Summary of CBI Budget measures 2019	Annual Exchequer cost[1]
Protect the UK's international competitiveness	
Reform the outdated business rates regime	
Adopt a package of measures to alleviate the current pressures of the business rates regime on businesses[2]	£800m
Conduct an independent review of the business rates system ahead of the next revaluation, with the objective of reducing the rates burden on individual businesses over time	Unclear
Avoid damaging the international competitiveness of the UK's tax regime	
Delay the introduction of the Digital Services Tax to allow for the OECD to reach a consensus-based solution	£275m in 2020/21[3]
Halt the introduction of the Corporate Capital Loss restrictions	£110m in 2020/21[4]
Protect and grow our world class universities and colleges	
Publish a Ministerial Statement on the next stage of the Post-18 review of education and funding	£Nil
Protect per pupil funding in further education in real terms until 2022	£300m[5]
Deliver the previously committed £38m in capital investment for T-levels in 50 colleges	£Nil[6]
Ensure all parts of England are covered by careers hubs, building on the 40 already announced, a move welcomed by businesses. According to projections by the Department for Education this would require 140 additional hubs across England	£7.5m[7]
Provide a roadmap for future taxation of the Financial Services sector	
Provide clarity and long-term intentions for the financial services landscape	£Nil
Accelerate the vision for the UK economy	
Combine the power of the tax system and public spending to boost business investment in the technologies of the future	
Turbo charge the R&D tax credit to ensure it keeps pace with the fast-changing nature of research and development	Unclear[8]
Launch a call for evidence into how the tax system can be used to increase the adoption of digital technologies by business	£Nil
Increase government spending to support the innovation ecosystem including innovation adoption, late stage development and low carbon technologies	£1.5bn

[1] Static cost – does not take account of the positive economic impact; aggregate cost for each policy package
[2] Detailed measures for all the recommendations in this table can be found in the text, from page 3 onwards
[3] £370m in 2021/22; Based on expected revenue in Budget 2018 policy costings, October 2018
[4] £140m in next two years; Based on expected revenue in Budget 2018 policy costings, October 2018
[5] Institute for Fiscal Studies, Education Spending in England, September 2019
[6] This has already been scored as part of the Autumn Budget 2018
[7] Up to £17.5m in 2023/24 based on DfE projections
[8] The cost would depend on the extent to which the scope is expanded

Invest in HMRC to ensure the department is sufficiently resourced to provide businesses with greater upfront certainty over their tax affairs and to respond on a timely basis to matters (such as R&D tax credit claims) which can have a significant impact on business cash flow	£Unknown
Ensure funding from the European Investment Fund is matched for the next financial year	£Unclear[9]
Make the UK a world leading low carbon economy	
Maintain the carbon price support at £18/tCO2 beyond 2021 and make a decision on the future trajectory of the CPS	Unknown
Introduce an ambitious package of energy efficiency measures for both domestic and commercial properties	£150m
Back the EV revolution in the UK through a package of regulatory and tax measures	£10m
Provide clarity for the Contracts for Difference Framework and the future financing model for nuclear power in the UK	£Nil
Connect up the regions of the UK to level up productivity	
Follow through on commitments to deliver large infrastructure projects, including HS2, Crossrail 2, Northern Powerhouse Rail and Heathrow Airport expansion	£Nil
Respond to the National Infrastructure Assessment and commit to the agreed fiscal remit of 1.2%	Unclear
Confirm £5bn digital infrastructure investment in the Budget	£5bn[10]
Simplify local infrastructure spending with a package of measures	£Negligible
Government should allocate significant long-term funding for major capacity upgrades in selected growth priority cities, in line with the funding profile set out by the National Infrastructure Commission. Cities benefiting from major projects should make commitments on housing delivery and provide at least 25 per cent of funding[11]	£unknown
Set out plans for a replacement vehicle for private investment in public infrastructure	£Nil
Provide a long-term strategic approach to regional policy to reignite regions	
Urgently publish the White Paper on the UK Shared Prosperity Fund	£Nil
Provide clarity on the Government's future devolution strategy for England's regions, including the mechanism for assessing and approving deals	£Nil
Build confidence in the UK's immigration system	
Introduce a package of measures to ensure confidence in the new UK immigration system	£161m[12]
Give business breathing space from the rising cost of tax and regulation	
Delay the introduction of measures that add to the cost of employing people	
Delay the introduction to changes to IR35 until April 2021 to allow business adequate time to prepare and comply with the legislation	£1.2bn[13]
Avoid further cuts to pensions tax relief and undertake a formal review of the tapered annual allowance for both the public and private sector, not just the NHS	£Nil

[9] It is difficult to ascertain information on how much additional funding is required

[10] This has been committed and will be scored as part of the budget process

[11] National Infrastructure Assessment, July 2018

[12] This is based on the revenue received from the ISC in its current form and an estimate of the revenue that would have been received had EEA nationals been in scope. As it is based on data from 2016, it does not take into account any behavioural change of companies or individuals.

[13] Based on expected revenue in Budget 2018 policy costings, October 2018

The Low Pay Commission should recommend the pace of National Living Wage increases taking into account economic conditions and in particular the impact on employment opportunities of lower paid workers	£Nil
Reform the apprenticeship levy	
Introduce short term measures to ensure the Levy is solvent over the next year, provide immediate transparency and open up the conversation about long-term reform before the next Autumn Budget	£100m
Strengthen employment enforcement	
Government should introduce a new fees regime that is designed to encourage resolving disputes by agreement whenever possible, and look into increasing the administrative capacity of Employment Tribunals	Unclear

A BUDGET FOR GROWTH NOW AND FOR THE FUTURE

This Budget comes at an unprecedented time in British politics and businesses across the country are looking to the government for certainty and clarity. Business welcomed the focus in the spending round earlier this autumn, in particular the investment in further and primary education to address our on-going skills gaps and future skills needs.

The Budget provides the opportunity to address urgent areas of investment not covered by the spending round: infrastructure, which must include publication of the National Infrastructure Strategy, research and development through the publication of the R&D roadmap and the move to a low carbon economy. Delaying urgent action and investment only risks damaging the UK's long-term competitiveness. The latest economic data supports this: the economy shrank by a worrying 0.2% in Q2 in 2019 and according to ONS data, business investment has now fallen for five out of the last six quarters.[14] Now is the time to signal to companies, that the UK is open for businesses and to improve on the many areas that already make the UK a fantastic place to invest and grow a business.

There are three objectives the government should adopt at this year's Budget:

- **Protect the UK's international competitiveness**: at this unprecedented time, and with the world watching, the government should act to protect some of our most internationally revered economic assets: our tax system, our higher education and financial services sectors to name a few.
- **Accelerate the vision for the UK economy**: from infrastructure to R&D, our low carbon future and the untapped potential of our regions there are so many urgent decisions that cannot be further delayed by Brexit uncertainty. A clear vision of the future economy we want to have, powered by business investment now needs to be backed up by decisive action that will catalyse our businesses.
- **Give business breathing space from the rising cost of tax and regulation**: the uncertainty of the past 3 years has meant businesses have had to divert resources to unproductive activities. At the same time businesses face a rising cost of tax and regulation that is draining resources further, hampering future investment and sending the signal that the UK's is a more challenging place to set up and grow a business. The Budget provides an opportunity to recognise the cumulative effect of these factors and give businesses the time they need to prepare and adapt.

The CBI proposes a comprehensive set of measures to deliver each of these objectives, as outlined below.

Protect the UK's international competitiveness

1. Reform the outdated Business Rates regime

In an increasingly digitalised world, with a slowing retail and manufacturing sector, there has never been a more crucial time for the government to act and set out a path for reform to the broken business rates system. With a tax rate close to 50% and a shrinking tax base, the system is no longer sustainable. It is holding back business investment across sectors and regions in the UK. Reaching a fair and sustainable system in the long-term will require fundamental change from the status quo. A new system should have the following characteristics: a fixed tax rate, a tax base based on rent, annual revaluations, exemptions for productivity-enhancing investment and the removal of the rule of fiscal neutrality.

However, in the meantime the burden of business rates will continue to increase, damaging the competitiveness of retailers, manufacturers, logistics firms and others. The UK is already more reliant on property taxation than the rest of the G7 and therefore an increasing burden will only make the UK

[14] GDP quarterly national accounts, UK: April to June 2019, September 2019, ONS

less attractive to international investment, particularly when that investment includes the acquisition of commercial property.

The Government's objective must be to reduce the average rates burden on individual businesses over time. To set the UK on a track to achieving this long-term objective, it is crucial that the government makes changes at each budget. An independent review of the business rates system should take place in 2020, ahead of the next revaluation, and report at Budget 2020, with a view to implement the changes from 2021 onwards.

Ensuring the system supports investment in property will be a crucial part of the reform. Business rates is a key factor when making decisions on both large capital investments where the return is realised over a longer period and smaller investments, such as improvements or upgrades to existing properties. The current level of business rates burden often means such investments are not economically viable. This is particularly important for productivity enhancing investments and investments in energy efficiency. These investments could contribute towards the government's targets for net zero and full-fibre rollout[15], and the wider economic benefits these will realise. However, in many instances business rates can be the tipping point in delaying that investment decision putting the UK at risk of missing out on these benefits.

The government should use this Budget to:

	CBI recommendation	Annual exchequer cost[16]
1.1	Introduce a similar measure to Scotland's Business Growth Accelerator that enables new properties or improvements to existing properties to receive a 12-month holiday from business rates payments	£500m[17]
1.2	Introduce a strict set of guidelines setting out in what circumstances local authorities should grant partly occupied relief. This should be revenue neutral to local authorities such that any relief granted should be reimbursed by central government	Unclear[18]
1.3	Transitional arrangements should be removed for properties whose rateable value decreased because of the 2017 revaluation. The rates bill of these properties should reflect the 2017 rateable value, while upwards transitional relief should be maintained	£300m 2020/21, £200m 2021/22[19]
1.4	The check challenge appeal system should include a workable VOA portal and business rates valuations should be transparent, with the evidence upon which values are based being made available to rate payers	Unclear[20]
1.5	Exempt productivity enhancing investments from the rateable value. This should include full fibre and energy efficiency	Unclear[21]
1.7	Extend full fibre business rates relief to 2029 (to align with the business rates regime in Scotland)[22]	£12m[23]

[15] As the Government has recently accelerated its target for gigabit connectivity by 2025, it must now match that ambition with a pro-investment tax policy that facilitates quick rollout so that businesses can benefit from the best connectivity technologies as soon as possible
[16] Static cost – does not take account of the positive economic impact
[17] Based on costings from Consultation on the transitional arrangements for the 2017 business rates revaluation, Summary of responses and Government's response.
[18] Cost depends on the guidelines enforced but should be small
[19] Based on costings from Consultation on the transitional arrangements for the 2017 business rates revaluation, Summary of Responses and Government's Response, November 2016.
[20] Cost depends on scale of systems changes
[21] Cost depends on the scope of exemptions
[22] Business rates relief would free up resources for roll out to potentially thousands more properties; during the government's consultation on full fibre business rates relief, it sited how increased broadband speed alone could add £17bn to UK output by 2024
[23] Based on costings for previous 5-year exemption from Autumn Statement 2016: policy costings

1.6	Conduct an independent review of the business rates system ahead of the next revaluation, with the objective of reducing the rates burden on individual businesses over time	Negligible

2. Avoid damaging UK competitiveness with the introduction of taxation measures that put the UK out of lockstep with its international competitors

In order to invest and grow businesses need stability and certainty. At a time when the world is questioning the attractiveness of the UK as place to invest a predictable tax system is paramount. But it is also about not hastily introducing change, that add to the administrative burden businesses face. There are two key areas, where business is looking to the government for clarity:

- **Digital Services Tax**: this policy should be put on hold until the OECD has been given an opportunity to reach a consensus-based solution, especially in light of the fundamental weaknesses of revenue-based taxes. This includes the risks of double taxation and spill-over effects to the wider economy due to the risk of the tax being passed on to consumers and sending a message contrary to the Government's Industrial Strategy and its Digital Strategy to "set a path to make Britain the best place to start and grow a digital business" This is especially important at this time given the unique and novel nature of the DST, which requires data to be captured which is required for no other tax or statutory reporting requirement.
- **Corporate capital loss restrictions**: this is inconsistent with the broader policy objective of ensuring the UK is an attractive place for business, in particular, but not exclusively in the property and construction industry. The case for restricting carried-forward capital losses, bringing the loss restrictions in line with income loss carried-forward restrictions, moves away from the well-established principle of ensuring that companies are taxed on net capital gains over the long term and the proposed reform is likely to result in taxpayers being subject to a significantly higher tax burden.

The CBI is therefore calling on the government to:

	CBI recommendation	Annual exchequer cost[24]
2.1	Delay the introduction of the Digital Services Tax to allow for the OECD to reach a consensus-based solution	£275m in 2020/21, £370m in 2021/22[25]
2.2	Halt its plans to extend the loss restriction rule for carried-forward losses to include capital losses	£110m in 2020/21, £140m in next two years[26]

3. Protect and grow our world class universities and colleges

The UK has world class universities and colleges that underpin our economy, innovation, and education system. It is therefore vital that we continue to fund our universities sustainably, as well as deliver on the government's commitment in the spending round to end the financial neglect of colleges over the previous decade.

The government should use this budget to:

[24] Static cost – does not take account of the positive economic impact
[25] Based on expected revenue in Budget 2018 policy costings, October 2018
[26] Based on expected revenue in Budget 2018 policy costings, October 2018

	CBI recommendation	Annual exchequer cost[27]
3.1	Publish a Ministerial Statement on the next stage of post-18 review of education and funding	£Nil
3.2	Ensure that any change to tuition fees does not lead to a reduction in the real-terms unit of resource per student	Unclear[28]
3.3	Protect per pupil funding in further education in real terms until 2022	£300m 2020/21, £200m 2021/22[29]
3.4	Deliver the previously committed £38m in capital investment for T-levels in 50 colleges	£Nil[30]
3.5	Ensure all parts of England are covered by careers hubs, building on the 40 already announced, a move welcomed by businesses. According to DfE projections this would require 140 hubs across England	£7.5m[31]

4. A roadmap for future taxation of the Financial Services sector

Financial services matter, both for the whole economy and in their own right. From helping risks to be managed, wages to be paid, and payments to be made, financial services is an essential enabling industry. The products and services provided by this critical sector keep the economy moving, driving prosperity and boosting productivity. Along with providing 1.1 million high-skilled, productive jobs across the regions, the sector contributed over £75bn in taxes last year –equivalent to almost half of the NHS Budget.[32]

The CBI urges this government to use this budget as an opportunity to return to the normalisation of UK financial services taxation and:

	CBI recommendation	Annual exchequer cost[33]
4.1	Commit to no further rises in Insurance Premium Tax for the duration of this Parliament	£Nil
4.2	Outline the long-term intentions for the Bank Levy and Corporation Tax Surcharge	£Nil
4.3	Support firm's long-term growth ambitions by committing to continuation of Entrepreneurs Relief	£Nil

[27] Static cost – does not take account of the positive economic impact; aggregate cost for each policy package
[28] Cost depends on the guidelines enforced but should be small
[29] Based on costings https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/572823/Transitional_Relief_consultation_response.pdf
[30] This has already been scored as part of the Autumn Budget 2018
[31] Up to £17.5m in 2023/24 based on DfE projections
[32] Spending round 2019 document, September 2019.
[33] Static cost – does not take account of the positive economic impact; aggregate cost for each policy package

Accelerate the vision for the UK economy

5. Combine the power of the tax system and public spending to boost business investment in the technologies of the future

With evolving innovations, new technologies, and growing expertise, businesses and government can work together to tackle many of today's grand challenges. From reducing the UK's carbon emissions to developing new healthcare innovations which meet the needs of our growing and ageing population. Much of what we need to deliver a world-class innovation ecosystem is already in place. The UK has first-rate universities, cutting-edge businesses and attracts talent from across the globe. But at the current pace of investment in R&D, the UK is estimated to miss the 2.4% target by £19billion, missing out on enormous benefits to society, the economy and individuals. Reaching the 2.4% target is crucial for many parts of the government agenda. This is also needed for the transition to a low carbon economy, for a more circular economy and in the development of new technologies to reduce carbon emissions in homes and heavy industry. There are a number of policy levers the government should be taking action in. **These include:**

- **The R&D tax credit**: the tax credit is a vital element of this picture and the government should ensure the tax credit properly reflects the economy that we have. Pound for pound, the R&D tax credit drives more investment by business than it costs the Government. The tax credit could be the motor to propel the economy forward - but only if it keeps pace with the changing nature of R&D, so it must widen in scope, if the UK is to remain a world-leader in innovation.
- **Government spending:** Public funding is a vital piece in the R&D puzzle, with evidence that government spend crowds in private sector expenditure and can lead to increases in total investment on R&D.[34] The Biomedical Catalyst, a partnership between the Medical Research Council and Innovate UK to stimulate research in the life sciences, is one example of this. As well as attracting industry-matched funding from businesses participating in its competitions and grants schemes it has also crowded-in follow-on private sector investment, to the tune of four times the original government funding provided. This clearly demonstrates how public funds can stimulate private finance, leading to substantial increases in overall spend.[35]
- **HMRC relationship**: Certainty is an important pillar of the competitiveness of the UK tax system, particularly in terms of promoting investment and growth. The relationship between business and HMRC plays a key part of providing businesses with this certainty. The international business community has long recognised HMRC as a world-class, well respected tax authority which maintains excellent relationships with business taxpayers. This is driven by its reputation for integrity and reliability meaning business can trust that their tax affairs are being treated with confidence and in a fair way. But in recent years a growing number of businesses are reporting a steady breakdown in their relationships with HMRC. Whilst the CBI's In Need of a Reset report focused on HMRC's relationship with large business[36], the impact of HMRC's relationship is being felt more widely. One recent example of this is the administration of the R&D tax incentive regime. Businesses have been particularly frustrated with the delay in settling R&D tax credit claims, with some claims taking up to 6 months to be processed and paid. Delays in receiving payments can have serious cash flow implications and in some instances can disrupt the day-to-day running of some businesses – particularly for SMEs. To address this problem there must be greater investment to ensure that HMRC are sufficiently resourced to settle claims on a timely basis.

But it's not just about creating new technologies and innovations. The pace of adoption of digital technologies by businesses lags behind our international competitors. In 2015, the proportion of UK firms adopting cloud computing was nearly 30 percentage points below the EU's best performers. For

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[34] Jonathan Haskel, Alan Hughes and Elif Bascavusoglu-Moreau, "The Economic Significance of the UK Science Base" (Campaign for Science and Engineering: 2014); CBI, "From Follower to Leader – Mapping the UK's Path to Innovation Leadership" 2015

[35] Innovate UK, New Year – New Ambitions 2017

[36] CBI, In Need of a Reset report, January 2019

ERP systems, the proportion of UK firms adopting the technology was around 40 percentage points below. This underperformance has persisted over time. The proportion of businesses with websites, internet trading capabilities, CRM and ERP systems in the UK today is still below levels in Denmark in 2009. Historically capital allowances have been one of the most important tax incentives to stimulate business investment. In addition, recent reform, including the temporary increase in the Annual Investment Allowance and the introduction of the new Structures and Buildings Allowance have gone some way to improving their reach. Yet evidence still shows that the costs businesses can recover via capital allowances have historically been amongst the lowest in the G7. Perhaps, even more importantly the shift to digital technologies has been accompanied by a shift in how the cost of these investments are accounted for by a business, from up front capital costs to on-going operating expenditures. For example, the shift to cloud computing has reduced the need for businesses to invest in in-house server capacity and instead an on-going service fee to a cloud storage provider takes its place.

This structural shift in how businesses invest is complex and, in many cases, there will need to be additional capital investment as well as on-going operating expenditure. The government should commit to exploring this issue further, in partnership with business, by issuing a call for evidence into how the tax system can be used to increase the adoption of digital technologies by business.

At this Budget, the government should:

	CBI recommendation	**Annual exchequer cost**[37]
5.1	Widen the scope of eligibility for the R&D tax credit to ensure it keeps pace with modern R&D practices. The scope should be broadened to include the following: • Capital expenditure • Data-driven innovation • Outsourced R&D activities that do not currently qualify • Upskilling and retraining of staff	Unclear[38]
5.2	Review the availability of data on R&D expenditure to ensure the effectiveness of the R&D tax credit continues to be monitored appropriately	£Nil
5.3	Ensure the R&D tax credit is internationally recognised as world-class by regularly benchmarking the UK's regime against international peers.	£Nil
5.4	Create a five-year financial framework programme from 2020 onwards with the objective of providing certainty for business science investment and in particular focusing on science infrastructure (for example in the area of super computers)	£Nil
5.5	Double the funding available for Innovate UK's Open/Smart programmes to support late stage development	£187m[39]
5.6	Create one new large-scale demonstrator per region, each committed to addressing one of the industrial strategy grand challenges, and based on the success of the Milton Keynes Autodrive pilot	£76m[40]
5.7	Commit sufficient funding for the UK to associate fully in Horizon Europe for 2020-2025	£1bn[41]

[37] Static cost – does not take account of the positive economic impact
[38] The cost will depend on the scope of the exemptions
[39] Innovate UK Annual Report 2017/18
[40] This is based on the Autodrive budget of £19m per region over 3 years.
[41] This is based on the UK's contribution to the last EU framework programme (FP7) that ran from 2007-13. HMG has previously committed to fully participating in Horizon 2025 depending on the terms of the EU Exit agreement.

5.8	Build on the success of the Made Smarter[42] North West pilot, by providing funding for scale up in three additional areas: - Lincolnshire (EM): to transform the productivity of food and beverage production. At 24% East Mids. has the highest proportion of manufacturing jobs and highest manufacturing share of GVA of all English regions but has lowest productivity per hour and per job. - Sheffield City Region**:** to help boost competitiveness of key sectors including aero, auto and steel. Yorkshire & Humber has 2nd lowest productivity per job and per hour of all regions; highest proportion of SMEs manufacturers; highest manufacturing exports. - North East/ Tees Valley: to give a much-needed boost to manufacturing worker and job productivity given the importance of manufacturing jobs and exports to the region. Manufacturing productivity is amongst the lowest; high manufacturing share of jobs.	£50m[43]
5.8	Unlock the full value of the £147m Manufacturing Made Smarter Challenge by approving the remaining £117m in funding that will secure industry investment in the UK and support manufacturing SMEs with low cost solutions for adoption of new digital technology	£117m
5.9	Fund an additional £14m for the Made Smarter Commission to support nationwide coordination, leveraging and scaling of digital skills to help us accelerate this important enabler for increased technology adoption	£14m
5.10	Increase the budget of Be the Business to £10m to build on the success of the programme	£10m
5.11	Launch a call for evidence into how the tax system can be used to increase the adoption of digital technologies by business	£Nil
5.12	Invest in HMRC to ensure the department is sufficiently resourced to provide businesses with greater upfront certainty over their tax affairs and to respond on a timely basis to matters (such as R&D tax credit claims) which can have a significant impact on business cash flow	£unknown
5.13	Ensure funding from the European Investment Fund is matched for the next financial year	£unclear[44]
5.14	Give the Industrial Strategy statutory powers on a par with institutions such as the OBR and National Infrastructure Commission to independently monitor and assess the success of the government's industrial policy	£Nil

6. Make the UK a world leading low carbon economy

Reaching the Net Zero target by 2050 will be the defining ambition of the next few decades and reaching is must be a collective effort between government and business to deliver low-carbon solutions at an accelerated rate across energy, transport, heat and heavy industry among others. And it must be a cross party effort, we cannot afford to experience constant chop and change - the UK requires a long-term, stable energy policy framework which encourages investment in low carbon technologies and security of supply, all whilst ensuring a low cost to the consumer.

Business is fully on board with reaching the 2050 Net Zero target. But is clear that for this to happen, urgent action is needed in all key areas of carbon emissions: heat, transport and heavy industry.

In pursuit of reaching our net-zero target, **the Government should use this Budget to:**

[42] Made Smarter Commission, 2019
[43] Made Smarter Commission recommendations, August 2019
[44] It is difficult to ascertain information on how much additional funding is required

	CBI recommendation	Annual exchequer cost[45]
Carbon price floor		
6.1	Freeze the carbon price support (CPS) at £18/tCO2 from 2021/22 until we have more clarity of the post-Brexit environment for Carbon Pricing in the UK	£Nil
6.2	Make a decision on the trajectory of the CPS from 2022/23 onwards: clarity is needed to avoid disruption of the carbon price trajectory and to ensure the UK is able to reach carbon neutrality in a cost-effective way. In addition, any reform to the CPS in these turbulent times could further damage competition for energy intensive industries and would send a negative signal to low-carbon investors.	£Nil
Energy efficiency		
6.3	Make a minimum energy standard for commercial properties of EPC B mandatory by 2035 and set out a trajectory for this adopting the recommendation from the Green Finance Strategy.[46]	Unclear
6.4	Fund a new business consultancy service to support businesses of all sizes with information about energy efficiency measures, links to local suppliers and funding opportunities (public and private)	£50m
6.5	Increase the cap for landlords facing costs to upgrade EPC ratings to Band D from £3,500 to £7,000 to maximise energy efficiency activity and tackle fuel poverty.	£Nil
6.6	Strengthen policies to drive retrofit energy efficiency measures in homes by increasing the rate of installation of energy efficiency, with a focus of targeting social housing, with the aim of increasing the energy efficiency rating to C or better by 2030	£100m[47]
6.7	Subject to the success of community trials, launching a trial to supply hydrogen to at least 10,000 homes by 2023, including hydrogen production with carbon capture and storage	£see above
6.8	Establishing the safety case for using hydrogen as a replacement for natural gas, followed by trialling hydrogen at community scale by 2021	£Nil
6.9	Support the scale-up of hydrogen-based technologies by supporting efforts to develop clean hydrogen production	£Unknown
Transport		
6.9	Ofgem should take on the role of regulating the interaction between electric vehicle charge points and the electricity network immediately, ensuring that electric vehicle charging and vehicle to grid services contribute to the optimisation of the energy system. Government, industry and Ofgem should work together to set minimum standards for a network of interoperable, smart charge points	Unclear
6.10	Subsidise the provision of rapid charge points in rural and remote areas by 2022, where the market will not deliver in the short term to ensure complete coverage throughout the UK	£10m[48]
6.11	Deliver a nationally driven but locally coordinated infrastructure plan to uplift the number of public charge points and to ensure the right type of chargers are in the right places	£Nil
6.12	Review the depot substation funding/ownership model for business users.	£Nil
6.13	Introduce a scrappage scheme to replace cars driven on fossil fuels over ten years old with new electric cars, saving buyers an estimated £2,000	£Unknown
Power		

[45] Static cost – does not take account of the positive economic impact
[46] HMG, Green Finance Strategy, July 2019
[47] National Infrastructure Assessment, National Infrastructure Commission, July 2018; this cost also includes recommendation 6.7
[48] National Infrastructure Assessment, July 2019

6.14	Maintain the current Contracts for Difference Framework and timescales as it is an effective market mechanism for enhancing competition and delivering investment in large-scale renewable power across the UK. Onshore wind should be provided with a route to market via the Contracts for Difference auction immediately.	£Nil
6.15	Introduce the RAB finance model for new nuclear power in the UK by providing details as soon as possible on the Government Support Package including risk sharing arrangements, Economic Regulatory Regime, appointment of the Economic Regulator as well as a route for the RAB funding stream during both the construction and operational phases of new nuclear power stations	£Nil

7. Connect up the regions of the UK to level up productivity and growth

Getting the right infrastructure in place plays a crucial role in connecting people to where jobs are being created and raises productivity right across the country. Better connections between urban areas broadens the labour market pool, provides access to a wider range of markets and suppliers and makes it easier for firms to share best practice, ideas, people and technology. The government can positively impact productivity across all regions by acting now.

The government should use this Budget to:

	CBI recommendation	**Annual exchequer cost**[49]
7.1	Follow through on commitments to deliver large infrastructure projects, including HS2, Crossrail 2, Northern Powerhouse Rail and Heathrow Airport	Unclear
7.2	Adopt the NIC's fiscal remit for capital expenditure on economic infrastructure to be between 1% and 1.2% of GDP in each year between 2020 and 2050.	Unknown[50]
7.3	Make all maintenance-based funding in local transport formula based, which should include current bid funding, such as the Pothole Action Fund and the Local Highways Maintenance Challenge Fund as well as the exiting formula-based maintenance funding: Highways Maintenance Block and Integrated Transport Block.[51]	£Negligible[52]
7.4	Make the Transforming Cities Fund the umbrella fund for all challenge-based funding pots for active travel, new stations and safer roads into this umbrella fund, which should include the current challenge / bid based funding pots: Cycling City Ambition Fund, Cycle Ambition Fund, Access Fund, New Stations Fund	£Negligible[53]
7.5	Government should allocate significant long-term funding for major capacity upgrades in selected growth priority cities, in line with the funding profile set out by the National Infrastructure Commission. Cities benefiting from major projects should make commitments on housing delivery and provide at least 25 per cent of funding[54]	£Unknown

[49] Static cost – does not take account of the positive economic impact
[50] This would depend on the infrastructure recommendations adopted following the National Infrastructure Assessment.
[51] The Government should use the principles on what should be maintenance cost outlined in the National Infrastructure Assessment: *"Maintenance allocations should be determined according to the cost of keeping the relevant infrastructure assets held by the authority in working order."* (p74)
[52] Together the funds make up around £1.1bn in 2020/21: £50million pothole action fund, £100m local Highways Maintenance Challenge Fund, £725m Highways maintenance block fund and £258m Integrated Transport Block
[53] The Transforming Cities Fund is £485m in 2020/21
[54] National Infrastructure Assessment, July 2018

7.6	Support reform of the rail fares regulations and facilitate the testing and development of the necessary technical changes to make fare reforms a reality to ensure passengers always get the best value fares and enable the national roll out of Pay as You Go ticketing. This would require support of around £50m for 2020/21.[55]	£50m[56]
7.7	Confirm £5bn digital infrastructure investment in the Budget and channel funding to hard-to-reach areas	£5bn[57]
7.8	Government should set out plans for a replacement vehicle for private investment in public infrastructure	£Nil
7.9	Retain access to the European Investment Bank and if this is not feasible, create a similar mechanism to help facilitate international participation in the UK infrastructure finance market	£Nil
7.10	Remove pooling restrictions on Section 106 in all circumstances, through forthcoming secondary legislation by 2020	£Nil

8. Provide a long-term strategic approach to regional policy to reignite regions

The UK's productivity puzzle is not just a national story, but crucially also a regional one and while successive governments have strived to address the regional productivity challenge, they have been hampered by a lack of genuine buy-in from all parts of the government and in some instances rely heavily on already stretched local institutions. Businesses are clear, that in order to address the productivity challenge in regions, clarity is needed both on the formula-based funding side but also the government's devolution agenda for the English regions.

The government should use this Budget to:

	CBI recommendation	Annual exchequer cost[58]
8.1	Urgently publish the White Paper on the future of the UK Shared Prosperity Fund once the UK has left the EU to consult on the design of the fund. The government should commit to continued funding regardless of the outcome of EU negotiations	£Nil
8.2	Publish a framework setting out clear guidelines to support the development of new deals and establish criteria for assessing deal proposals for the English regions	£Nil
8.3	Set up an independent advisory board to impartially assess and advise on devolution deals against the published framework	£Nil
8.4	Commit to a review of the Green Book to better address regional imbalances, and consult on plans for the future of fiscal devolution	£Nil

9. Build confidence in the UK's immigration system

To create Global Britain and deliver on the vote to leave the EU, the UK needs a new immigration system. Getting this right is as important for many businesses as our future trading relationships. The contribution immigrants make to the UK's economy and society is huge and varied. Business shares the government's ambition that Global Britain should welcome workers from overseas who are contributing.

The government should use this budget to:

[55] Based on estimations by the Rail Delivery Group of around £150m for 3 years
[56] Based on estimations by the Rail Delivery Group of around £150m for 3 years
[57] This has been committed and will be scored as part of the budget process
[58] Static cost – does not take account of the positive economic impact

	CBI recommendation	Annual exchequer cost[59]
9.1	Scrap the £1,000 immigration skills charge	£161m[60]
9.2	Ensure the £400 immigration health surcharge does not apply to EU nationals by negotiating a reciprocal agreement on social security coordination with the EU	£Nil

Give business breathing space from the rising cost of tax and regulation

10. Delay the introduction of measures that would add to the cost of employing people

This must include the following areas:

- **IR35:** businesses understand and fully support the rationale behind the IR35 legislation. It is right that the government is looking to address non-compliance, but it is vital this is met with certainty and simplicity for business. For businesses to ensure they are fully compliant with the reform will require internal system updates across multiple functions, which will be resource intensive and is a significant increase in the administrative burden for businesses - all of which takes time. Draft legislation and HMRC guidance (both of which were needed for businesses to prepare for the reform) not being published until summer 2019, has not left adequate time for businesses to prepare for such significant reform ahead of the intended April 2020 commencement date. The CBI have been working closely with the HMRC CEST team to update the tax status tool available to businesses. However, the CEST tool update has not been released and is not expected to be released until the end of the 2019 calendar year. This does not provide businesses enough time to review contractors through the tool. CBI members can have thousands of contractors employed at any given time. In order for HMRC to stand by the outcome of the CEST tool, each contractor must be inputted individually throughout the tool. This is a huge undertaking, with large businesses either having no employment tax specialist, or one specialist that must undertake this task alongside their other duties. Businesses therefore need time to not only understand the tax legislation, but to use the tools that HMRC will provide businesses.
- **Pension Tax:** many Budgets in recent years have made changes to the pensions tax relief framework. Businesses are clear that they don't want to see anymore piecemeal changes, as they believe that constant tinkering to the tax relief framework over the last decade has damaged saver confidence. The Tapered Annual Allowance came into force as of April 2016 but has recently made headlines in relation to doctors in the NHS incurring large unexpected tax bills. Businesses support HMT's review of the taper but are clear that any review should not be sector specific. Changes to the pensions taxation system must apply to everyone, regardless of their employer. In the private sector, like the NHS, once an employee starts to be affected by the taper, then all additional paid work they agree to do adds to their earnings (which reduces the taper) and increases the value of their pension, meaning they get hit twice on the additional pensions tax. The taper is incredibly complex, and it is unlikely that an employee will understand the system without support from an independent financial adviser. Consequently, there's the potential for a significant amount of annual allowance tax to be owed by individuals who genuinely have no idea that they owe it, further damaging trust in pensions.

[59] Static cost – does not take account of the positive economic impact
[60] This is based on the revenue received from the ISC in its current form and an estimate of the revenue that would have been received had EEA nationals been in scope. As it is based on data from 2016, it does not take into account any behavioural change of companies or individuals.

- **National Living Wage**: the minimum wage has increased the earnings of the lowest paid while protecting employment opportunities for 20 years. Putting the expertise of the Low Pay Commission at the heart of decision-making has been critical to finding the right balance. But reducing the role of the LPC to monitoring the delivery of a politically set target through the creation of the National Living Wage was a risk and it is too early to fully judge its impact as it hasn't proven it can protect workers during a recession. As the UK economy heads into a period of uncertainty, the LPC should have a stronger role in assessing the impact on employment prospects and opportunities of the lowest paid workers.

The government should therefore use this budget to:

	CBI recommendation	**Annual exchequer cost**[61]
10.1	Delay the introduction of changes to employment taxation – IR35 – until April 2021 to allow business adequate time to prepare and comply with the legislation	£1.2bn in 2020/21
10.2	Avoid further cuts to pensions tax relief and undertake a formal review of the tapered annual allowance for both the public and private sector, not just the NHS	£Nil
10.3	The Low Pay Commission should recommend the pace of NLW increases, including not meeting the 2024 target if evidence suggests it is damaging the employment opportunities of lower paid workers and the economy	£Nil

11. Reform the Apprenticeship Levy

The Apprenticeship Levy was introduced in April 2017 with the aim of increasing firms' investment in training. Yet since the introduction of the levy the overall number of apprenticeships starts have fallen and it is younger leaners in particular that have been impacted by the fall in apprenticeship starts. The long-term aim should be to have a consultation to turn the levy into a flexible skills levy, but business appreciates that this takes time. **At this Budget, the government should:**

	CBI recommendation	**Annual exchequer cost**[62]
11.1	Commit to maintaining the rate at which firms pay the Apprenticeship Levy at no more than 0.5% for the duration of the next Spending Review period	£Nil
11.2	Introduce immediate and regular transparency around the level of Levy receipts and expenditure, including analysis of level of taxes paid and then which firms uses the funds, so firms can see how their contributions are being used and spent	£Nil
11.3	Provide a £100 million annual government top up to ensure that Levy payers and SME non-Levy payers can continue to use the Levy to spend on apprentices of all ages and levels	£100m[63]
11.4	Open up conversations on the long-term, including a consultation on turning the Levy into a flexible 'Skills Levy'	£Nil

[61] Static cost – does not take account of the positive economic impact
[62] Static cost – does not take account of the positive economic impact
[63] There is likely to be an overspend from 2020/21 onwards. The government should provide £100m in the first year. Absent any policy change this will have to be addressed at the multi-year spending review in 2020

12. Strengthen employment tribunals

Most employment rights are enforced by employees submitting complaints to an Employment Tribunal. This makes a well-functioning employment tribunal system essential to fairness at work. Fairness for workers that they have quick recourse to justice if their rights are not respected. And fairness for good employers who want neither to face unfair competition or false accusations that they can't swiftly contest. Employment Tribunal waiting times have increased significantly. Not only does this undermine confidence that employment rights are upheld but it also increasingly makes it a business issue. Unresolved disputes that drag on add to the cumulative burden companies face. Having an easily accessible, informal, speedy and inexpensive employment tribunal is in everyone's interest. The current state is a barrier to justice for employers and employees and damages trust in business.

The CBI is calling on the government to:

	CBI recommendation	Annual exchequer cost[64]
12.1	Introduce a new fees regime that is designed to encourage resolving disputes by agreement whenever possible, and look into increasing the administrative capacity of Employment Tribunals	Depending on findings

[64] Static cost – does not take account of the positive economic impact