

BRITISH CHAMBERS OF COMMERCE
ELECTION MANIFESTO

FUTURE OF THE ECONOMY



FUTURE OF
THE
ECONOMY
WHERE BUSINESS BELONGS

 British
Chambers of
Commerce

5 POINT PLAN FOR IMMEDIATE ACTION

1.



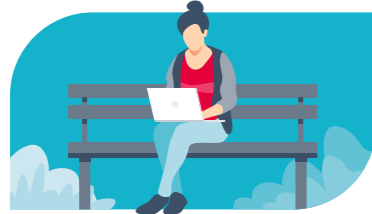
GREEN INNOVATION

Industrial Strategy with green innovation at its heart

Action

For green jobs and business investment opportunities.

2.



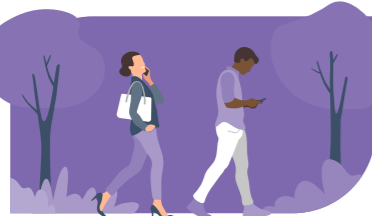
PEOPLE AND WORK

Plan better for skills

Action

To boost investment in skills, bringing businesses and training providers together to tackle skills shortages and support sustainable career opportunities for all.

3.



LOCAL ECONOMY FOR THE FUTURE

Business Rates Reform

Action

To develop a long-term business rates strategy to encourage economic growth and investment in communities across the UK.

4.



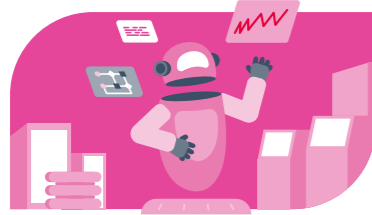
GLOBAL BRITAIN

Improve EU relations to cut costs for business

Action

For the new government to negotiate improved UK trading terms with our largest partner the European Union.

5.



DIGITAL REVOLUTION

Government to appoint an AI Champion for SMEs

Action

For an AI Champion to spearhead uptake of latest technology amongst SMEs to boost productivity and competitiveness.

FOREWORD

BARONESS MARTHA LANE FOX OF SOHO CBE



Baroness
Martha Lane Fox
of Soho CBE
**President of the
British Chambers
of Commerce**

The stakes for business for the next government could not be higher. Firms of all sizes and sectors crave certainty on which to base their investment and growth plans; to make decisions on hiring staff, creating new products or selling in fresh markets.

It is crucial that politicians listen to their concerns and our new government – of whatever party – hits the ground running with meaningful action.

The last four years have taught us that our businesses are incredibly resilient. They have absorbed the impacts of a pandemic, global supply chain disruption and a huge energy price shock.

The state has played its part in helping us through those tough economic conditions, but we now sit at an inflection point.

The policy decisions taken by the next cohort of elected political leaders will determine if we can finally crack the UK's low productivity puzzle and put business on a trajectory to a higher-growth future.

This matters not just to our members, but to the whole country. Much of the debate during the election campaign will be dominated by plans for spending and cuts.

But if we invest in our people, our infrastructure and focus on innovation, then we have an opportunity to create new wealth for our nation that can free us from these fiscal chains.

That's why, last year, we brought together the sharpest minds from our Business Council, the BCC Chamber Network, academia and think tanks, to develop policy proposals in five key areas.

They have produced reports which set out exactly what the next government must do for People and Work, the Local Economy of the Future, Global Britain, Green Innovation and the Digital Revolution.

This manifesto takes the biggest ideas from these reports, and sets out five key actions that the next government must take as immediate priorities.

It also represents an opportunity for politicians to commit to change, that companies know will work, and then build a partnership on a shared commitment to making it happen.

And businesses care massively about this. The greatest joy of my role is visiting Chambers, across the UK, and listening to people's determination to grow their firms and make a difference in our remarkable country.

But time and again businesses tell me they want to see a long-term vision for the economy.

This manifesto can finally fit the missing piece in the jigsaw, putting business on the best possible footing for the years ahead. I hope you will agree.

Martha Lane Fox

EXECUTIVE SUMMARY

SHEVAUN HAVILAND



Shevaun Haviland
Director General of
the British Chambers
of Commerce

The British Chambers of Commerce manifesto sets out a clear plan for sustainable growth for the next government. At the BCC Global Annual Conference in June 2023, I announced the Future of the Economy Initiative, a programme of work to ensure that the business community's voice would be at the forefront of the debate for the new government and their plans for our country.

We want to build an economy that has the **green transition** at its core, with a **workforce** fit for the future, living in thriving local places and powered by businesses that are **globally facing** and **digitally enabled**.

Working with the Chamber Network, our Business Council, and other industry experts, we have produced five reports with clear recommendations for whichever political party forms the next government. These reports have allowed us to build incredible insight and strong, clear recommendations, so that we are ready to help the new government get back to long-term sustainable economic growth.

We want UK plc to be the best place to start and grow and invest in a business.

Over the last few years businesses have battled through some of the most challenging circumstances, from Brexit to a once in a lifetime pandemic; increased energy prices; stubbornly high inflation and interest rates discouraging businesses from investing.

As a result, the economy has been choppy at best. Despite this, as I travel across the country, the businesses I meet tell me they remain buoyant and optimistic and have ambitious plans for their firms; built together with their employees and customers.

The can-do, solution orientated, entrepreneurial attitude of business in the UK is one we must harness and turbo charge.

The start of a new government, regardless of party or whatever coalition takes form, is a good moment for a reset. It's an opportunity to look forward and action the plan the country voted on. We have set out five priorities for immediate action to put in place the right policies and structures that will turn the fly wheel of the economy, so that business can step up and make the best of these opportunities.

We need to work in partnership with the new government to create the right environment for all.

This manifesto sets out a five-point plan for immediate action:

1. Green Innovation: Industrial Strategy with green innovation at its heart

The creativity is there, but businesses need a stepping stone to give it their best. A much-needed Industrial Strategy should put green innovation at the centre of any new government's plan. A clear sense of direction and frameworks will drive investment in the infrastructure we need for the new, green economy.

2. People and Work: Plan Better for Skills

The labour market is heading in the right direction, as the number of vacancies continues to fall, but businesses are constantly telling us the skills they need aren't there. We need to '*Plan Better for Skills*' aligning our ambition and investment to prepare young people and job seekers for great jobs. We also need to train and reskill those already in work, for the challenges and opportunities of a changing workplace. A workforce fit for the future.

3. Local Economy of the Future: Business Rates Reform

The early days of starting any business are the toughest, and the costs involved are many entrepreneurs' biggest worry. But business rates hit them from the off. We need to reform the system to be more responsive to local conditions, and to the growth stage of a business.

4. Global Britain: Improve EU relations to cut costs for business

The EU is the UK's biggest market, accounting for 42% of all our exports. Leaving the EU has made it more expensive and bureaucratic to sell our goods and services across the Channel. But better trading terms are possible if the UK government and the EU reach agreement in areas of mutual benefit for business in both markets.

5. Digital Revolution: Government to appoint an AI champion for SMEs

Advances in AI present us with the opportunity to level the playing field for many SMEs, through improved efficiency and productivity. But many SMEs don't understand how to make the most of these fast-changing opportunities and feel vulnerable to new threats such as cyber-attacks. A new government must provide the right support to businesses to make the most of these radical advancements and no small business should feel left behind. An *AI Champion*, introduced by a new government, will ensure that is not the case.

At the British Chambers of Commerce, we work with businesses of all sizes, across all sectors, and hear about their incredible ambitions to innovate and grow, which helps communities up and down the country to thrive. But to truly meet their ambitions, they want to work in partnership with government to create the right conditions for success. We believe our five-point plan offers an immediate pathway for a new government to do just that – and propel our businesses and our country to shared prosperity.



GREEN INNOVATION



The UK has a strong track record of action on green issues and has one of the most substantial legal and policy frameworks for climate change in the world. The UK's progress so far has been driven by cutting carbon in electricity supply, with emissions in sectors such as agriculture and land use remaining flat over the last decade. Efforts to decarbonise need to accelerate across all sectors of the economy, from transport and heating to waste and aviation.

Consistent, clear, and reliable policy measures are vital to enable businesses to plan effectively for the Net Zero transition. It reassures firms, their supply chains, and end-customers that their decisions fit into the long-term future for the UK economy. The UK is fortunate to have developed a broad consensus across the mainstream political spectrum around the science of climate change and on the need to act. This is reinforced by the UK's long-term

legal framework, an ambitious policy framework, and the work of the Climate Change Committee (CCC) in assessing progress towards targets. There is a case for a new public institution to be created to ensure effective implementation of agreed long-term objectives on climate policy.

The Net Zero transition will require continued action on enablers such as skills, grid upgrades and finance. There is a significant challenge ahead in relation to developing the workforce needed to power the Net Zero transition. Skills policy and provision should assess where there are gaps and enable businesses to fill them. Continued progress on energy grid upgrades and connections is also crucial, as is unlocking private finance to support green innovations. These should be brought together into a broader strategy to help unlock the UK's potential for green growth.

RECOMMENDATIONS

1. Introduce a Green Industrial Strategy to drive investment and support the workforce

This should provide strong fiscal incentives and green skills, to enable technologies such as Carbon Capture Usage and Storage and Sustainable Aviation Fuel (SAF) to grow. Aviation sector analysis indicates SAF production in the UK could create 10,000 new jobs by 2030, rising to 60,000 and £10bn of gross value added (GVA) by 2050ⁱ. Analysis commissioned by the National Grid estimates that the UK's energy sector needs 400,000 roles to be filled in the future Net Zero energy workforceⁱⁱ.

2. Advance the UK's Framework for Change

The government should address gaps in policy pathways, build deeper business and government partnerships, and strengthen public bodies to drive change and oversee delivery of core climate policies. This approach will encourage investments from both the public and private sector.

3. Reform infrastructure and implement the UK Green Taxonomy

Improvements to the planning system and grid upgrades should be implemented quickly to support the Net Zero transition. The UK Green Taxonomy should be reflective of all sectors and should be delivered as quickly as possible.



PEOPLE AND WORK



High levels of job vacancies and pervasive skills shortages are damaging businesses and holding back economic growth. Our research shows that 66% of firms face difficulties when attempting to recruitⁱⁱⁱ. Across the UK, employers are calling for more skilled, engaged and motivated people to contribute to the workforce. It's crucial that everyone who wants to work has the skills, experience, and opportunity to achieve their potential, and to stay in work for as long as they wish. We need to invest more in preparing young people for the world of work. At the same time, our workforce will need continuous upskilling and reskilling for success in an increasingly digital, automated, and greener workplace.

As well as supporting people into work, we must do more to help people stay and progress in work. This calls for a sharper focus on workplace fairness, flexibility, and health and wellbeing.

RECOMMENDATIONS

1. Plan Better for Skills

Deliver a long-term plan to fill the skills gap, which includes bringing business and training providers together locally to ensure career and progression opportunities for all. This skills strategy should include a business support service to help employers identify, plan, and invest in the skills of their current and future workforce. A long-term commitment to Local Skills Improvement Plans across England is also crucial. Businesses should be given incentives to invest in skills, through the tax system and an investment kitemark that is credited in the public procurement process. Research has shown that the UK faces a skills mismatch which may be slowing down UK productivity^{iv}.

2. Prepare Adults and Young People for the Changing World of Work

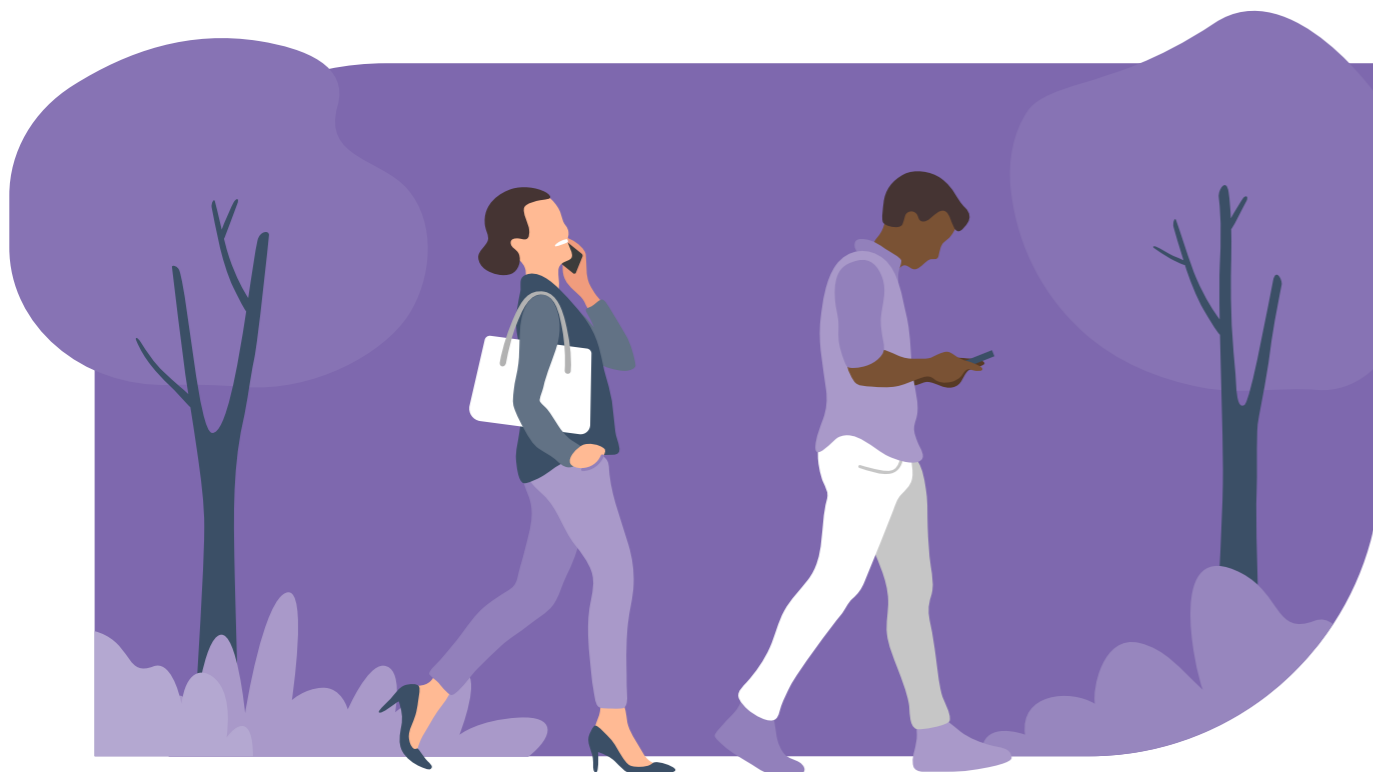
The government should boost adult upskilling and retraining through easier access to apprenticeships, technical qualifications and shorter, modular learning opportunities. It should also deliver a broad education, where young people master the essential skills for life and work, and enjoy more opportunities for applied, digital, and technical learning. It is crucial that more investment is made in careers information, education and guidance, which should be a mainstream priority for school leaders, embedded in every part of the curriculum. Research by the Careers and Enterprise company revealed that every £1 invested in careers information education and guidance in schools could lead to a £3 return for the Exchequer^v.

3. Help People to Access Jobs and Stay in Work

Help people transition successfully from Universal Credit into work, by increasing taper relief, boosting uptake of bootcamps, ensuring access to high quality childcare, and providing high quality careers advice for job seekers, returners and career changers. It is important that people are given support to access work and progress by creating fairer workplaces. That can be done by encouraging greater transparency, extending pay gap reporting to cover ethnicity and boosting the weighting of social value in procurement. To help people stay in work and return to work faster following an illness, a workplace health business support service should be introduced and the excessive tax burden on employers offering health and wellbeing related services should be reduced. The OECD cites a four-to-one economic benefit of mental health investment programmes implemented in other states, such as the 'Bell Let's Talk' programme in Canada^{vi}.



LOCAL ECONOMY OF THE FUTURE



Local economies play a powerful role in all our daily lives. They impact on how we live, work and spend our money. Crucially, they create a sense of community. Many of our most well-known and best-loved UK businesses started life on local high streets. Some are still there, many have grown across multiple locations, and others have gone international. What they all have in common is being rooted in local economies.

There are several major challenges and exciting opportunities facing our local economies across the UK right now. We believe that crucial partnership is needed between business and government to meet the challenges of tomorrow. At the same time, we recognise that every place is unique, so there must be clear but flexible solutions to grow the local economies of the future.

Our recommendations offer a strategic roadmap. Proactive business leadership, institutional reform and further devolution of powers are urgently needed. Local economies also need targeted efforts to address specific challenges such as use of infrastructure, investment for growth, and the overall cost of doing business.

Our local communities are the building blocks upon which our economy sits. They are the natural home for businesses, and concerted efforts are essential to ensure their success and the prosperity of the broader economy.

RECOMMENDATIONS

1. Reform Business Rates to boost growth

In February 2024, around a quarter (26%) of surveyed businesses told us that they had scaled back or cancelled plans to upgrade/open new premises as a direct result of business rates^{vii}, highlighting this a barrier to economic growth. An incoming government should develop a long-term strategy for business rates that incentivises rather than disincentivises growth and investment. The system should also be more responsive to local economic cycle and the wider economic cycle. This could be achieved by moving the system to an annual revaluation, reforming the current multipliers and exploring new approaches to business taxation.

2. Ensure SMEs can access Business Support

A future government should create a long-term strategic approach to publicly funded business support, which provides more agency and autonomy to local and regional communities and could provide vital investment in our country's future economic success. There should be specific requirements to involve independent business membership organisations based in the local government regions, to ensure that the wider business community is fully represented in strategy development and decision making.

3. Modernise access to Finance

Whilst safeguarding and boosting the funds available to local economies, the number of funding pots available should be streamlined, making them easier for local authorities and other business development bodies to access and spend the funds, in a transparent and accountable way. The banking hub model should be rolled out into more local communities and the range of services offered to businesses should be expanded. According to the 2024 SME Finance Monitor, rolling success rates for access to finance showed a higher level of success when government backed schemes were available^{viii}.



GLOBAL BRITAIN



The UK is one of the world's leading economies, with the third-highest stock of assets owned through Foreign Direct Investment (FDI) in the world and ranked fifth in the world for total value of exports. The challenge looking forward is how to build on the past and ensure Britain remains a significant player on the global stage. To boost FDI, government must first and foremost ensure there is a stable framework for business investment and growth. It should introduce policy changes such as better targeting of promotion resources; ensuring government institutions give FDI the priority it deserves; and refreshing our messages to the world to showcase all that Britain has to offer.

To boost exports, government must work in partnership with the UK's world-class leading logistics sector to ensure goods reach their markets efficiently and support SMEs to find new markets. There should be increased emphasis on cementing existing relationships as well as concluding trade agreements. There is a clear need to improve trading relationships with the EU, which remains our biggest trading partner.

Retaining Britain's place on the global stage also means keeping our most successful businesses who may be looking overseas for finance. British growth capital should be made more accessible. Finally, government should only diverge from EU rules where it adds value to UK plc. We encourage close alignment on regulations that impact Britain's global trade, such as standards on manufactured goods, while supporting divergence where there is a clear benefit, such as the Mansion House reforms that will help unlock additional investment for UK firms.

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RECOMMENDATIONS

1. Implement trade deals which improve export potential for business

The government must negotiate improved UK trading terms with our largest trading partner, the European Union and complete the current pipeline of free trade negotiations including Switzerland, Gulf Co-operation Council, Türkiye, and India. A new focus on ensuring businesses large and small are getting the full benefits from trade deals current and new is needed from government. The Office for Budget Responsibility in March 2024 estimated growth in UK exports volumes of only 0.3% a year until the end of the forecast period in 2028^x.

2. Grow Foreign Direct Investment in the UK

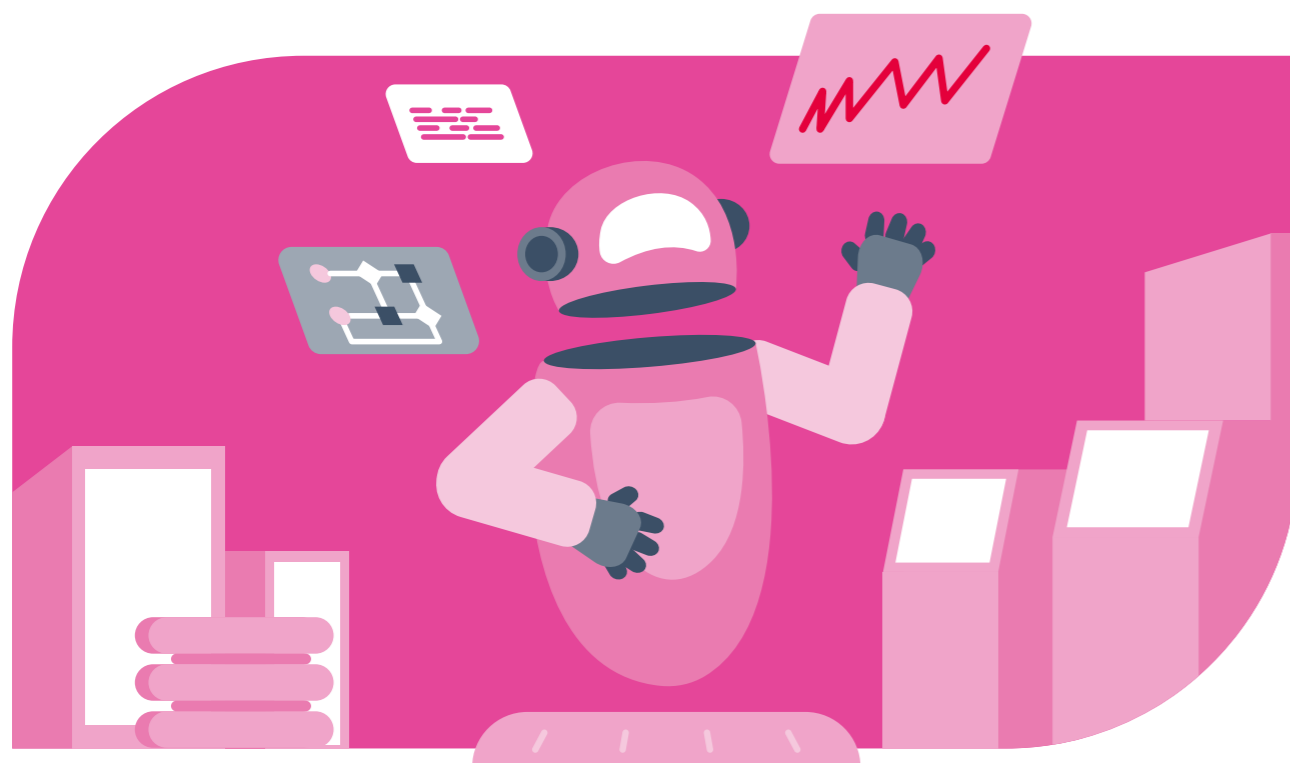
Ensure the fundamentals are in place by providing a stable policy framework and a supportive business environment for investment. Focus FDI promotion on the largest investor nations such as the US, EU and India, while investigating new high growth markets, and establish an FDI Council to secure strategic government and business support. Draw together our world-leading cultural and diplomatic institutions and multinational business network to create a new 'Team UK' to facilitate further growth. ONS research has concluded that firms which attract FDI are around 72% more productive than domestically oriented firms without any FDI links, even accounting for size, industry, and location^x.

3. Continue reforms to increase UK investment

The new government should continue and build on the Mansion House compact reforms requiring defined contribution (DC) pension schemes to allocate at least 5% of their default funds to unlisted equities by 2030, potentially unlocking up to £50bn in investment. According to HM Treasury the Mansion House Reforms could unlock an additional £75bn for high-growth businesses, while reforms to DC pension schemes could increase a typical earner's pension pot by 12% throughout a career^{xvi}.



DIGITAL REVOLUTION



Emerging Technologies such as Artificial intelligence (AI) presents significant opportunities for businesses across the UK, with many examples of AI adding to productivity and helping to gain a competitive advantage. However, research from the British Chambers of Commerce's Insight Unit has illustrated a patchy uptake of AI by businesses across the UK, with only around a quarter of SMEs actively adopting AI technology for uses such as coding, data analysis, language translation, content creation, and as a sounding board for ideas. Key barriers to the uptake of AI by SMEs include lack of relevance, investment costs, reliability, lack of understanding, and risks around scams or privacy^{xi}.

To ensure increased AI uptake amongst SMEs, the UK's basic digital infrastructure need to be improved, there is still a disparity in broadband connectivity between parts of the UK, and in urban and rural areas more broadly. The rollout of 5G promises faster connectivity, benefiting businesses through greater digitalisation and automation, but the UK's progress on expanding coverage has been behind that of other EU countries.

For UK firms to feel confident to adopt new technology they need reassurance that digital systems are secure. Ensuring a safe and resilient digital environment is vital for a modern economy, and while larger companies risk greater financial losses through such attacks, smaller companies are often more exposed due to comparatively fewer protections. Critical national infrastructure and supply chains are key targets for these attacks, leaving the UK economy exposed to large-scale shocks if adequate protections are not put in place.

RECOMMENDATIONS

1. Appoint an AI Champion for SMEs

The government should create a framework of trust for businesses in relation to AI, including through a Small and Medium-sized Business AI Programme, appointing an AI Champion for SMEs, supporting the development of long-term AI and digital skills, and championing UK business adopters abroad. AI could increase UK GDP by up to 10.3% by 2030 – the equivalent of an additional £232 billion^{xii}, and the IMF has forecast that productivity gains from AI are expected to range from 0.9 to 1.5 percent a year for the UK^{xiii}.

2. Boost Digital Connectivity

The UK must complete the national Gigabit Broadband rollout and become a world leader in research and development of a 5G network. To achieve this, the government needs to unblock access to building underground digital infrastructure, build a planning regime and introduce business rates relief for infrastructure development. Analysis commissioned by the Department for Science, Innovation and Technology (DSIT) suggests 5G could enable productivity gains that add £159 billion in cumulative GVA between now and 2035^{xiv}. Nationwide full fibre broadband could boost UK productivity by £72 billion^{xv}.

3. Improve Cyber Security

The government must safeguard growth by building resilience to cyber threats and supporting businesses, especially small businesses, so they have confidence in the UK's digital infrastructure. As well as increasing business awareness of and access to cyber security training, the government should work with industry to create a reinsurance pool that underwrites cyber security risk and promote effective cyber security practices for all UK businesses.



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