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# Programme for prosperity

The business vision for the next government

November 2019  
Campaigns

# Foreword

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Every election matters. But this General Election will define the UK's path for a generation.

The next government must set the UK on course to tackle the biggest challenges of our day: giving young people the skills they need to succeed; reducing the blight of inequality across the country; and tackling the climate crisis. This will require a more inclusive form of capitalism than ever before, and business is committed to playing its full part.

The strength of the business-government relationship has underpinned the UK's success for many decades.

It has driven progress at home, from the building of the Channel Tunnel to the development of renewable energy to address climate change. It has helped tackle inequality, from the Minimum Wage to the creation of growing regional powerhouses and funding for strong public services. It has helped to make the UK the leading destination in Europe for foreign investors, with total investment worth \$1.9 trillion and supporting millions of jobs.

But this relationship is being questioned. Too many people have lost faith in a system they don't see working for them. In response, ideologies from both left and right have emerged to fill the gap, pushing debate to the extremes and offering only superficial solutions to complex problems.

And we are seeing the results. The public's faith in our politicians and institutions is continuing to erode, with the historic partnership between business and government under strain. Brexit uncertainty and stalled decision-making has taken its toll. Business investment has fallen for 18 months and productivity growth remains sluggish. Confidence in the UK is faltering.

It is within our power to change this. Now is the time for all parties to commit to be the party of business and to work with firms to provide bolder, better and fairer answers to the challenges facing our country.

The CBI's *Programme for Prosperity* sets out the four steps that will drive this change. It outlines employers' ambition to ensure that the benefits of prosperity are shared by all.

**The starting point must be long term solutions to long term problems, in partnership with business.** The next government should build on the combined skills of enterprise and politics to set out clear strategies to make education fit for the pace of technology change; tackle the climate crisis and ensure all parts of the UK can share in growth. People, planet, place.

**But lasting solutions will only work if business is thriving. So, the second step must be urgent action to make the UK business environment more competitive.** Show the world that UK policy is constant, reliable and driven by evidence of what works. Progress relies on profit, and profit relies on the environment the government sets.

**Third, champion good and responsible business.** Firms are showing, more than ever, that profit comes with purpose. Business is here to provide great jobs, invest in communities and meet the expectations that society rightly has of them. This is already true of hundreds of thousands of firms across the country. Now it must be true of every firm.

**And finally, secure a Brexit deal that protects the economy.** Firms large and small are clear that a future relationship based on staying aligned with EU rules where they are essential for frictionless trade and protecting our world-beating services sector. The short-term disruption and long-term damage to British competitiveness will be severe if we leave without one.

We urge the next government to back this new era of inclusive capitalism and show the world that there is no better place in the world than the UK to invest, grow and work in a business.

*"Whoever collects the keys to 10 Downing Street after the election, 2020 will be the most important year in a generation."*



**Carolyn Fairbairn**  
Director-General, CBI



# Step 1: Build long-term solutions to long-term problems, in partnership with business

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Giving young people the skills they need to succeed. Meeting the Net Zero challenge. Tackling regional inequalities. These challenges of people, planet and place will define prosperity for generations to come. They are too big for government or business to tackle alone. Business can bring the investment and innovation if government sets the long-term framework. 2020 must be a year of renewed partnership.

## I. Invest in people to give them the skills they need

A skilled workforce is the backbone of the UK economy and the foundation for an individual's success.

With government and business working together, the UK can build a system that adapts to the changing need for skills at all stages of life, ensuring everyone thrives as technology evolves.

### Educate young people for the modern world and a rapidly changing economy

- Reconsider the purpose of GCSEs. Given young people stay in education or training until 18, more space could be created for a rigorous and knowledge-rich curriculum if the UK did not have two sets of national tests.
- Embed digital learning in every subject across the curriculum, including at primary school, with funding provided to schools to invest in the necessary technology to deliver this.
- Ensure every young person has access to high quality careers advice, especially those from more disadvantaged backgrounds and those with special educational needs or disabilities. This will require employers to step up and play their critical role in careers advice.



## Maintain the UK's world class higher education system and boost our further education system

- End the decades of financial neglect of further education and colleges and introduce a minimum 10-year funding commitment so colleges can fully embrace T-levels and make them a success.
- Maintain the current level of higher education funding through a fair and sustainable system that balances the costs between graduates and taxpayers.
- Embark on the next stages of Apprenticeship Levy reform through a full and transparent public consultation. This must reverse the fall in apprenticeship starts over the last few years.

## Put adult education and retraining at the top of the agenda

- Work with business to reverse the collapse in part-time learners and increase the numbers of adults in education from a 20-year low.
- Expand the remit of the National Retraining Partnership in England to include upskilling and transform it into a cross-government effort with the CBI and TUC to embrace the 4th industrial revolution.

## II. Make Net Zero a source of competitive advantage

The UK has set an ambitious target to reach Net Zero emissions by 2050. But time is short. And the reality of meeting Net Zero emissions in thirty years means that the 2020s must be a decade of delivery.

The business community will play a huge role in delivering this economic, social and technological transformation. Government too must prioritise action, working with business and the devolved administrations to accelerate progress over the coming decade.

### Use the 2020s to accelerate deployment of low-carbon electricity

- Accelerate the deployment of large-scale renewables through Contracts of Difference auctions through the 2020s, including onshore wind where there is local support.
- Develop a Regulated Asset Base finance framework for new nuclear power investment and continue support for the development of Small Modular Reactor designs.
- Provide policy certainty for energy storage as a grid management tool and introduce legislation as necessary to support increased flexibility options in the power market.
- Design and deliver a robust post-Brexit Carbon Pricing regime to replace the EU Emissions Trading System to ensure business and investors have long-term clarity.

### Prioritise the reduction of emissions from transport

- Develop a strategy to assist the market in delivering world-class electric vehicle charging infrastructure across urban, rural and remote parts of the UK.
- Signal a clear strategy to support the mass uptake of low carbon vehicles, with an incentive package linked to levels of ultra-low emission vehicle sales, and clarity on company car tax and benefit in kind rates beyond 2023.
- Commit to a long-term strategy for the decarbonisation of road and rail freight by Budget 2021.
- Create an Office for Sustainable Aviation Fuels to enable the UK to become a global leader in sustainable aviation.

## Deliver action to improve energy efficiency and long-term strategy to decarbonise heat

- Designate energy efficiency as a national infrastructure priority in the forthcoming National Infrastructure Strategy and use upcoming fiscal events to provide further clarity on the strategy to improve the efficiency of homes and businesses across the country.
- Pass legislation for the Future Homes Standard for England by 2021, with full implementation in 2025.
- Progress development of heat policy, giving industry clarity of plans during 2020.

## Use the COP26 Summit to showcase the UK's position as a world leader in green technologies

- Develop a market for Carbon Capture, Use and Storage (CCUS) by introducing a privately financed RAB model in the early 2020s to support emissions reduction in the power sector and heavy industry.
- Develop a competitive market framework to support innovation and cost reduction of electrolysis to produce clean hydrogen for use across sectors, including transport, heavy industry, and energy storage in the power sector.





### III. Unlock regional growth through action on local Industrial Strategy and evidence-based devolution

The CBI's 2016 *Unlocking Regional Growth* report found huge variances in productivity levels across the country, with the most productive area of the UK now almost three times as productive as the least. This matters because increases in productivity are the most sustainable way to improve people's living standards.

Two years on from the launch of the Industrial Strategy, business and government need to work together to connect regions and develop local strategies that are long-term and ambitious.

#### Recommit to the Industrial Strategy to inspire enterprise and drive economic activity

- Establish cross-party support bringing all sides of the political debate together and injecting momentum by confirming the Industrial Strategy Council's political independence in statute with dedicated funding and focusing on delivery across all regions and nations.
- Ensure Local Industrial Strategies are in place across England, where possible, by March 2020 so that plans can be delivered. Where this isn't possible, government working with local leaders, should set out what's being done to deliver the strategy as quickly as possible – no later than by the end of 2020.
- Integrate Local Growth Fund, Towns Fund and Shared Prosperity Fund ensuring there is no loss of regional funding as we depart the EU as well as joint working across government departments, devolved and local governments to avoid delaying progress against the Industrial Strategy's stated aims.
- Support the UK's small and medium-sized businesses by ensuring they get the finance they need through maintaining the network of regional managers of the British Business Bank.



## Unlock regional growth through devolution

- Establish an Independent Advisory Board to determine whether proposed deals meet the criteria clearly set out in a framework for English devolution.
- Adopt a target for over 60% of England's population to be covered by a devolution deal by 2025 to streamline government and empower regions to fulfil their economic potential.
- Set out how regional growth in England is prioritised at the most senior levels of government and in all departments, ensuring all parts of the country have a ministerial champion in place.

## Recommit to infrastructure upgrades to connect regions and boost productivity

- Back the delivery of crucial infrastructure projects such as the entirety of High Speed 2, Northern Powerhouse Rail, Crossrail 2 and a third runway at Heathrow.
- Publish a National Infrastructure Strategy in early 2020 and commit to the agreed fiscal remit of 1.2% of GDP spent on economic infrastructure each year between 2020–2050.
- Deliver a comprehensive aviation strategy that upholds the importance of sustainable aviation growth in meeting our objectives on Industrial Strategy, regional growth and international trade.
- Consolidate and increase regional transport funding pots at the 2020 Spending Review to finance vital infrastructure projects.
- Make housing an infrastructure priority, increasing the supply of affordable homes as part of the commitment to building 300,000 homes a year.

## Press ahead with digital infrastructure delivery so every region can be a digital region

- Supercharge gigabit broadband roll-out through a £5 billion digital infrastructure investment focused on hard to reach areas as part of the "Outside-In" programme.
- Improve mobile connectivity by confirming government backing for the innovative industry-led Shared Rural Network proposal.
- Deliver regulatory change in 2020 by easing planning restrictions on new digital infrastructure, enabling better access to tenant properties and mandating gigabit connectivity in new builds.
- Set the framework for business adoption of 5G to make the UK a world leader in digital connectivity by sharing best practice from the 5G Testbeds and Trials Programme and pressing ahead with the 5G Sector Testbeds.

# Step 2: Unlock the UK's competitive advantage

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A successful partnership relies on business success. It relies on growth and profit that underpin progress. And that needs a stable, progressive environment for investment backed by sound, sustainable public finances. That's been the UK's competitive advantage for decades.

But three years of economic uncertainty arising from Brexit and threats of mass-scale state intervention have left business questioning the stability of the UK as an investment destination. There is a pressing opportunity for the new government to set a refreshed tone quickly and demonstrate that the UK is a reliable and consistent place to do business.

This foundation can then be used to attract business and investment from around the world, re-establishing the UK's long-standing reputation for innovation and regulatory stability.

The CBI calls on the new government to work with business in the first 100 days to prioritise the fundamentals of the business environment.

## **I. Address the growing day-to-day costs firms facing in doing business**

Businesses have shown extraordinary resilience since the 2016 EU Referendum, dealing with uncertainty and driving the economy forward.

But when government departments create policies in silos; when taxes and levies continually rise; and when complex regulation is introduced without cohesion, it makes it harder and harder to do business in the UK.

In an increasingly globalised world, government must work with business to create a framework that promotes the UK's competitiveness and reduces the cumulative costs of doing business that are holding companies back.



## Prioritise reform of the broken business rates regime which is holding back investment

- Exempt productivity enhancing investments from the rateable value – including full fibre and energy efficiency upgrades.
- Publish a roadmap to delivering annual business rates revaluations to increase alignment between the tax and the economic cycle at the next Budget.
- Urgently review the system to reduce the rates burden on individual businesses.

## Make the Apprenticeship Levy system fit for purpose

- Improve transparency to help firms better understand how the system works and how their contributions are being used and spent.
- Introduce a £100 million annual government top-up fund which allows firms of all sizes to continue using the scheme to spend on apprentices of all ages and skill levels.
- Launch a consultation on broadening the Apprenticeship Levy into a 'Flexible Skills Levy' to widen the scope of high-quality, relevant training available as soon as possible in the next Parliament.

## Set the minimum wage at the highest level possible without damaging opportunities for workers

- Ensure the Low Pay Commission (LPC) maintains its independence to judge the pace of future wage increases and the flexibility to respond to future evidence about the impact of the NLW.
- Broaden the remit of the LPC so that it can recommend changing course in a wider range of economic circumstances, including if growth is slowing or flatlining, and if further increases lead to perverse outcomes for workers, such as working hours being cut and progression opportunities being reduced.

## II. Prove to the world the UK remains open for business and talent

For centuries, the UK has been a leader in driving progress towards a more open, interconnected and prosperous world. Our innovation, creativity and outstanding services have never been more relevant in a rapidly changing environment.

This is the moment for government and business to position the UK as a thriving, open and global economy for generations to come.

### Introduce a new immigration system that attracts international investment

- Replace the net migration target with a new system that ensures people coming to the UK are contributing to the economy and society.
- Reduce the £30,000 salary threshold and recast the Shortage Occupations List to exempt national and regional skill and labour shortages from the criteria.
- Reform the temporary work visa by extending its duration and shortening the cooling-off period.
- Protect easy short-term mobility of staff and business travel across borders in the EU negotiations.

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

- Inject certainty and clarity as soon as possible into the process for making important fiscal decisions by setting out a clear timetable for the next Budget and Spending Review.
- Urgently publish the timetable for the 2019-20 Finance Bill and the new framework of fiscal rules.
- Take decisions about tax and spending for the long term and holistically so that the trade-offs can be fully considered. This should be through an annual Autumn Budget.
- Delay the introduction of the UK digital services tax to allow the OECD to reach a consensus-based solution.
- Immediately launch a policy sprint with business to ensure regulation and financial services taxation keeps pace with technological progress, drives productivity and protects customers.

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

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

## Increase UK exports and take advantage of trade deals by delivering the UK's Export Strategy

- Ensure the Department for International Trade's (DIT's) 'Export Strategy 2.0' is complimented by policies from across government, including the Home Office, the Foreign Office and business department.
- Provide support for exports properly resourced by continuing to invest in the skills of DIT staff, bringing in expertise from business and increasing UK Export Finance and material support for new exporters.
- Focus the Industrial Strategy on supporting the UK's international competitiveness in emerging sectors and recognising that increasing exports is key to raising productivity.
- Support regional growth and productivity with a focus on uplifting exports across the UK by protecting investment in the International Trade Adviser network.

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

- Build a successor to PFI that delivers value to the taxpayer and commands public trust.
- Use the Williams Rail Review to install a new independent national organising body in charge of the whole industry, overseeing the franchising system and driving up accountability and standards.
- Rebuild public confidence in the role of the private sector operating in regulated sectors, including reform of economic regulators to improve consumer experience.
- Continue to implement the Outsourcing Playbook to ensure public/private partnerships deliver high quality public services and future-proof our infrastructure needs.

## Ensure audit reforms strengthen and don't harm the UK's world-leading reputation for corporate governance

- Strengthen audits so that they deliver on reasonable expectations – confirming that they have sought to identify fraud, strengthened whistleblowing and reporting on the audit committee's effectiveness would all help.
- Bring forward-looking elements in scope of an audit to inform opinion about a company's prospects, drawing on the experience of stress-testing in the financial sector.
- Require a step-up in meaningful engagement with investors, shareholder representatives and other stakeholders to develop a sound understanding of the company's approach to risk management, payment practices and financial accounting.





### III. Crowd in investment in innovation to drive sustainable, high productivity growth

Investment in innovation powers economic growth, solves challenges and enhances people's lives.

As technology transforms the way we live, work and travel, government should work with business to develop the solutions that will deliver a more prosperous, future-proof economy.

#### Increase investment in innovation

- Commit to raising UK R&D expenditure to at least 2.4% of GDP by 2027 and set out a timeframe to increase this to 3% over the longer-term.
- Create a five-year financial framework programme from 2020 onwards with the objective of providing certainty for business science investment and underpinning infrastructure – e.g. super-computers.
- Increase funding at the Spending Review to provide additional support for firms at the development and commercialisation stages of R&D.
- Review the scope and effectiveness of the R&D tax credit system, exploring how the tax investment regime could be used to boost investment in R&D in line with the UK's international competitors.
- Commit to the next Horizon Europe programme once the scheme is confirmed and earmark sufficient funding to ensure the UK is granted 'Associated' status to support the programme's mission to be open to the world.
- Scale-up schemes such as *Business Basics and Made Smarter* to increase the diffusion of innovation and best practice across firms.

# Step 3: Champion good business by backing good practice

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A partnership relies on both sides working together. To win public support, business must show that profit comes with purpose. We must be clearer than ever that successful and sustainable businesses underpin our economy and society, providing employment and creating prosperity.

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

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

## I. Increase collaboration between employers and schools

When a young person has four or more encounters with an employer, they are five times less likely to be unemployed in their adult life. But these life-changing opportunities are not available to all.

The scales of social justice need balancing to ensure that every young person has equal chances to connect with business and succeed in later life. Employers must step-up and play their essential role. Without them, high-quality careers advice is impossible to achieve.

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

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



## II. Kickstart a race to the top on employee engagement

Every business is wrestling with how to give people opportunities to deliver at their best. Because of this, many firms are taking action and doing lots of this already. But there's plenty more we can do to improve.

Given the scale of opportunity from getting this right, business and the government should work together to accelerate progress.

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

- Work with business to create a race to the top which incentivises businesses to adopt effective people practices and celebrates their achievements.
- Back locally delivered business forums to enable firms to benchmark and share what works to improve how they lead, engage and develop their people.

## III. Develop a proportionate approach to internet regulation

The digital economy is both a vital engine for UK growth and a force for good. Yet, the pace and scale of technological change have also created significant online challenges that must continue to be addressed.

Clear, proportionate and well-targeted regulation can play a key role in addressing online harm effectively and building trust in the digital economy. Business and government must now work together to find the right solutions to deliver a safer and thriving digital ecosystem.

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

- Develop proposals online harms to deliver proportionate, evidence-based regulation and enforcement.
- Embed a world-class online harms regulator within Ofcom, ensuring it is equipped with the resources, technical expertise and independence to be successful. Jointly resource the regulator through proportionate business and government funding.
- Create an action plan for how the UK will coordinate internationally on internet regulation and showcase its leadership.
- Urgently review the Age Appropriate Design Code proposal, focusing on feasibility, implementation timelines and stakeholder consultation.

# Step 4: Secure a good Brexit deal

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Hundreds of thousands of firms that trade with the EU, as well as the multitude of suppliers and customers to those firms, are relying on the next government to get this right.

## I. Get the relationship between the UK and the EU right

### Commit to negotiating an unrivalled close relationship with the EU as a top priority

- Deliver an arrangement that allows for frictionless trade between the UK and the EU.
- Ensure that the final relationship between the UK and the EU provides for the UK's world-leading services industry, on establishment, mobility, market access, qualifications and data flows.
- Secure influence over EU rules to allow UK firms to have a voice over standards and regulations that become global.

### Establish a best-in-class business engagement architecture for trade

- Work with business to improve the current business engagement architecture for trade, for both EU and non-EU trading relationships.
- Provide a clear, engaging route for businesses to offer their expertise to the government's international trade strategy.
- Get the balance between transparency and confidentiality right so commercial and negotiating information can be shared in a trusted way, but that businesses can be consulted sufficiently widely on the details that matter.

The CBI and our members have great confidence in the UK's ability to lead on the world stage. We believe that the goal of making the UK the most competitive, fair and prosperous economy in the world is within our grasp.

Bold action can deliver this.

Now is the time for government and private enterprise to tackle the biggest challenges of our age. Together in partnership, we can build a stronger, more united and competitive UK.

# How the CBI determines its policies

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

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

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

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

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

## CBI Council in numbers

1175

Committee and Council representatives

50%

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

28

Sector, regional and policy Standing Committees

80

Portion of the CBI Council from non-FTSE 350 businesses

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



**Callum Biggins**  
Head of Campaigns  
[callum.biggins@cbi.org.uk](mailto:callum.biggins@cbi.org.uk)