Backing Britain’s Prosperity

The UK stands at a crossroads. Brexit creates significant challenges for our economy, but it also brings opportunities.

It offers a chance to address the UK’s deep-seated problems of low productivity and fire-up its potential as one of the most inclusive, innovative and open economies in the world. In the longer term, it can offer bridges to new markets.

There has never been a more important time for UK business to demonstrate its value and responsibility in creating jobs and raising living standards. In Backing Britain’s Prosperity, the CBI - the UK’s leading business organisation speaking for 190,000 firms - asks the next government to reaffirm their pride in UK business, and their commitment to working in partnership to manage the risks and take advantage of the opportunities ahead.

Together with a strongly pro-enterprise government, the CBI believes that the goal of making the UK the most competitive and prosperous economy in the world is within our grasp.

This will not be easy but it is achievable. The new government must focus on making the UK a great place to do business by reducing uncertainty for business by creating a stable tax and regulatory environment and reducing the cumulative burden on firms that is hampering their competitiveness. The new government must also work with the devolved administrations to champion their economic strengths.

In the Brexit negotiations, it must put jobs and the UK’s £600 billion trade with the EU first every step of the way, doing all they can to reduce the uncertainty and risk of cliff-edges for firms. And they must recognise the huge complexities involved and leverage the skills, insight and experience of business to secure the right outcomes – on customs, immigration, data, and regulation.

Making a success of Brexit is just one step along the road. The bigger prize can only be won if the new government commits to creating and acting on an ambitious long-term industrial strategy that builds the skills and infrastructure the UK so badly needs, and the world class innovation of which the UK is capable. Brexit must not be allowed to starve these priorities of oxygen.

The UK has one of the best regulated business communities in the world, with a global reputation for its standards of corporate governance. But business recognises that it must evolve to keep pace with higher public expectations and a changing world. Inclusion and diversity must be a hallmark of the UK of the future. The new government must work alongside business to enable good business practice to be embedded in all parts of the economy.

The CBI’s manifesto outlines the commitment of business to backing Britain and changing lives for the better in all parts of the UK. It highlights how a new government can harness the power of business to make the biggest possible contribution to building an open, inclusive and innovative economy. And it shows where structural collaboration should be developed, and where business will step up and make changes itself.
A Pro-Enterprise Agenda for the UK

1. Ensure the UK remains a great place to do business

2. Prioritise trade, jobs and prosperity in a comprehensive new economic partnership with the EU and strengthened global relationships

3. Build the foundations of the UK economy through long-term commitment to a modern industrial strategy

4. Back responsible business through proportionate, evidence based reform

5. Refresh the partnership between government and business at an international, national and local level.
### UK: A great place to do business

<table>
<thead>
<tr>
<th>Tax stability</th>
<th>Long term framework</th>
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<tr>
<td>Reverse rising cumulative burden, review capital allowances, clarify financial services taxation, balance budget</td>
<td>Industrial strategy underpinned with KPIs and independent oversight, protect UK single market and support every region</td>
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### UK-EU negotiations: Prioritising trade, jobs and prosperity

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<th>Trade</th>
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<tr>
<td>Rule out WTO scenario, progress talks on economic partnership, clarify WTO status</td>
<td>Provide a clear plan for regulation, seek an interim arrangement to avoid a cliff edge</td>
<td>Deliver an evidenced based migration system including scrapping net migration target</td>
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### Build the foundations: Industrial strategy

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<th>Skills</th>
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<tr>
<td>Guarantee high quality careers advice, support high quality teaching</td>
<td>Work with business to implement T levels, evolve apprenticeship levy into a flexible skills levy</td>
<td>Develop a ‘future fit’ energy programme, promote competitive markets</td>
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<th>Transport</th>
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<td>Support SME housebuilders, recognise importance of the private rented sector</td>
<td>Deliver planned road, rail and air infrastructure, progress projects that drive regional productivity</td>
<td>Increase R&amp;D spending to 3% GDP, improve university-business collaboration</td>
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There has never been a more important time for UK business to demonstrate its value and responsibility in creating jobs and raising living standards. The CBI’s manifesto outlines the commitment of business to backing Britain and changing lives for the better in all parts of the UK.

**Good business: Backing good practice**

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<th>Modern workplace</th>
<th>Inclusion</th>
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<tr>
<td>Protect labour market flexibility, maintain independence of LPC and ACAS</td>
<td>Support renewed efforts for inclusive workplaces and progressive leadership</td>
<td>Strengthen shareholder power to curb excessive pay, require companies to report back on engagement</td>
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**Refresh the partnership**

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<th>Partnership for trade</th>
<th>Partnership for UK</th>
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<tr>
<td>Create a Brexit Business Taskforce, establish formal structures for business engagement in international trade</td>
<td>Set up commission on Artificial Intelligence and robotics, deliver recommendations of Productivity Leadership Group</td>
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UK: A great place to do business

Ensure the UK remains a great place to do business, with stability in tax and regulation and a long term vision for the economy.

Businesses have shown impressive resilience since the referendum, dealing with uncertainty and driving the UK economy forward. The new government should make every effort to support this. Uncertainty will of course continue through the negotiations and as the UK adapts for changes to technology and the workplace, but with the right approach this uncertainty can be minimised.

The CBI calls on the new government to provide a stable tax and regulatory environment: No surprises and no added burdens for business. Hand in hand with this, the new industrial strategy must be a shared, long term vision that business and Government develop together and commit to making last, so investment can be made confidently and can deliver real impact.
**Key priorities for government**

**Globally competitive, consistent tax, fiscal policy and regulation.**

In a globalised world, a stable system of regulation and tax that encourages innovation and investment will help the UK stand out from the crowd as an attractive place to do business, supporting local communities now and in the future. The cumulative burden of recent government policies must be assessed and tracked to ensure the overall outcome does not weigh on growth and prosperity. To do this, the new government should:

- Balance the budget over the economic cycle
- Reverse the rising cumulative burden on business to enhance competitiveness, including on business rates. Bring forward the RPI to CPI switch to 2018/19, removing plant and machinery from the rateable value to encourage investment by 2018/19, increase the frequency of the revaluations to every 3 years, and conduct a fundamental review before the end of the Parliament
- Open a review into the scope and effectiveness of capital allowances by the end of the first year of the Parliament
- Clarify the long-term intentions for financial services taxation – including the Bank Levy and Corporate Tax Surcharge – by the end of the first year of the Parliament.

**A joint framework for long term growth.**

Stability will help firms invest. A compelling future vision for the UK that does not change with each political cycle and reaches every corner of the UK will help the UK to prosper, ensuring no investment or innovation is wasted. To do this, the new government should:

- Deliver a compelling vision for the UK in 2030 that engages both business and society through a White Paper on industrial strategy to be published within one year
- Launch a fresh, forward-looking banner for a new, modern industrial strategy within 100 days of a White Paper being published

**The new industrial strategy must be a shared, long term vision that business and Government develop together and commit to making last.**

- Implement a framework of key performance indicators and targets for a modern industrial strategy, including a target to reduce the productivity gap between the worst performing regions and the best performing regions by 15% by 2030
Introduce an independent unit to monitor performance against those KPIs - modelled on the Office for Budget Responsibility - within one year of a White Paper.

Inspire leaders in the devolved nations and regions to continue to deliver effective devolution by supporting their efforts to build local 2030 strategies and offering UK government branding to national regional projects.

Introduce legislation to create an independent commissioner to work with those regions that have yet to secure a devolution deal – including a clause to activate ‘special measure’ powers – to ensure all remaining regions have deals by the end of the Parliament.

Maintain an effective UK single market with a set of simple common rules throughout the Parliament.
Businesses have shown impressive resilience since the referendum, dealing with uncertainty and driving the UK economy forward. The new government should make every effort to support this.
UK-EU negotiations: Prioritising trade, jobs and prosperity

_Prioritise trade, jobs and prosperity in seeking a comprehensive new economic partnership with the EU while maximising opportunities with the rest of the world._

Negotiating a deep and comprehensive, barrier-free UK-EU relationship that works for the whole economy will be one of the next government’s biggest challenges. How the new government approaches the negotiations will be critical to business confidence at home and the UK’s standing in the world. “Early wins” within the first 100 days will send a clear signal that the negotiations have the momentum they need. Business and government will have to work in close partnership to deliver for all sectors, regions and nations as the UK redefines its economic relationship with the European Union and with the rest of the world.
Key priorities for government

- Immediately guarantee the right to remain for EU citizens in the UK and negotiate the same for UK nationals in Europe
- Rule out a scenario where the UK-EU relationship falls into WTO rules
- Shift the focus of negotiations to formal talks on the future economic partnership between the UK and EU as soon as possible
- Seek agreement on “interim” transitional arrangements that ensure a smooth and orderly exit with no ‘cliff edge’ by the end of 2017
- Confirm an evidence-based migration system by December 2017 that acknowledges both social and economic concerns, while ensuring businesses can access the skills and labour they need to deliver growth. This should include scrapping the net migration target by the end of the parliament and a preferential approach for the EU
- Lay out a clear plan for regulation that gives business certainty from the day the UK leaves the EU along with an evidence-based plan for longer term reform and oversight of regulation, including EU regulatory bodies
- Protect the social and economic benefits of EU funding from the day the UK leaves the EU
- Prioritise the grandfathering of the existing 53 EU trade deals
- Clarify the UK’s independent status with the WTO in parallel with the Brexit negotiations.

“Early wins” within the first 100 days will send a clear signal that the negotiations have the momentum they need.”
Build the foundations: Long-term industrial strategy

Build the foundations of the UK economy through long-term commitment to industrial strategy. The industrial strategy will help build a shared vision and will serve as a catalyst for working with business on fixing the foundations of the UK economy so that improved productivity drives prosperity for all.

The UK has strengths such as easy access to finance, world-class universities, a leading science base, and an enviable track record in creativity and innovation. But the UK still lags behind major competitors such as Germany and the US on critical issues, such as the quality of its infrastructure and the level of investment in R&D. Now is the time to draw on the expertise and skills of business, to tackle deep-seated problems to help bring the UK in line with its neighbours’ prosperity and productivity growth.
Key priorities for government

Access to the people and skills needed for growth.

People and skills are at the heart of our prosperity. With a good education and the right skills, everyone has the best chance to get a job and develop a career. And for the UK to be able to seize new opportunities and grow, it needs a trained and diverse workforce supported by good business practices. To support this the new government should:

- Work with business to implement the new technical and professional T levels by 2021, so they deliver high esteem A-level equivalent courses for young people with clear links to work in key sectors
- Evolve the apprenticeship levy towards a more flexible skills levy that meets business needs by broadening the variety of high quality training accessible to young people and adults
- Work with the Careers and Enterprise Company to guarantee high quality careers advice for all students by introducing dedicated careers leaders on the senior team in every school by 2020
- Prioritise high quality teaching and governance in schools, using the Chartered College of Teaching and a new leadership investment fund to support heads and teachers more effectively by 2018
- Instil a greater commercial understanding within the DfE and its agencies through the Institute for Apprenticeships and Technical Education (IFATE) to help ensure that skills provision is aligned with great outcomes for learners.

World class enabling industries and infrastructure across the country.

From the roads and railways that connect the UK, the homes people live in, to the energy supply that powers the places we live and work, infrastructure and enabling industries such as financial services provide the essential foundations business needs to deliver jobs, growth and prosperity for all. To support this the new government should:

- Maintain a relentless focus on delivery of planned road and rail projects scheduled up to 2020 and set out post 2020 investment plans
- Push forward with projects that will drive productivity within as well as across regions, including demonstrating clear progress on Crossrail 2 and plans for Northern Powerhouse Rail
- Maintain timely progress on delivering a third runway at Heathrow and set out a long-term aviation strategy by 2018
- Develop a ‘future fit’ plan for Britain’s energy system that enables all technologies and fuels to play a role in a low-carbon and cost-effective energy mix and provides clarity on the post-2020 investment framework by the end of the first year of the Parliament.

- Ensure an affordable transition to a low-carbon economy, placing an emphasis on energy efficiency for both businesses and households.

- Commit to driving the best outcomes for energy consumers by promoting competitive markets throughout the Parliament.

- Secure a healthy and diverse housing market by providing support to small and medium-sized enterprise housebuilders through improved release of small sites of public land and making access to finance easier through the Home Building Fund.

- Recognise the importance of and improving the attractiveness of the Private Rented Sector as part of a package for delivering homes fit for all.

- Improve availability of finance for investment by completing the patient capital review, continuing to fund the British Business Bank (BBB), and evaluating whether it should increase its scope to fill the gap left by the European Investment Fund.

- Support the National Infrastructure Commission to build a strategy for the UK’s digital infrastructure to 2030 and beyond.

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**The climate and capabilities to innovate.**

Innovation is at the heart of the economic, social and cultural development of the UK. It drives productivity, helping to raise living standards by laying the foundations for tomorrow’s world. When businesses adopt the latest innovative processes, technologies and digital strategies they create jobs, generate investment and boost exports. To support this the new government should:

- Adopt a target for ensuring that investment in R&D in the UK increases to 3% of GDP by 2025.

- Enhance the R&D tax credit for businesses that develop their research in the UK, prior to commercialisation.

- Build on the UK’s world class university research and encourage commercialisation by business.

- Prioritise the roll out of quality, business-dedicated broadband, alongside consumer broadband to ensure the UK is a global leader in 5G by the end of the Parliament.

- Ensure that UK Research and Innovation (UKRI) leverages its unique role within the innovation ecosystem to deliver a strategic vision for UK science and innovation, and stimulates collaboration between the business and research communities.

- Drive innovation by using public procurement to support a vibrant and competitive contracting environment by designating a BEIS minister as “minister for suppliers” within the first 100 days.
Easy and open access to world markets.

By partnering to help more businesses invest as well as buy and sell their products and services internationally, government and business can increase competition, keep prices low for consumers, support job creation and create growth and prosperity. To support this the new government should:

- Design a trade and investment policy for the UK with the right structures, investment and support to encourage more businesses to become exporters
- Undertake a dramatic revamp of online platforms and business networks in England to raise the profile of financing available through UK Export Finance by 2019
- Maintain existing programmes to promote exporting such as the GREAT campaign.

“Now is the time to draw on the expertise and skills of business, to tackle deep-seated problems to help bring the UK in line with its neighbours’ prosperity and productivity growth.”
Good business: Backing good practice

*Back responsible business through proportionate, evidence based reform for supporting jobs and delivering fairness in the workplace.*

The UK’s flexible labour market has helped create more jobs than ever before, and the UK’s corporate governance system is world leading and a vital part of the UK’s reputation as an attractive place to invest and do business. Both are critical elements of what makes the UK a globally competitive economy. The challenges to the modern workplace and the relationship between government, society and business means it is vital that both evolve to deliver a truly inclusive economy.
Key priorities for government

Business recognises that it must continue to develop approaches that are fair, transparent and build trust, and are wholly committed to doing so. The new government can support this by working with industry to develop reform that solves the challenges the UK faces for the long term by:

- Protect the flexibility of the labour market by ensuring any changes focus on how employees are treated, not the type of work undertaken
- Maintain the independence of key bodies like the Low Pay Commission and Acas to effectively steward the labour market
- Work with business to support renewed efforts to build more inclusive workplaces, supporting determined and progressive leadership from companies to deliver real change
- Introduce an ‘escalation mechanism’ for companies who have faced a vote of 25% or more against their resolution on remuneration outcomes in two consecutive years by 2019
- Require companies to publicly report back on how they have engaged with employees and stakeholders by strengthening guidance on section 172 of the UK Companies Act by 2019.

“Business recognises that it must continue to develop approaches that are fair, transparent and build trust.”
Refresh the partnership

*Refresh the partnership between government and business at an international, national and local level to unlock the value of business.*

From shaping the UK’s global future and redefining our relationships with Europe, to building a new economy that shares the benefits of growth across nations and regions, or showing how the value of business drives fairness and wellbeing within our communities, now is the time for collaboration based on pride in UK business.
Key priorities for government

Industry must show it shares the vision of an open, innovative and inclusive society and asks the new government to enter into this new partnership by:

- Bring together the ‘brightest and best’ from government and business in joint Brexit taskforces on the most complex issues: customs, data, regulation, people, and EU funding to be up and running by the end of July 2017. These taskforces will give business the confidence they need to make investment decisions in an uncertain environment and give government evidence-based insight on the implications of the many choices they will make in the next two years.

- Set out formal structures for business engagement on international trade within the first 100 days.

- Work with business to deliver the recommendations of the Productivity Leadership Group (PLG), supporting businesses of all sizes to improve performance, competitiveness and wages.

- Set up a joint Commission involving business and government to examine the impact of new technologies – including Artificial Intelligence and robotics – on people and jobs, with recommendations for business action and policy by June 2018.

- Support this partnership at a local level, working with business to improve the performance and transparency of LEPs and devolve the powers that drive regional productivity.

“...A new, structured relationship of collaboration with business – underpinned by a bold, pro-enterprise spirit – will unlock value in all corners of the UK.”
Together with a strongly pro-enterprise government, the CBI believes that the goal of making the UK the most competitive and prosperous economy in the world is within our grasp.
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