

# A YEAR OF IMPACT AND DELIVERY ON CBI PROSPERITY AGENDA

FEBRUARY 2018



*“2017 was quite a year and more change is on the way. But one thing is certain – business has a vital role to play in building a bright future for our country.*

*The CBI and the thousands of firms we represent look forward to working in close relationship with a united government to improve lives for everyone in 2018.”*

Carolyn Fairbairn, Director-General, CBI

# CBI DELIVERS A PRO-ENTERPRISE AGENDA IN 2017

## PEOPLE AND SKILLS



### ✓ 500m investment in technical education to introduce new 'T-Levels'

Following repeated calls from the CBI, we secured a commitment to review the apprenticeship levy, a £500m investment on technical education which will boost access to STEM careers, and a new National Retraining Partnership focused on supporting retraining adults into in-demand careers.

### ✓ Moved the debate on the future of post-Brexit immigration on

The CBI successfully demonstrated to government how important an open approach to mobility from the EU is to our economy and public services. This has led to government suggesting a two-year transition from 2019 where free movement will continue with a registration requirement – giving business certainty until 2021.

### ✓ Influenced Matthew Taylor's review of modern employment practices from a standing start

Informed by CBI's feedback, the review emphasised labour market flexibility as a key strength of the UK economy – a call highlighted by the Prime Minister in her speech introducing the review's final report.

### ✓ Took action to protect business costs

The CBI ensured there was no rise in automatic enrolment pension contribution rates in a major government review and lobbied the Low Pay Commission hard on ensuring minimum wage rates are sustainable. While the rate should rise, doing so in a way that is consistent with employment and business growth is essential.

## INFRASTRUCTURE



### ✓ £1.7bn fund to improve transport in English cities

The CBI secured continued progress on the delivery of government funds to ensure local transport networks get the investment they need – including the £1.7bn fund to ensure all regions access the money they need to enhance local roads and infrastructure announced in the autumn budget.

### ✓ Affordable low-carbon energy

The government adopted CBI policy recommendations in its Clean Growth Strategy following our calls on policymakers to provide a stable platform for long-term investment and innovation to support the supply of affordable and secure low-carbon energy.

## TAX & REGULATIONS



### ✓ Delivery of business rates reform

Following consistent pressure and engagement with policymakers, at the autumn budget the government announced plans to bring the indexation switch from RPI to CPI forward to April 2018. This will help boost competitiveness of businesses with a physical presence and reduce firms' costs by £2.3bn over the next five years, with retailers seeing £201m of those benefits.

### ✓ £20bn action plan for new investment in UK scale-up businesses

Achievements included a new fund in the British Business Bank, Protection of Entrepreneurs' Relief and the doubling of Enterprise Investment Schemes limits.

### ✓ Continued improvements to the UK's R&D tax credit scheme

Such continued improvements will give businesses more certainty over their tax credit claim and support increased activity in the UK.

## THE CBI CONTINUES TO BE THE LEADING INFLUENTIAL VOICE FOR BUSINESS ON BREXIT

### MARCH

#### Article 50 triggered

CBI's in-depth analysis highlighted the main political and economic priorities of the EU member states.

### JUNE

#### Business Brexit Taskforce

Co-chaired by the Chancellor and Brexit and Business Secretaries, the taskforce was a direct lobbying ask following the CBI pre-election manifesto.

### JULY

#### Call for transitional arrangements

During her speech at the LSE, CBI Director-General Carolyn Fairbairn called for the government to agree transitional arrangements – around 100 days later, it was at the heart of the Prime Minister's Florence speech.

### SEPTEMBER

#### 120 firms write to David Davis and Michel Barnier

Initiated by the CBI and signed by 120 firms representing over 1.1 million jobs, the letter called for both sides of the negotiations to be flexible to ensure 'significant progress' as soon as possible.

*“While Brexit is the top political and economic issue of the day, it is only part of the picture. Many of the fundamental building blocks of our economy – skills, innovation, infrastructure – are firmly within our control” - Carolyn Fairbairn*

## INNOVATION



### ✓ Increased R&D spending to 2.4% of GDP by 2027

The commitment expressed by the Prime Minister during her speech at the CBI Annual Conference is a positive step forward to the CBI's long-term target of 3%.

### ✓ Improving productivity

Identified new ways to tackle the striking variation in productivity existing between UK firms, highlighting the

need to ensure firms adopt tried and tested technologies that will improve productivity.

### ✓ £570m additional funding for university research and disruptive technologies

In the autumn budget we secured £300m of additional funding for university research and £270m for disruptive technologies including biotech, robotics and driverless vehicles.

## TRADE AND ACCESS TO WORLD MARKETS



### ✓ Set up a business advisory group with DIT

The CBI worked closely with Trade Secretary Liam Fox to establish a business advisory group. The group will ensure firms' views on how government plans to implement a new customs regime and trade strategy post-Brexit are reflected in policymaking.

### ✓ Post-Brexit customs preparations

The CBI provided a well-received submission to government consultation paper on the UK's post-Brexit

customs preparations. The submission stressed the importance of the UK's future trade with the EU being as frictionless as possible.

### ✓ Strong UK-US trading relationship

Convened meetings with US Secretary of Commerce Wilbur Ross, and Trade Representative Bob Lighthizer to discuss the strong trading and investment relationship between the UK and the US.

## INDUSTRIAL STRATEGY & REGIONAL GROWTH



### ✓ A more practical Industrial Strategy

Fronted calls for the government's draft Industrial Strategy to be more practical, delivery-focused and with clear actions assigned to business and government. Following calls from the CBI, the revised framework reflected the five pillars of our Prosperity Agenda.

### ✓ Independently monitored progress

The government heeded CBI demands for clear indicators and independent monitoring to measure progress against clear key performance indicators and be independently monitored to help ensure that it survives changes of government – a direct result of the

CBI's regular engagement with the business secretary, Greg Clark.

### ✓ Working relationships with the six metro mayors

The strong engagement of CBI members at regional level enabled us to feed into the six mayors' engagement strategies to help communicate business priorities to the newly elected officials.

### ✓ 'Place' at the heart of the Industrial Strategy

Local industrial strategies have been a core element of the CBI's thinking around a successful strategy, and critical in safeguarding regions from being left behind because of their place in the journey to devolution.

## OCTOBER

### 'Put an end to the human poker'

The CBI teamed up with the TUC and called on negotiators to 'put an end to the human poker' being played with four million UK and EU citizens following the lack of progress of citizens' rights issues in the negotiation talks.

## NOVEMBER

### The CBI and BusinessEurope at Downing Street

In a meeting with Theresa May, the CBI and business groups from across Europe stressed the need for urgent agreement on a 'status quo' transition and beginning discussions on a future economic relationship that draws on existing close economic ties.

## NOVEMBER

### £3bn additional funding for a smooth transition

November's autumn budget saw the CBI secure £3bn of additional funding from the Chancellor to ensure government departments are equipped with the resources to ensure a smooth transition.

## DECEMBER

### 'Sufficient progress'

The CBI worked tirelessly with government stakeholders and European partners to ensure joint agreement of 'sufficient progress' on the issues of Phase 1.

## WHAT'S NEXT?

The CBI influenced good progress in 2017 but harder work lies ahead. While the UK is consumed with Brexit, China is building a global infrastructure through 'One belt, one road', and other nations are seizing the opportunities of a fourth industrial revolution: the world won't wait for Britain. 2018 must be a year of unity, clarity and urgency at home as well as on Brexit.

Over the next 12 months, the CBI and its members will continue to play a vital role in shaping the decisions that will define the UK's economic future for years to come. Together we shall:

- **Engage with the government to ensure the promises made in 2017 are converted into action in 2018.** From infrastructure projects to greater clarity on what shape the UK's future economic relationship with the EU will take, 2018 must be a year of delivery
- Ensure the government maintains the **key principles of openness, stability and certainty of trade, immigration, regulation and funding shared by all during the EU negotiations**
- Campaign for reformed **careers advice in schools** and to ensure every young person gets quality guidance and at least four interactions with working life by the age of 16
- Work with the government to **ensure its Industrial Strategy is modern, practical and delivery-focused to boost regional growth**
- Call on policymakers to set out a **vision for Britain that enhances the attractiveness and competitiveness of the UK as a place to do business** - for today and the longer term
- Use the government's review of the **Apprenticeship Levy** to continue to ensure the levy works by **delivering a flexible training levy that meets employers' and individuals' skills needs**

### Join the CBI - together, the business voice is stronger

As a CBI member you can directly influence our priorities - join a vibrant business community and help shaping a post-Brexit UK that works for everyone

