



.C|B|I|

Getting back on track:

A business manifesto for the new Prime Minister

July 2019

Foreword

For three years Brexit has dominated UK national life. This needs to change. This document is a practical business manifesto for 2019/20. It is designed to give the new Prime Minister a working guide to the actions that will help get the UK economy back on track, informed by the 190,000 firms the CBI speaks for. At its heart is a proposal for a new era of partnership between business and government. Only by working together can we seize the opportunities, overcome the challenges and unite the country.

The UK economy has many strengths: a skilled workforce; world leading universities; global hubs of service and manufacturing excellence. Together with our language, location and ease of doing business, 'Brand Britain' remains a powerful global calling card. It is a mark of quality and a magnet for international investment.

But as the UK steers its post-Brexit course, a new wave of economic, social and technological change will reshape our country, posing challenges and opportunities for how we live and work. We have the chance to build a UK that is not only more prosperous but also fairer. The CBI and its members are committed to working with the government to seize these opportunities.

We ask the new Prime Minister to take three steps to get the UK economy back on track for success:

➤ **Act fast to show the world the UK remains a trusted place to do business**

Urgent 100-day action is needed to restore business and investor confidence. The UK is a great place for business, but many questions are being asked. Ongoing Brexit uncertainty, renationalisation threats, equivocation over Heathrow, HS2 and Northern Powerhouse Rail, and possible unilateral action on taxation are making investors think twice. It's time to restore the UK's reputation as a stable and trusted country to do business. We offer seven practical steps that can and should be taken immediately to help do this.

➤ **Build a compelling economic vision for the UK of the future**

In the longer term, nothing is more important than setting a clear direction for the UK's future. The industrial strategy offers a good starting point – now is not the time to tear it up. By creating a shared vision for every part of the country, government and business can work in partnership to achieve common goals on infrastructure, skills, innovation, exports, all in the context of our net zero carbon target. We have seven recommendations for where government and business action should be focussed to achieve this.

➤ **Back business as a force for good**

Business knows it must do more to show how profit and purpose go hand in hand. Firms across the country are leading from the front to build fairness into the heart of their operations, whether on tax, pay, employee engagement or helping young people succeed. By backing business in words and action, government can ensure all parts of the country benefit from enterprise and growth. We set out suggestions for practical action.

Brexit of course remains a challenging backdrop to all domestic action. Everything set out here must be underpinned by an orderly exit from the EU and the CBI will shortly publish a report on no deal impact, preparation, and where critical gaps lie. But this document looks beyond Brexit. It focusses instead on what we can do right here, at home, to seize the opportunities of a changing world, and create a fairer and more prosperous UK.



Carolyn Fairbairn
Director-General, CBI



Step 1: Act fast to show the world the UK remains a trusted place to do business

Early signals matter. There is an immediate 100-day opportunity to set the right tone and demonstrate that the UK is a great place to do business. Its culture of innovation and long-standing reputation for regulatory stability must continue to draw business and investment from around the world.

An uncertain Brexit is distracting politicians and businesses from making much-needed progress on the domestic agenda while swings in the political debate risk turning the clock back on hard-won progress to improve the UK's international attractiveness.

The CBI calls on the new Prime Minister to work with business in the first 100 days to build confidence at home and abroad in the business environment.





Demonstrate stability as an antidote to business uncertainty

1.1 Recommit to upgrades to improve connectivity across the UK

- Immediately back crucial infrastructure projects: High Speed 2, Northern Powerhouse Rail, Crossrail 2 and a third runway at Heathrow.
- Publish a National Infrastructure Strategy this year in response to the National Infrastructure Assessment that commits to investing 1.2% of GDP in infrastructure.
- Deliver a comprehensive aviation strategy that upholds the importance of sustainable aviation growth in meeting our objectives on industrial strategy, regional growth and international trade.
- Consolidate and increase regional transport funding pots at the Spending Review to finance vital infrastructure projects.
- Make housing an infrastructure priority, increasing the supply of affordable homes as part of the commitment to building 300,000 homes a year.

1.2 Instil confidence in the UK tax, fiscal and competition policy

- Inject certainty and clarity as soon as possible into the process for making important fiscal decisions, including the future of the UK's fiscal rules and plans for this year's Budget and Spending Review.
- Take decisions about tax and spending for the long term and holistically so that the trade-offs can be fully considered.
- Immediately launch a policy sprint with business to ensure regulation and financial services taxation keeps pace with technological progress, drives productivity and protects customers.



Address the growing day-to-day costs firms face in doing business

1.3. Take action on business rates

- Publish a roadmap to delivering annual business rates revaluations to increase alignment between the tax and the economic cycle at Budget.
- Urgently spread the burden of business rates more widely by working with business to determine how the tax base can be expanded and the multiplier reduced.
- At the same time undertake a comprehensive and independent review of the business rates regime to find a long-term solution to its distorting impact by the end of this Parliament.

1.4 Make the apprenticeship levy system fit for purpose

- Improve transparency of the levy so firms can see how their contributions are being used and spent.
- Support smaller and medium sized firms by publicly funding apprenticeships for non-levy payers.



Send a clear signal that the UK is open for business

1.5 Introduce a new immigration system that attracts international investment

- Replace the net migration target with a new system that ensures people coming to the UK are contributing to the economy and society.
- Reform the Controlling Migration Fund so taxes generated by migration ease pressure on public services where demand is increased by immigration.
- Reduce the £30,000 salary threshold and recast the Shortage Occupations List to exempt national and regional skill and labour shortages from the criteria.
- Reform the temporary work visa by extending its duration and shortening the cooling-off period.
- Unlock growth in education exports by reforming student visas to offer individuals and business enough time to transition from study to work.
- Protect easy short-term mobility of staff and business travel across borders in the EU negotiations.

1.6 Restore the UK's reputation for evidence-based policymaking

- Ensure the Low Pay Commission maintains its independence to judge the pace of future wage increases by resisting any politically imposed targets.
- Only proceed with proposals for audit market reform where they genuinely enhance quality.
- Re-visit plans for the UK to move out of step with the OECD on digital services taxation.
- Postpone the introduction of off-payroll working (IR35) to the private sector until at least April 2021. This will allow time for businesses to prepare, guidance to be issued and tax legislation to be finalised.
- Implement the Outsourcing Playbook to ensure public-private partnerships continue to deliver high quality public services.
- Maintain the attractiveness and integrity of the UK's internal market, ensuring devolved powers complement efforts to increase growth across the country.

1.7 Leverage the UK's soft power to open the doors to British businesses operating abroad

- Urgently secure continuity of trade with EU third countries, maintaining existing terms of trade where possible.
- Develop the Strategic Trade Advisory Group and Expert Trade Advisory Groups at pace to support trade policy priorities post-Brexit.
- Work with global partners to champion the value of free and fair trade at international groupings, including the G20, OECD and WTO.



Step 2: Build a compelling economic vision for the UK of the future

At times of uncertainty, it is vital to have a clear sense of direction. Other countries from Japan to Germany have made this a priority. Now is the time for the UK to do the same, building on the good start made on industrial strategy over the past two years through initiatives including 'Be the Business' and 'Made Smarter'. The strategy should not be torn up once again but used as the basis for an even more ambitious and action-oriented plan for our economy.



Commit to and strengthen the UK's industrial strategy

2.1 Ensure continuity in the industrial strategy

- Establish cross-party support for the industrial strategy, bringing all sides of the political debate together, confirming the Industrial Strategy Council's political independence in statute, with dedicated funding and a remit which allows the Council to make policy recommendations as well as evaluations.
- Develop local industrial strategies across England by early 2020, supporting their implementation by empowering places to put plans into action.
- Ensure joined up working across government departments, devolved and local governments to avoid delaying progress against the strategy's stated aims.
- Align local and regional growth funding including the Shared Prosperity Fund and ensure there is no loss of regional funding as we depart the EU.
- Support the UK's small and medium-sized businesses by ensuring they get the finance they need through maintaining the network of regional managers of the British Business Bank who are forming vital connections across the regions.





Make Zero Carbon a source of competitive advantage

2.2 Set out the strategy behind reaching the Net Zero target by 2050

- Complete a strategy and investment plan by the end of 2019 for improving energy efficiency, including new incentives and tighter building standards.
- Unlock investment to further decarbonise electricity by allowing onshore wind to compete in low-carbon energy auctions.
- Progress efforts to build new nuclear power at the right price and affordability for consumers by using financing mechanisms such as the Regulated Asset Base model.
- Accelerate deployment of electric vehicle recharging infrastructure, supporting business investment by streamlining the approach to deployment of rapid charging hubs on the motorways and strategic road network.
- Deliver a credible plan in the early 2020s to accelerate the deployment of low-carbon heat solutions for UK homes.
- Remove the 'energy price cap', reinstating the market forces that can best deliver value and service for consumers and support customers in reducing their carbon emissions.



Invest in the foundations of prosperity: skills, innovation, infrastructure

2.3 Educate our young people for the modern world and changing economy

- Rethink the role and form of GCSEs by giving young people an opportunity to stay in education for another year to equip themselves with the skills needed to succeed in the modern workplace.
- Build a world-class technical education system by ending years of financial neglect for further education colleges and making a 10-year long-term funding commitment to deliver T-Levels.
- Work with business to deliver a programme of education that ensures everyone leaves education with basic digital skills by 2025.
- Put the Augar Review recommendations out to consultation and with a full government response ahead of the Spending Review that protects funding for the UK's world-renowned higher education system.
- Expand the remit of the National Retraining Partnership to include upskilling and cross-government efforts to embrace the 4th industrial revolution.

2.4 Increase investment in innovation

- Re-commit to the target of raising UK R&D expenditure to 2.4 per cent of GDP by 2027 and set out a timeframe to increase this to three per cent over the longer-term.
- Increase funding at the Spending Review to provide additional support for firms at the pre-commercialised stage of R&D.
- Review the scope and effectiveness of the R&D tax credit system, exploring how the tax investment regime could be used to boost investment in R&D in line with the UK's international competitors.
- Build on the UK's globally renowned university research by providing the framework to encourage commercialisation by business.
- Commit to the next Horizon Europe programme once the scheme is confirmed, ensuring the UK is granted 'Associate Nation' status to support the programme's mission to be open to the world.
- Scale-up schemes such as Business Basics and Made Smarter to increase the diffusion of innovation and best practice across firms.
- Position the UK as a global leader in low carbon technologies by significantly increasing investment in energy projects as part of the commitments to achieve a zero-carbon economy by 2050.

2.5 Accelerate the pace of digital infrastructure delivery

- Commit funding to immediately move from pilot to full programme on the "inside out" programme and approve and fund the industry's proposal for a Single Rural Network at the Spending Review.
- Deliver regulatory change easing planning restrictions on new digital infrastructure by the end of 2019 to enable better access to tenant properties and mandate gigabit connectivity to new builds.
- Commit to a review examining the removal of digital infrastructure from business rates at Budget.

2.6 Utilise the power of the private sector to deliver infrastructure upgrades and improve public services

- Build a successor to PFI that delivers value to the taxpayer and commands public trust.
- Use the Williams Rail Review to install a new independent national organising body in charge of the whole industry, overseeing the franchising system and driving up accountability and standards.
- Rebuild public confidence in the role of the private sector operating in regulated sectors, including reform of regulators to improve consumer experience.
- Establish a clear approach to payment terms and structures to support supply chains, starting with rigorous transparency of performance, ensuring SMEs are the main beneficiaries of new approaches.

2.7 Deliver the Export Strategy

- Ensure Department for International Trade's 'Export Strategy 2.0' is complemented by policies from across government, including the Home Office, the Foreign Office and business department.
- Focus the Industrial Strategy on supporting the UK's international competitiveness in emerging sectors.
- Support regional growth and productivity with a focus on uplifting exports across the UK by protecting investment in the International Trade Adviser network.



Step 3: Back business as a force for good

Successful and sustainable businesses underpin our economy and society, providing employment and creating prosperity.

But changes and challenges to the modern workplace – and the relationship between government, society and business – means it is vital that each evolves to deliver an inclusive economy.

For government that means backing responsible business through proportionate, evidence-based reform to support jobs and deliver fairness in the workplace. This is mission-critical in making the UK a globally competitive economy post-Brexit.

And for business it means recognising it must continue to develop approaches that put fairness at the heart of their operations – whether in pay, employee engagement, tax or their wider societal impact. In doing this, firms can fulfil their role in addressing the challenges facing our society.

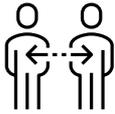
Get both elements right, and together business and government can deliver a truly inclusive economy.



Kickstart a race to the top on employee engagement

3.1 Work with business to reinvent employee engagement for the modern economy

- Develop a framework that incentivises businesses to adopt effective people practices and celebrates their achievements.
- Build on the success of the government's 'good work' initiative, exploring ideas for the best way to work across the economy to drive competition and make the UK more productive.
- Back locally delivered business forums through the UK Shared Prosperity Fund that enable firms to benchmark and share what works to improve how they lead, engage and develop their people.
- Provide guidance on the range of options available to firms seeking to improve their employee engagement, showcasing the breadth of models available for businesses to use.



Increase business-school collaboration

3.2 Support business commitment to provide every young person with meaningful business interaction

- Ensure ongoing reforms to Ofsted measure schools on their work-related learning programmes.
- Allocate space within the curriculum for teachers to give learners the skills for the modern world.
- Develop the Gatsby Benchmarks by ensuring they include special educational needs and primary education to increase the transformative impact of careers advice.



Develop a proportionate approach to internet regulation

3.3 Make the UK the safest and best place to grow a business

- Develop proposals on its approach to online harms delivering proportionate, evidence-based regulation and enforcement.
- Establish an independent, well-respected regulator to consider whether government's approach to digital policy and regulation is joined-up across government departments and initiatives.
- Create an action plan for how the UK will coordinate internationally on internet regulation and showcase its leadership.

The CBI and our members have great confidence in the UK's ability to lead on the world stage. Bold action can deliver this. By working together and showing the world that the UK is a truly pro-enterprise, open and inclusive economy, business and government can deliver for communities across the country.

Together the Government and Business can deliver a new era of shared prosperity for the UK. The CBI and the 190,000 firms we represent are committed to making this a reality. We ask the new Prime Minister to lead this new era of collaboration and make the UK match fit for the opportunities ahead. A powerful starting point would be to hold an unlocking enterprise summit to outline the vision of the UK to business leaders, as early as possible in the autumn.

How the CBI determines its policies

The CBI represents a wide range of business voices across the whole UK

The CBI is a non-political, Royal Charter organisation that speaks for 190,000 businesses, employing seven million people, equating to one-third of the private sector workforce. This number is made up of both direct members and our trade association members. We do this because we are a confederation and both classes of membership are equally important to us.

Our mandate comes from our members who have a direct say in what we do and how we do it

The CBI Council is the main governance body of the CBI and is made up of all the CBI Councils and Standing Committees comprised of over 1,000 council and committee representatives from over 700 CBI member companies. 80 per cent of CBI Council members are from non-FTSE 300 businesses. The chair of each Standing Committee and Regional and National Council sit on the CBI's Chairs' Committee which is ultimately responsible for setting and steering CBI policy positions.

Each quarter we engage these councils and committees on our work for either a steer, for information or for sign off and this is supported by wider member engagement from other committees, working groups, events and member meetings.

CBI Council in numbers

1175

Committee and Council representatives

774

CBI member companies represented on the CBI council

12

Regional and National councils across the whole UK

16

Sector and policy based Standing Committees

50%

Representatives of the CBI Council at C-Suite level, while 36% are at Director level

80%

Portion of the CBI Council from non-FTSE 350 businesses

Produced by Callum Biggins and the [Campaigns](#) team
To share your views on this topic or ask us a question, contact:



Callum Biggins
Head of Campaigns
callum.biggins@cbi.org.uk