German energy provider, currently pays 78 days over terms

Capita – a major player in the public sector, pays 82 days over terms

Vodafone – 84 days over terms

BT Group – pays 89 days

National Grid – a whopping 119 days

And I could go on.

But note this is 'over terms' and the terms they impose could be 45 days or 60 days to start with. So, we're talking about big companies paying their suppliers, in some cases, six months or more after they have done the work or delivered the goods.

It's a national scandal.

And it's not just late payment.

There was also the case of Premier Foods charging companies to be on their supplier list

And of John Lewis demanding a 'rebate' from suppliers when their products sold well, a kind of penalty for success.

And I gather from what you have told me there are many instances of big companies refusing to pay an invoice in full and then saying 'sue me' as if small businesses have the time and money to fight legal battles against the commercial giants.

We will look at all of this because late payment and the other practices I've mentioned are stopping businesses from growing and causing thousands to go bust every year.

Late payment kills jobs and holds back economic growth.

Bill Esterson has been doggedly pursuing this issue in Parliament and I am keen that we work with you to tackle this issue

There are different options to assess.

Government, through procurement, can ensure that anyone bidding for a contract pays its own suppliers within 30 days. It's normal now to ask for accounts and credit checks, so this would involve no extra paperwork.

For the private sector, we've been looking at the Australian system that involves binding arbitration and fines for persistent late payers.

It needs to be a system with teeth. A system that delivers a fair deal for small suppliers

And we want to work with you to get this right.

No small business owner should have to go begging to the banks, or even re-mortgaging their homes, just because a customer considers themselves too big and too important to pay on time.

But

let me send a clear message to the captains of industry today, a Labour Government will declare war on late payment.

Alongside

that, Labour will introduce a radical reform of business rates.

The

Government's piecemeal concessions fall far short of what's needed.

And

so, in consultation with business, Labour set out five points that will guide our policies in government:

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there

will be no "cliff edge" increases in rates and a fair and transparent appeals process

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we

will bring forward CPI indexation so that businesses aren't paying more because of how inflation is measured

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we

will exclude new investment in plant and machinery from future business rates valuation. We want to encourage, not discourage, business investment.

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we

will introduce more regular valuations to stop businesses facing periodic and unmanageable hikes

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Also,

we need fundamental reform of the business rates system ... to ease the burden on traditional high streets and town centres in the age of online shopping and to create a fairer system of business taxation.

And

that brings me to the third theme of our approach to small business namely, investment.

Britain's

infrastructure is second rate and falling even further behind other major economies.

And,  
frankly, this government has an abysmal record. They have failed to modernise the economy, whether it's in broadband, energy, transport or housing.

And,  
at the same time, they have not done enough to finance growth in the small business sector.

That's  
why Labour is committed to establishing a National Investment Bank with regional investment banks for every region of England.

This  
year, the Welsh Labour government is creating the Development Bank for Wales.

Its  
purpose will be to create and safeguard over 5,500 jobs a year by 2022 by providing more than £1 billion of investment support to Welsh business over that period.

This  
has not come out of the blue. Labour in Wales has nearly two decades' experience of working with the FSB and other business organisations.

It  
has taken on board your feedback about the forerunner to the development bank,  
Finance Wales.

And  
my business team at Westminster will take a keen interest in the launch of the  
Development Bank for Wales, and the work it does to generate growth and jobs.

The  
prime minister regularly accuses me of wanting to bankrupt Britain by borrowing  
money to fund investment.

But  
as every businessperson knows there is a world of difference between borrowing  
for capital spending and borrowing to fund the payroll and day to day trading or service delivery.

The  
risk of bankruptcy comes not when you borrow to invest in projects that will deliver growth but when you give unfair tax breaks to big companies and the wealthy, when you have a big deficit and not enough money to run public services.

Labour's  
vision is of a richer Britain, a Britain in which hard working people are not

held back.

Britain

has more than five million small to medium sized businesses employing more than 15 million people; sixty per cent of the private sector workforce.

Labour

is committed to creating an environment in which you can grow, through fair taxation, tough action to level the playing field, including on late payment, and through investment in skills and infrastructure.

The

only thing we ask of you, as part of this deal, is social responsibility in the way you operate. Fairness in employment, attention to health and safety, safeguards for the environment, high service and product standards for your consumers.

The

economy under the Conservatives is being held back by low investment, low skills, low productivity and low wages.

They

believe the way for Britain to succeed is to win the race to the bottom. To become a tax dodgers' paradise, content with rising poverty, falling social mobility and the next generation worse off than the last. It's gone too far.

A

productive economy requires government to have a partnership with business. Building the platform for you to succeed. While guaranteeing fairness for all.

This

is a virtuous circle; good investment by government, good practice by business, good public services, funded by a productive, growing economy with fair taxation.

Your

businesses suffer when public services are in crisis.

When

people have to take time off to care for ill or elderly relatives, because social care is in crisis.

When

people are in too much pain to work, but still waiting for an operation.

When

our schools and colleges aren't delivering enough skilled workers.

I've set out Labour's three principles; fair taxation, a level playing field and investment.

And I want to add one final principle, to listen and engage with people like you, the experts in their area.

I think we need more experts, not fewer, informing our policy and politics.

I started by saying that I saw the FSB as a trade union; standing up for your members.

The Party I lead, the Labour Party, is as the name suggests, a party of workers. But we're also the party of co-operatives, of entrepreneurs, of owner managers who work hard in their businesses.

And that's why it's been a privilege to address you today.

Thank you."

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## [Richard Burgon response to Court of Appeal ruling on unlawfulness of certain cuts to legal aid for prisoners](#)

**Richard Burgon MP, Labour's Shadow of Secretary State for Justice**, responding to the Court of Appeal ruling on the unlawfulness of certain cuts to legal aid for prisoners, said:

"This Tory Government has got it wrong on prisons yet again.

"Our prison service must be fit for purpose. That means a focus on rehabilitation and keeping us all safe. Having a proper system for legal advice for

prisoners

is an important part of the mix – only when prisons run efficiently can the public have confidence.

“The

Tories promised a rehabilitation revolution, but have failed to reduce reoffending because prisons are violent, overcrowded and understaffed.

“That’s

why Labour have tabled an amendment to the Prison and Courts Bill designed to improve the necessary legal advice available in prisons.

“This

is part of a wider picture of access to justice denied under this Tory Government. Their legal aid cuts across the board and Employment Tribunal Fees

have blocked access to justice for ordinary people the length and bread of the country.”

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## [Today’s IMF report reveals the reality of seven years of Tory economic failure – John McDonnell](#)

**John McDonnell MP, Labour’s Shadow Chancellor,**

responding to today’s IMF report on the downward trend in labour income shares, said:

“Today’s

IMF report reveals the reality of seven years of Tory economic failure.

“The

share of national income going to workers in wages has fallen since 2010.

This

is yet more worrying news for working people who have suffered from stagnating

wages and a decline in living standards, with nearly six million people being paid less than the living wage.

“That’s

why today Labour is announcing that we will introduce a real Living Wage of £10 per hour from 2020. Only Labour will ensure workers are able to share in

rising prosperity and higher living standards.”