

C|B|I|

# SEIZE THE MOMENT

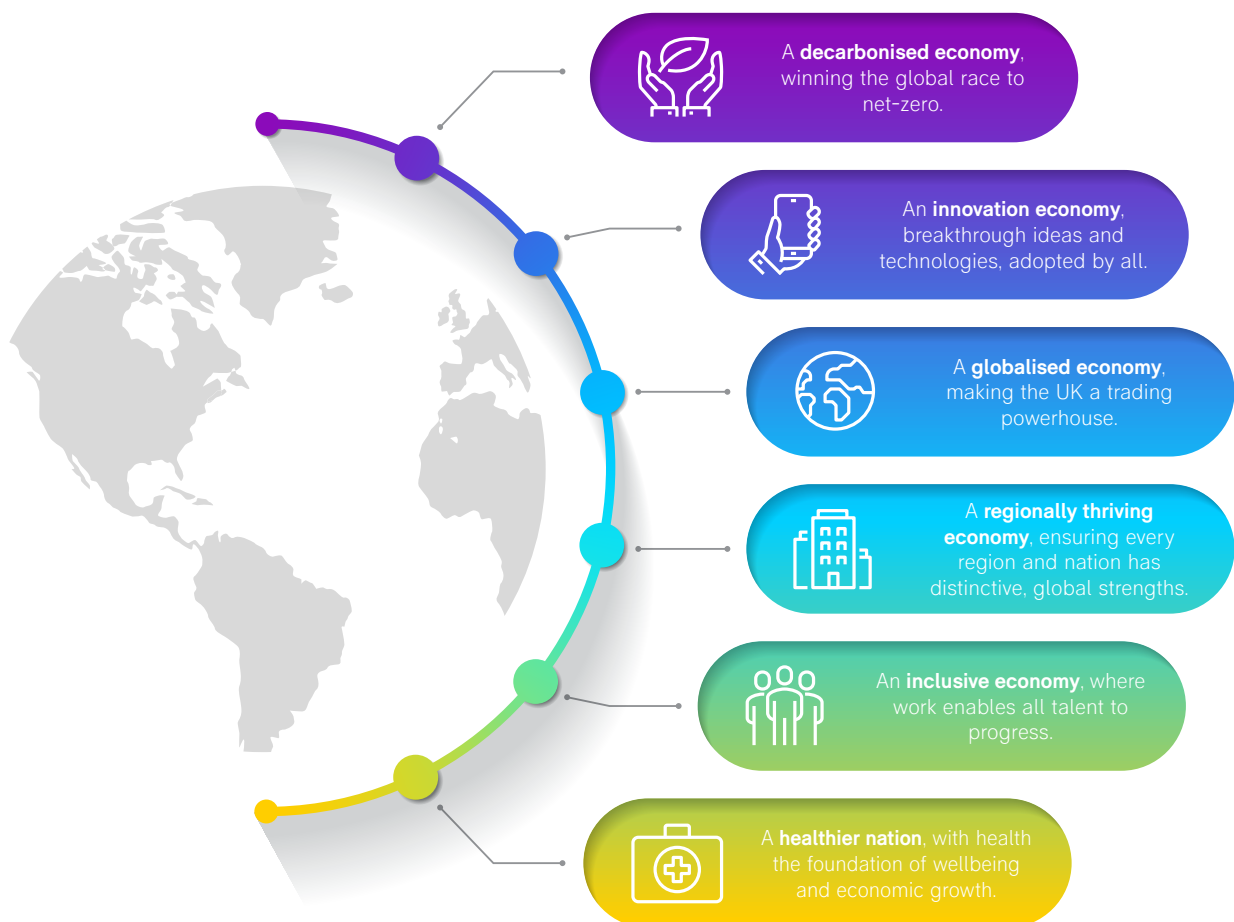
HOW CAN BUSINESS TRANSFORM  
THE UK ECONOMY?

# Seize the moment - If you read nothing more, read this

Here's our pitch. This is a once-in-a-generation opportunity to unite as a nation and agree to transform the UK economy for the decade ahead. COVID-19, our new relationship with the EU, our goal to reach net-zero emissions and the ever-accelerating pace of technological advancement demand a far more ambitious and joined-up strategy than the UK has ever produced. Anything less would be to miss the significance of both the threats and opportunities before us.

The governments of the UK have set out their plans, which we warmly welcome. They are necessary but not sufficient to deliver economic growth. What we need now is detail and action. To identify the specific growth opportunities in the economy for our sectors and firms, and how – in realising these opportunities – businesses can enable the whole of UK society to benefit from this growth. Also, to set in motion the actions necessary to make the UK the most competitive, dynamic and future-focused economy in the world.

This report sets out the concrete prizes to reach for, and help UK business and our people to prosper:



We then set out what business can do to achieve them: how every firm can accelerate their path to net-zero, adopt new technologies and export more successfully. How business can at its core enable millions of employees to gain greater resilience, wellbeing and opportunities at work – a new social contract to enable people to succeed, borne of the pandemic. And how businesses can lead a broader transformation by pursuing these prizes in the interests of local communities and the nation as a whole.

To succeed, this strategy will need the governments across the UK to support. This work has many proposals on what they can do to help achieve the prizes we outline and how the UK government, in particular, can build on its Build Back Better plans. These include:

- 1 Regulatory reform for investment and innovation**

Requiring all economic regulators to prioritise investment, innovation and agility as part of their core remits.
- 2 Globally leading clusters in our regions and nations**

Commissioning the CBI to develop coalitions that can scale up economic clusters around the country and write the playbook for how to build distinctive regional and national comparative advantage.
- 3 Transformed skills provision for the economy of tomorrow**

Making skills far more demand-led and accessible to all, and freeing up money trapped in the Apprenticeship Levy, so that business can invest in everyone's lifelong learning.
- 4 Unlocking finance for growth and investment**

Creating a new Strategic Dialogue on Funding our Future, co-chaired by HM Treasury, the Bank of England and the CBI, to bring together the whole value chain – from hungry investees to private investors. This will add the customer viewpoint to the Bank's productive finance workstream and shape proposals to unlock more pension funds, patient capital and private sector finance, fostering a cultural change to power growth.
- 5 A long-term tax roadmap for the UK**

Setting out how the tax system will restore the public finances in a way that is consistent with supporting business investment, the transition to net-zero and the UK's international competitiveness.

Beyond these, we describe in detail the partnership required between government and business to realise our ambitions across each of the six prizes.

The CBI will change too. We will seize the moment to play a far more proactive role in transforming the economy. Whether on decarbonisation, diversity or levelling up, we will act as a collective engine for UK plc in realising its full potential. This is our USP. We are not just launching a report, but a movement. We will align the CBI's resources behind this strategy and strain every sinew to mobilise and support businesses across the country to achieve the UK's future ambitions. And we will start right now – with new action groups of business leaders to start catalysing action on the ground and a progress review at our annual conference every year for the next five years.

In devising this strategy, we have spoken to hundreds of business leaders in the past six months across every region, nation and sector. And we have engaged with political parties, unions and think tanks. We see strong consensus and readiness to act. So, let's not waste this opportunity. **Let us seize the moment.**

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# The imperative to act

**In 2021, we have a once-in-a-generation opportunity to reset the UK economy.** The scale of the shocks facing the nation: the COVID-19 pandemic, our new relationship with the EU, the ever-quickenning speed of technological progress and the climate imperative are already testing and transforming people's lives and businesses.

**This year must be a turning point.** Future generations will judge us on the road we choose next. The economic history of nations shows that the decisions we take, the plans we develop and the actions we set in motion in the coming weeks and months will cast a long shadow, determining our people's success and wellbeing, as well as the UK's place in the world for generations.

**It is an opportunity for progress that the UK missed in 2008.** In the wake of the financial crisis, we helped to secure the global financial system, stabilised our public finances and achieved modest economic growth. But we could not kickstart UK productivity growth, impacting wages and widening inequality between and within regions across the country. In the decade that followed, our society divided rather than united.

**We have a chance to act again now.** To work together, to make the UK the most competitive, dynamic and future-focused economy in the world. An opportunity where business is at the heart of social progress, working in service of the nation and valued as a problem solver, not a problem to be solved. We dare not waste it.

**For most people in the UK, it is businesses and their ability to grow that determines their economic prospects.** And while governments can help identify macroeconomic opportunities and create the right market conditions for them, they rely on the expertise of business to define the markets, technologies, sectors and skills required, and then act to grasp them.

**The UK's challenges are well known and sharply felt.** Productivity levels lag our international competitors. Investment levels continue to be stubbornly low. And opportunities remain unevenly and unfairly shared across the UK and society.

**But we are stronger than we think.** The UK's openness to people, capital and ideas remains a magnet for investment. Our world-leading universities, creative industries, professional services and advanced manufacturing base, coupled with our language, location, and ease of doing business, give the country a vital competitive advantage. All of this is built on an enduring, stable, pro-enterprise political environment.

**There are huge opportunities for the UK to reach for.** For the first time in 40 years, the UK now has more control over our trade, immigration, and investment policy, alongside sector and market regulation. But for ambition to become reality, we need a strategy – a long-term vision for the UK economy of 2030 and a ten-year route map to get us there.

**This is the CBI's role.** To identify where the concrete business opportunities lie; what it will really take to capture them; and how UK firms can do so in a way that benefits our customers, our employees, our communities, and our environment. We will lead on business efforts to seize these prizes, and crowd-in business expertise from across the UK. And speak for all UK businesses, both within CBI membership and not CBI members will additionally benefit from practical support, guidance and insights to help them gain competitive advantage.

**Together, the UK can turn Build Back Better from a shared national aspiration into shared national success** – transforming the governments' macroeconomic strategies into business-led plans that generate good jobs, better wages, greater innovation, globally sought-after products and services, and a powerful entrepreneurial spirit across the UK economy.

## A MOMENT SEIZED

**Canada** has launched a recovery plan for jobs, growth and resilience, with a strong emphasis in its vision around opportunities for young people, making diversity a source of competitive advantage, accelerating digital transformation of SMEs and a green recovery for homes and industry.

Having been hit particularly hard by the COVID-19 crisis, the **USA** is focusing on long overdue infrastructure investment, increased foreign direct investment and economic stimulus to foster job creation with the hopes that not only is a recovery possible, but a new, sustainable, and equitable economy is within reach.

Initiated by the COVID-19 crisis, which resulted in its economy shrinking by 14% between April and June of 2020, **France** has unveiled its €100bn plan to make long-term investments in employment and training with hopes to kickstart their transformation to a green economy.

Prompted by the COVID-19 induced economic crisis, **Spain's** economic vision involves focusing on productivity growth. Doing so by boosting digitalisation, innovation, and investment in intangible capital while also addressing long-standing structural problems in the labour markets, reinforced by the pandemic, such as high unemployment and insufficient skills.

While in the past, after a severe economic hangover from reunification, **Germany's** economy began shrinking while the rest of the EU's grew, eventually resulting in a recession in 2003. Turning this around, Germany emphasised an approach of 'putting work first' by activating the unemployed, improving their employability, and making low-skilled labour productive.

Following the collapse of the Soviet Union, **Estonia's** GDP shrank by 36% between 1990 and 1994. With digital services offering a route to establish a stable, high-growth, highly skilled economy, Estonia committed to make 'digital society' its nation's competitive advantage, achieving a ten-fold increase in GDP per capita during its digital transition.

Prompted by its first recession since independence, in 1985, **Singapore** set off a knowledge-led overhaul of its economy, generating an average annual GDP growth rate of 6% over the last 30 years.

Hit by a domestic banking crisis, reduced trade from partners experiencing their own downturns, and wider economic shocks in the early 1990s, **Finland** doubled down on R&D investment and STEM education, building collaborative clusters to become one of the most skilled nations in the world.

After the 1997 Asian financial crisis, **Korea** refocused on its SME sector and began to open up to external investment, attracting foreign capital that helped to develop successful high-tech SMEs in high-growth industries.

# An economy transformed

Our vision: to make the UK the most competitive, dynamic and future-focused economy in the world. Where business is at the heart of social and economic progress, working in service of the nation.

By 2030, the UK rate of economic growth will surpass the decade past and the proceeds of prosperity will be shared within and across all the regions and nations of the UK.

We will be a beacon to the world on how to realise green growth, creating new technologies, businesses and jobs that accelerate the race to net-zero.

We will be a scientific superpower, learning from the successful development of COVID-19 vaccines, to turbo charge science and business working in partnership across many fields of endeavour.

Our distinctive advantage will be innovation, including in new technologies, where we will become a natural global hub for research and development (R&D).

We will thrive in global industries, where R&D, high-value skills and innovation have opened up opportunities for export markets and high-value domestic jobs.

We will boost the productivity, dynamism, and digital maturity of foundational sectors that employ millions, such as retail, hospitality and construction, to secure the UK's recovery and grow opportunity.

Every community will reap the rewards of UK trade and inward investment: greater innovation, increased productivity, stronger skills and growth in local supply chains.

We will be a country where our diversity and inclusiveness become our global calling card – a place of work where anyone can bring their best and authentic self, irrespective of background, age, gender, sexuality, race, ethnicity, or disability. We will enable people to realise their full potential at work, thereby strengthening the UK's competitive advantage in the world of 2030.

Companies across the UK will have stronger bonds with their employees than ever – solidified during the pandemic – providing meaningful work, opportunities to progress, skills for a changed economy and greater access to physical and mental wellbeing.



# Competitive, dynamic and future-focused

## Equipping a skilled workforce for the future

**Ricoh** is a global digital services company, employing over 2,000 people in the UK – including 500 mobile service technicians. Trained to the highest standards, Ricoh service technicians are multi-skilled professionals, adept at the servicing and maintenance of a variety of technology, including office and production printers, robotics, packaging machines, smart lockers, and IT infrastructure.

Ricoh's service technicians are incredibly important in supporting customers and their workplaces. As Ricoh's technology, managed services and digital solutions evolve, so too does the need to update their skills with support from the company. Today, this includes the innovative delivery of courses on Ricoh's internal learning management system that provide the digital skills needed to operate new technology and software. Ricoh provides several training 'programmes' designed to either cross-skill the technician on a broader range of products to provide a greater level of current support to customers, or to upskill them in preparation for future digital services that the company may deliver.

Ricoh has developed a blended approach to learning, combining user-friendly online content, classroom sessions, workshops and projects which enables colleagues to train more flexibly.<sup>1</sup>





### Achieving net-zero, realising the prizes

**Aura**, a collaboration led by the University of Hull, brings together industry partners in the Humber region to support the development of the low-carbon energy sector and sustain the UK as a global leader in offshore wind and the wider renewable energy sector. Partners include Siemens Gamesa Renewable Energy; ABP; Ørsted; the Universities of Sheffield, Durham and Newcastle; the Local Enterprise Partnership, ergo/East Riding of Yorkshire Council; the OREC; and CATCH.

At the core of the initiative is the Aura Innovation Centre (AIC), a £12m hub that provides space for SMEs to accelerate, innovate and collaborate in the low-carbon sector and the race to net-zero. It has been designed with collaboration in mind to support business success and drive green innovation. Since January 2020, the AIC has enabled all sizes of businesses – from SMEs to large organisations – to connect with the research power at the University of Hull to develop carbon-reducing ideas across all sectors, strengthening further the region’s international reputation as a centre of excellence in offshore wind, low-carbon energy and green innovation.



### Looking outward to succeed

Ten years ago, **Playdale Playgrounds** took the decision to go global to help them lead in a highly competitive industry.

With 85 employees, Playdale is now the UK’s largest homegrown manufacturer of outdoor children’s playground equipment and a recognised, award-winning exporting heavyweight. Working with distributors in 50 countries, Playdale generates a turnover of around £11m and has grown its business, during a period when the UK market has contracted substantively.



### Leading in the industries of the future

The **South West’s tech sector** is estimated at around £9bn turnover (2019), with key clusters around Bristol and Bath, and strengths in deeptech, smart cities, cyber, fintech, digital creative, and energy services. Total VC investment in the South West increased 4-fold between 2015 and 2020 to £525mn. And Bristol is second for attracting tech investment outside London.<sup>2</sup>

Bristol is also one of the UK’s fastest growing economies. And, in recent years, the city has enjoyed strong population growth – particularly attracting workers to move from London.<sup>3</sup>



### Tapping into the UK's global potential

**TCC Group** is a UK-based consultancy specialising in solving compliance problems for financial services businesses by combining regulatory expertise with its smart Recordsure technology.

Triggered by a Royal Commission, Australia's financial services sector is currently grappling with massive regulatory change reminiscent of the UK following the financial crisis.

Recognising the scale of the opportunity and a lack of native regulatory expertise, TCC Group rapidly obtained a foothold in Sydney, Australia in the summer of 2020. Now, with a growing pipeline of technology-led opportunities and strategic partnerships, along with the clear demand for experienced expertise, TCC Group has ambitious future growth plans for 2021 and beyond.



### Helping everyone get in and on in life through a healthy workplace

**Panasonic** is a global company that provides consumer automotive, industrial and lifestyle solutions and products. In 2015, Panasonic UK formally made health and wellbeing core to its people strategy, taking steps to improve staff's physical and mental health and provide advice and guidance to help people intervene early in their own health challenges.<sup>4</sup>

When the firm closed its offices for the first national lockdown, they decided to continue with a holistic approach to support its employees' mental health and wellbeing. This included physical, mental, financial wellbeing and responding to working from home challenges.

A decision was taken by the senior management team to call a number of colleagues each week at random to discuss how they were feeling. Panasonic's employees also really appreciated the creation of an in-house magazine that was emailed regularly. It contained wellness tips and fun competitions for employees to take part in, but also good news stories from around the business and the press to counter the challenging news of the pandemic that people found difficult to take in.<sup>5</sup>



### Digital transformation to boost resilience and success

Based in Manchester and established in 1930, **HMG Paints** has grown to become the UK's largest independent paint manufacturer. When the pandemic hit, the company needed to fast-track many of their plans for digital transformation. Working with Made Smarter, HMG Paints developed a digital roadmap to focus ideas and accelerate initiatives, such as rolling out a paperless despatch system.<sup>6</sup>



### Innovation for better health and growth

The COVID-19 pandemic has highlighted the potential for the UK's health system to drive forward innovative medicines and treatments and rapid, large-scale changes in approach, in collaboration with business, to benefit patients.

Nowhere was this more apparent than through the partnership between the UK's **life science and healthcare industries, our universities, innovation centres, the NHS and regulators** to enable the UK to be the first country to administer a COVID vaccine and to create a world-leading vaccination programme.

This followed the work of British manufacturers to produce 14,000 ventilators in 12 weeks, as well as public and private sector collaboration to convert London's ExCel Centre into the 4,000-bed Nightingale hospital in just nine days.

All of these examples reinforce the importance of innovative research, front-line support, engineering and agile manufacturing to raise the UK's standard of health and lead in life sciences and healthcare.



### Building strong competitive regions and nations to thrive

Based close to the Blaenavon's former ironworks in Wales, **GOS Tool and Engineering Services** is a manufacturer of engineering equipment that exports across the world, including to Germany, North America and Australia.

A market leader, the company employs 120 people, generating growth and opportunity across one of the UK's poorest regions. This includes working with their local university, to help inspire young people to become the next generation of skilled engineers – showing what's possible for this community and others in an open, sustainable global economy of the future.



### Supporting all talent to progress

**EY** is a global leader in assurance, tax, transaction and advisory services and believes that diversity is a business imperative and a commercial necessity. EY is focused on developing diverse talent and has committed to increasing representation at senior levels in the firm by setting a target to achieve 40% female and 20% ethnic minority Partners (of which 15% will be Black) in the UK Partnership by 2025.

EY is working hard to create a culture of equality so that all its people feel they belong and are able to reach their full potential. One example of the firm's change activity is a Future Leaders Programme, which provides sponsorship, learning and coaching to high-potential ethnic minority talent.

In the UK, 23% of EY Partners are women, 12% are from an ethnic minority background, and four Partners are Black. EY is making progress but recognises that there is more to be done to accelerate the pace of change, which is why it is increasing its investment in diversity and inclusion and also announced a series of new Anti-Racism commitments in July 2020. Diversity continues to be a key priority for EY and the firm regularly reports on its progress to both its people internally and external stakeholders.



### Evolving skills to thrive in the workplace

Responding to changing customer expectations and trends, with its franchisees, **McDonald's** has invested in its restaurant estate to utilise technological innovation in the kitchen and dining areas, to deliver an easier and more efficient experience for its customers and employees. Roles in the restaurants have also been adapted and new roles created, generating new learning and development opportunities.

Training content is delivered online and blended with face-to-face learning on leadership and emotional intelligence; further leadership skills development and coaching is done on the job. Beyond technical skills, all staff are being offered flexible training, so they are comfortable carrying out different roles around the restaurant.<sup>7</sup>





## **The prizes of progress**

Over the past few months, the CBI has been working to gauge what the scale, scope, and shape of the UK's 2030 economy could be, and the actions we need to take now to seize the moment. This includes analysing the UK's economic performance to date, reviewing our national strengths, and the essential role of business in driving the UK's economic success and social progress. Our goal is to identify business-led opportunities – prizes that the UK could capture by 2030 – to grow our economy and benefit society.

If achieved, the shared gains would range from productivity growth, stronger skills, and increased life chances to a protected environment and prosperous communities across the UK. Businesses could secure access to fast-growing global markets, stronger performance, keen customer insight, reduced running costs, and increased profitability. Meanwhile, our people could progress through greater employment opportunities, better wages, rising job satisfaction, more diverse and inclusive workplaces, and improved health and wellbeing.

## **Business in the service of the nation**

Beyond economic contribution, business plays a significant role in people's lives and communities. For most people in work, their place of work is where they get in and on in life. The products and services that companies create and offer help to transform living standards. And for many communities, businesses are at the heart of the social fabric. Businesses are fundamental to our way of life and people's jobs are about more than paying the bills – firms create social connections, support good mental health and provide a sense of purpose.

Ensuring a good relationship with society is nothing new for business. Thousands of companies, public or private, small or large, have a long-standing purpose to support their employees, customers, communities and environment. We've seen this reaffirmed in so many ways during the COVID-19 pandemic.

At an unprecedented scale and speed, businesses acted to keep their employees safe, essential items on the shelves, and operations and public services running. They've innovated to keep their firms going, in some cases, delivering digital transformation strategies planned over months and years in just a matter of days.

Businesses also stepped up to support national efforts, offering logistical and tech support to help the provision of essential medicines and treatments, as well as manufacturing expertise to make urgently needed ventilators, PPE and hand sanitiser. Above all, employers found themselves on the frontline of a mental health crisis and responded with full commitment. And 2020 saw an increase in the public's trust in business, over previous years.<sup>8</sup>

What this demonstrates is the role of business as a problem solver. That business can mobilise in service of the nation. And that ultimately, business is a community of people that care about who they serve.

## **A call for collaboration**

How much of our ambitions we can achieve as a nation will depend on our ability to unite around a shared economic strategy, setting out what's possible for our future and then working together to achieve it through the next decade.

It means every UK business and employee must see a role and opportunity to contribute and prosper within this work. And that, across the economy, business must act in collective alignment, strengthening its partnership with government – renewed through the pandemic – as well as with trade unions, and drawing on the insight and support of experts and collaborators across civil society.

So, with prizes seized and potential realised, where could the UK's economy be by the end of this decade?

# The size of the prize for business and society

Our economic vision is bold, ambitious and focused on opportunities – prizes that the UK could capture by 2030. It is driven by a belief that we can generate better growth, and greater shared prosperity in all corners of the UK, in the decade to come than the decade just gone.

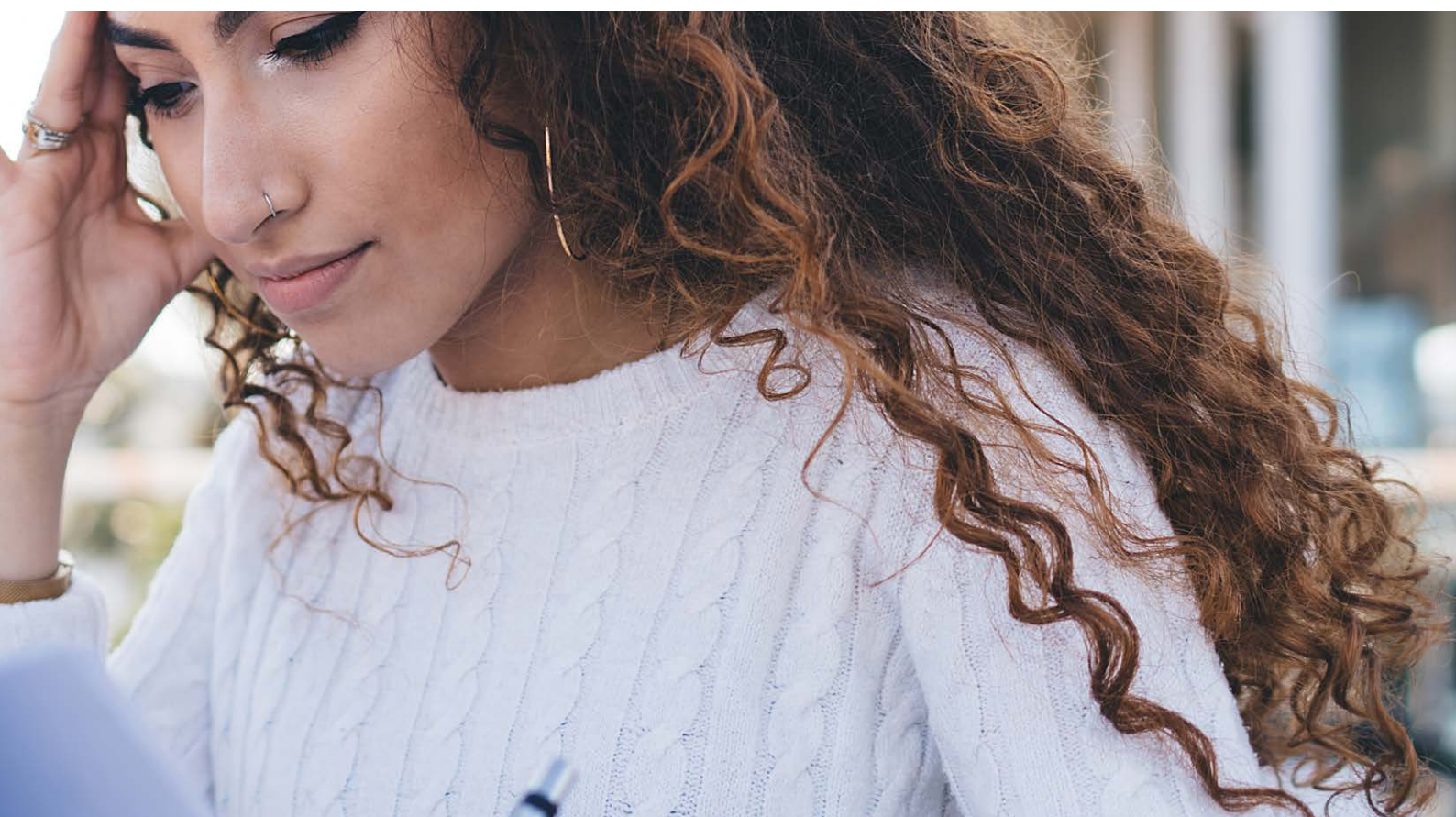
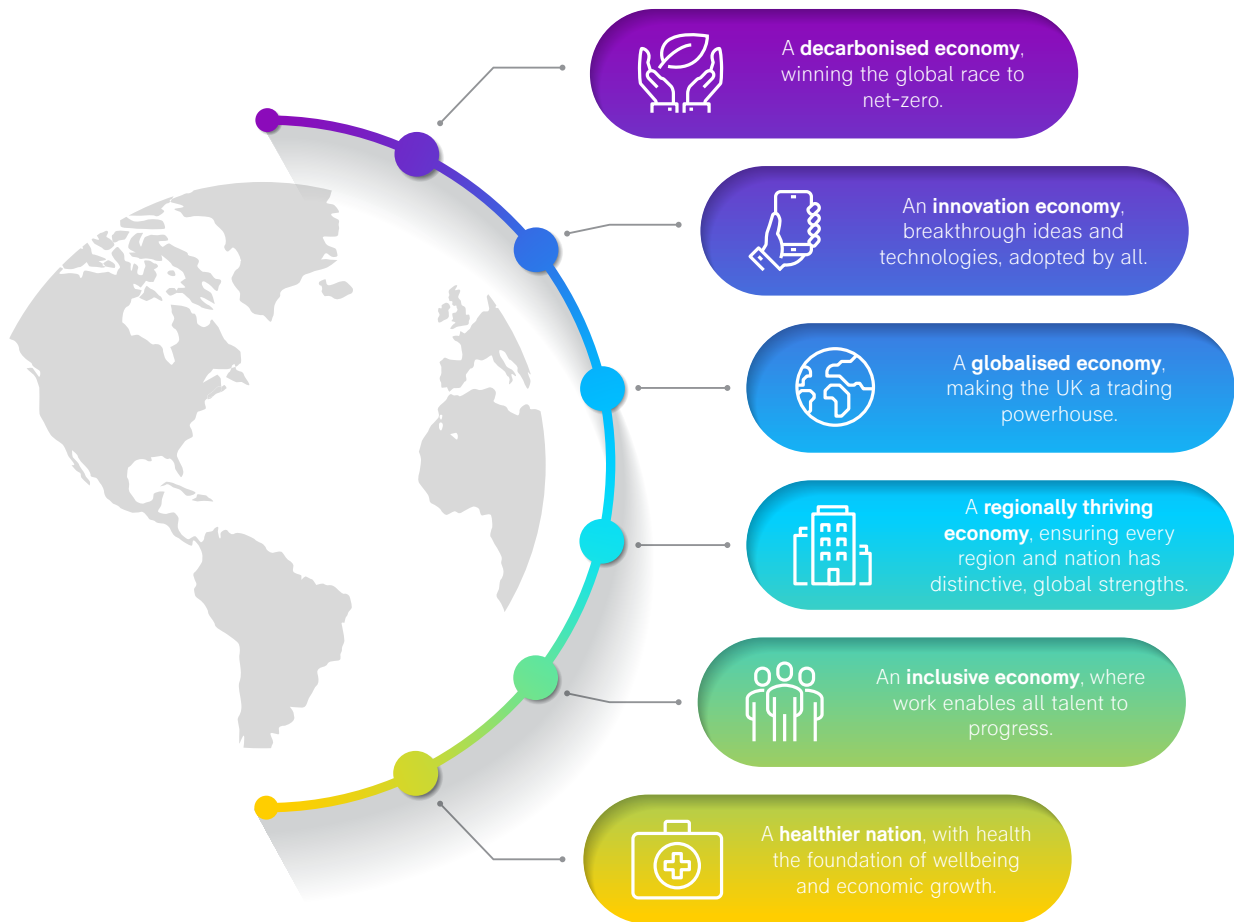
Our strategy is unashamedly business-led. It focuses on how business can transform the UK economy. But the prizes offer sustainable benefits for both business and for individuals, with our work focusing on three groups:

- 1 Every individual business across the UK
- 2 Certain sectors or types of firm
- 3 UK society and its workers

We have strived to identify where the UK is best placed to succeed. This has led us to business-led growth opportunities, or prizes in six areas, critical to the UK's future success. The prizes are backed by robust research and data-driven analysis.

Our prizes are illustrative, not exhaustive or mutually exclusive. But we judge that, together, there is around £700bn worth of opportunities on the table by 2030. And seizing just some of them could make a material difference to lives and livelihoods in all parts of the UK.

The prizes are:



## A decarbonised economy, winning the global race to net-zero

The negative impact on the planet from rising emissions is now widely accepted. As one of the first major economies to announce a net-zero target, the UK is already a global leader on the path to decarbonisation.

This transition offers real prizes to be gained for **all businesses**, with the potential to deliver growth through job creation and boosting exports. And with Environmental, Social and Governance frameworks offering a strong value proposition for firms, any that are ahead of the game with their climate credentials will increasingly win customer share, attract and retain talent and be favourable with investors.

This is also a growing global market. So, there are big prizes for those **certain sectors and types of firms** that operate in the low-carbon space. The UK has a genuine chance of being a world leader in areas like carbon capture and offshore wind as well as a significant player in electric vehicles. We have a real opportunity to become a significant exporter of new green products and services.

Ultimately, getting behind net-zero is the right thing to do for **our society**. The lives and livelihoods of future generations depend on the steps we take now to protect our environment.

Every individual business across the UK	Certain sectors and types of firms	UK society and its workers
 <p>Lower energy usage, reduced CO2 emissions, longer-term savings.<sup>9, 10</sup></p> <p>Early mover advantage.</p> <p>Opportunities in fast-growing green products and services.<sup>11</sup></p> <p>Greater access to finance.<sup>12</sup></p> <p>Attraction and retention of skilled talent.<sup>13</sup></p> <p>More appealing to customers.</p> <p>Benefits from policy tailwinds.</p>	 <p>Establishing the UK as leading net-zero exporter, leveraging competitive strengths in fast-growing global markets.</p> <p>This includes additional decarbonisation exports to the EU, including...<sup>14</sup></p> <p>Electric vehicles and vehicle batteries, <b>£18bn</b>.<sup>15</sup></p> <p>Carbon capture, usage and storage (CCUS), <b>£1bn</b>.<sup>16</sup></p> <p>Hydrogen electrolyser production, <b>£8bn</b>.<sup>17</sup></p> <p>Offshore wind goods and services, <b>£3bn</b>.<sup>18</sup></p> <p>Accelerated creation and adoption of clean energy technologies.</p> <p>UK as a decarbonisation enabler through sustainable finance.</p>	 <p>240,000 net new jobs.<sup>19</sup></p> <p>Levelling up with new green jobs across UK regions and nations.<sup>20</sup></p> <p>Improved physical and mental health through reduced air pollution and more active travel.<sup>21</sup></p> <p>Lower risk from extreme weather events, e.g., flooding, and enhanced biodiversity.<sup>22</sup></p> <p>Healthier lifestyles and improvement of health inequalities.<sup>23</sup></p> <p>Protecting the planet for the next generation.</p>



## An innovation economy, breakthrough ideas and technologies, adopted by all.

Innovation in all its forms can have a profound effect on our economy and society. For example, technology is one of the most powerful drivers of productivity. It can improve the quality of, and satisfaction with, jobs. And the tech sector is growing twice as fast as the wider economy.<sup>24</sup>

For **all businesses**, there's a significant performance uplift to be had. AI adopters have higher profit margins.<sup>25</sup> High spenders on R&D grow faster. Retail, construction and manufacturing all have high digitisation potential. And for the SME sector, in particular, adopting proven technologies can significantly boost productivity and add to GVA.<sup>26</sup> There is also a link with job satisfaction, meaning that businesses can use technology to make themselves more attractive to talent.

Additionally, there are some big bets and high rewards to be had for **certain sectors and types of firms**. Fintech is an obvious example, where the UK is a global leader and has the right 'melting pot' of ingredients to strengthen its position and secure future growth – in part, by taking market share from US-based companies.<sup>27</sup> More broadly, the UK's tech start-up and scale-up ecosystem is flourishing, gaining real momentum that if sustained could generate huge opportunities in the decade to come.<sup>28</sup>

And across our **society**, innovation and technology can play a major role in improving quality of life. At home, better healthcare, reduced crime in smart cities or smart grids to help reduce emissions are just some examples.






## A globalised economy, making the UK a trading powerhouse.

Building on the UK's strong international brand, as a great place to do business, home to world-class universities, a leader in the high-value sectors, such as the creative industries, financial and professional services and others, we now have an opportunity, post-Brexit, to renew the UK's role as an economic player on the world stage. There is much to play for. By 2030, the majority of many profit pools will be based on new value that's added over the next 10 years.<sup>43</sup>

**All businesses** could benefit from becoming more international in outlook and stepping up their export performance. Around eight in ten SMEs don't currently export.<sup>44</sup> Many SMEs have export capability but chose to focus on the domestic market.<sup>45</sup> And there is potential to develop 'superstar' exporters, who export ten-plus products to ten-plus markets. The UK currently has 14% of exporters who are superstars, compared to 40% in Germany.<sup>46</sup>

There are major opportunities for **certain sectors and types of firms** where the UK has world-beating capability. Examples include financial services, information and communication, and education. The UK has major opportunities in the US, India, and China, and emerging opportunities in ASEAN countries. A focus on these high-priority, fast-growing, country-sector combinations could yield significant results.

Exposure to international competition helps drive productivity improvements and ultimately living standards.<sup>47</sup> Global firms act as anchor institutions in their local economy, generating significant value. And our work shows that revenues from highly traded sectors generate strong spillover benefits for the local economy and **our society**.

Every individual business across the UK	Certain sectors and types of firms	UK society and its workers
 <p>New generation of SME exporters could boost UK export revenues by an additional <b>£20bn</b> in 2030.<sup>48, 49</sup></p> <ul style="list-style-type: none"> <li>Diversify number of products exported.</li> <li>Diversify number of export destinations.</li> <li>Develop 'superstar' exporters.</li> <li>Ability and opportunity to 'learn through exporting'.</li> <li>Access to more consumers and businesses.</li> <li>Potential to expand lifecycle of mature products.</li> <li>Greater protection against downturns in the domestic market.</li> </ul>	 <p>Access to the biggest global profit pools in markets where the UK has a comparative advantage.</p> <p>Around <b>£20bn</b> in additional UK GVA in 2030 from defending market shares in seven high-priority, country-sector combinations, where we already have a competitive advantage.<sup>50, 51</sup></p> <p>For example, in the <b>United States</b> – financial services, information and communications, and professional services.<sup>52</sup></p> <p>In <b>India</b> – financial services.<sup>53</sup></p> <p>In <b>China</b> – financial services and education.<sup>54</sup></p> <p>In <b>ASEAN</b> – financial services.<sup>55</sup></p>	 <p>Spillover effect of highly traded sectors: £100 of revenue generates an indirect and induced spillover of £70-110 across other sectors.<sup>56</sup></p> <p>Robust supply chains, providing jobs and raising revenues.</p> <p>The sharing of ideas and diffusion of technology across borders.<sup>57</sup></p> <p>Lower prices and increased choices for consumers.<sup>58</sup></p> <p>Increased output and improved productivity, generating higher living standards.<sup>59</sup></p>

## A regionally thriving economy, ensuring every region and nation has distinctive, global strengths.

Shared prosperity is a critical moral, social and economic imperative. And what our analysis has reinforced is that a powerful way for the UK to build competitive regions and nations is to leverage local comparative advantage.

This means shifting from the cookie-cutter thinking of the past to building on distinctive local strengths, with a clear and unique proposition for investment. Together, we need to empower regions and nations to find different solutions and figure out what works for them.

This comes from areas knowing their strengths, recognising their opportunities and capitalising on them – forging their own path to long-term prosperity.

Some businesses will directly invest in local areas to proactively foster more local prosperity. Others, understandably, will invest only when profitable to do so. So national and local governments have an important role to play in building the underlying conditions that attract business investment, such as a skilled workforce and high-quality infrastructure. “Levelling up” is a tide that raises all boats – supporting thriving firms, bustling high streets, as well as greater collaboration and innovation in service of local aspiration.

Drawing on their experiences through lockdown, **all businesses** have the chance to mine the gains achieved through increased remote and hybrid working, potentially expanding travel to work areas and enabling firms to tap into the broadest possible talent pools. This, in turn, could help spread economic activity across larger geographical areas.

**Certain sectors and types of firms** could see significant benefit from a renewed and reimagined focus on economic clusters. Clusters are highly productive, and several new clusters are likely to emerge by 2030, in part, driven by the net-zero transition. With high performing clusters across all regions and nations, this can be a genuine UK-wide play. Unlike other countries, the UK has never fully embraced active cluster development as a recipe for economic growth, uniting business and government in sustained strategies and investment in places. This should change.

With stronger, more prosperous communities, the opportunities for **our society** is a more productive economy. This includes good jobs being available in all parts of the country, as well as rising investment in all areas, increased wages, improved living standards, and reduced inequality.



## An inclusive economy, where work enables all talent to progress.

The decisions we take now as businesses, and collectively as a country, will impact social progress for years to come. We know from past crises that a failure to act today, risks a far higher cost tomorrow – with the potential for both the social and economic impacts of this pandemic, especially on those groups hardest hit, to leave generational scars.

Together, we have a responsibility to achieve something more from our recovery than a return to the status quo. In pursuing growth, we must ensure that the economy includes all, and enables everyone to progress and succeed – using their talents. It requires us to tackle the challenges that have held too many people back for too long, as well as ensuring people, regardless of their background and circumstances, can develop their skills, access opportunities and benefit from the resilience that comes through work. The UK must do better on inclusion and on skills.

We know coronavirus has accelerated structural changes already underway in the economy and placed an even greater imperative on reskilling. This is not unique to the UK, but by acting now we could get ahead of the game. It's a similar story on diversity and inclusion, whereby empowering the workforce of the future, the UK could gain significant competitive advantage.

Embracing skills, diversity and inclusion makes sense for **all businesses**. The arguments for diverse and inclusive workplaces are well documented, and include maximising available talent pools, being in tune with customers, as well as better financial performance. Investment in reskilling has positive economic returns in the majority of cases too.

There are also opportunities for **certain sectors and types of firms**. The growing need for reskilling globally presents major export opportunities for providers of adult training services. And for those firms facing significant skills shortages, being canny by tapping into unappreciated career transition paths could be a major source of fresh talent.

A more inclusive economy is also an essential component of a stronger, more cohesive **society** – with diverse and inclusive workforces, equipped with the right skills to do the job. Reskilling boosts productivity and wages, while helping workers avoid unemployment. And inequality is addressed head-on, enabling more people to progress and realise their potential and ambitions.



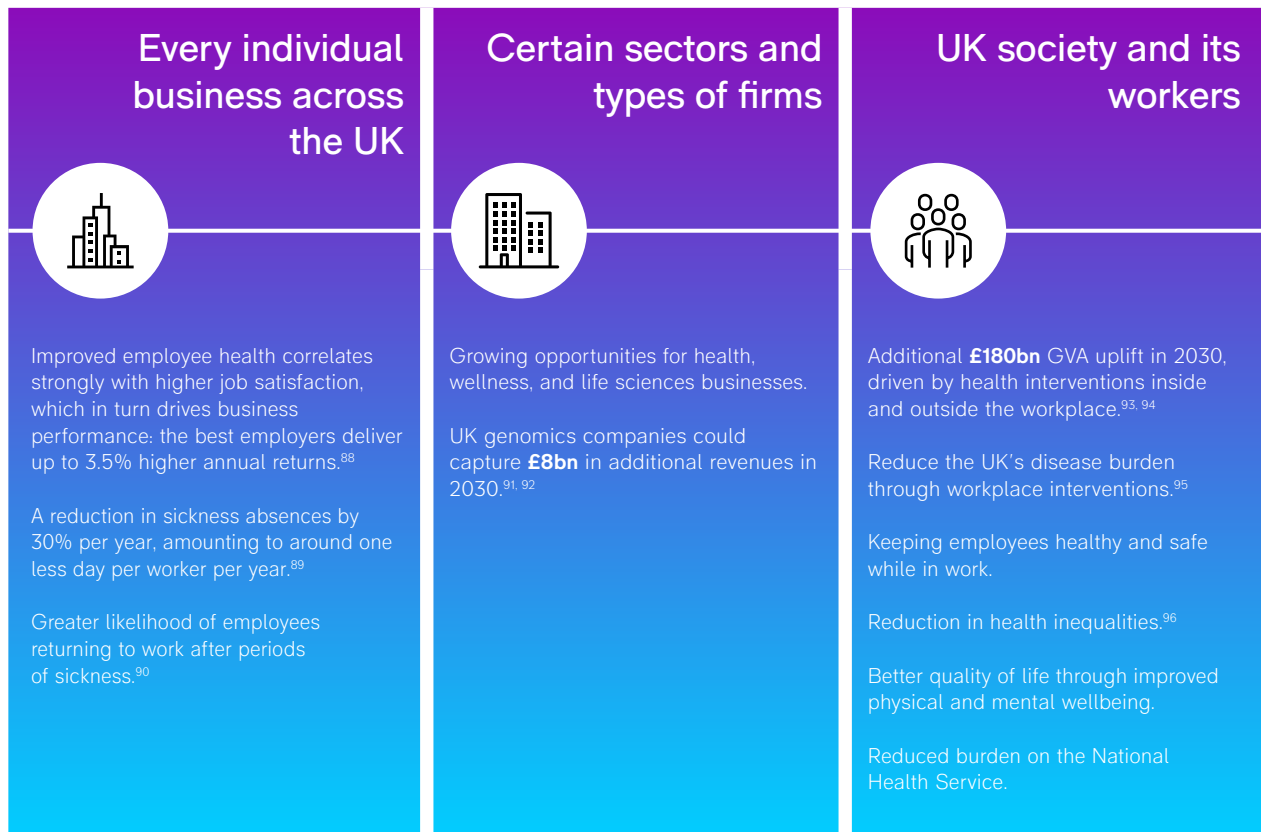
## A healthier nation, with health the foundation of wellbeing and economic growth.

COVID-19 has put the health of the nation under the spotlight. Firms have stepped up, with a significantly increased emphasis on the health and wellbeing of their employees. And, for us as a country, the crisis has been a wake-up call, bringing the pervasive impacts of health inequalities into stark focus, underlining the importance of health to people's personal and professional success, and reinforcing just how vital our life sciences capability is to the UK's progress now and in the future.

**All businesses** can benefit from an increased focus on health, with a strong correlation between health and job satisfaction, which in turn drives better business performance.

For **certain sectors and types of firms**, the UK has a highly prized life sciences sector. The global life sciences market in pharmaceuticals and medtech has been growing quickly, but UK revenues stalled from 2010 and 2019. A renewed focus could yield positive results. And there are new, fast growing opportunities in areas like biotech as well as across the supply chains of healthcare and wellness sectors, where the UK is well placed to compete.

The value to **society** comes from a significantly reduced disease burden and enabling more people to be in the workforce. A healthier nation also contributes to 'levelling up' with the greatest economic return from improving health coming across different regions and nations.



## So, what's the plan?

These prizes present a transformational opportunity for the UK economy – competitive, dynamic and future-focused. But seizing them will require a deep-rooted and reimagined partnership between business and government.

Both have distinct but complementary roles on this journey, and the UK government is already acting. In the next section, we assess the UK government's **Build Back Better: our Plan for Growth**, and how our vision builds on it.

# A partnership with the UK government: Unlocking the prizes

The UK Government has already set out its macro-economic strategy to secure the UK's economic future in **Build Back Better: our Plan for Growth**, published earlier this year.<sup>97</sup>

This plan outlines the importance of grasping the historic opportunity before us, tackling modern challenges head on and ensuring everyone has opportunity to reach their full potential. In both business and government, our thinking is aligned on the scale and scope of partnership required to realise our economic vision for the UK.



*"I believe the formula for our success can be seen in the collaboration between industry, science and government... Strong and active government investing massively in science and technology, coupled with a dynamic enterprise economy that embraces the instincts and know-how of the private sector."<sup>98</sup>*

The Rt. Hon Boris Johnson MP, Prime Minister



The UK government's Plan for Growth rightly focuses on the areas that are within the government's gift to control: the level of investment in infrastructure, skills and science. It also features policies designed to level up the UK, regulation to support the transition to net-zero and trade policy to realise the vision for a Global Britain. All of these policies are essential steps towards reaching the UK's 2030 ambitions and have the CBI's full support.

Some of these macro levers are in the gift of, or are complemented by, devolved governments' strategies. For instance, health, skills and economic development are just some of the areas devolved to the Northern Ireland Executive, the Scottish Government and the Welsh Government.

Ambitions and long-term plans have now been expressed in Wales within the **Economic resilience and reconstruction mission**, and in the Northern Ireland Executive's **Economic Recovery Action Plan**.<sup>99</sup> And, following the May 2021 elections, the CBI is committed to work with the Scottish Government to support the development of an updated economic strategy.

The work we have done can be an essential complement to government strategies by providing firm, sector, market and technology expertise, along with our knowledge of what changes business behaviour and influences business decision making.

Drawing on these insights, our vision builds on the UK government's plan for Growth in two ways. First, it sets out how to accelerate progress, with recommendations for government action to secure additional investment from business and turn its plan from a strategy into a reality. Second, it describes what firms will do – and, in some instances, what the CBI will do – to support business activation and action.



## Build Back Better: Plan for Growth

We believe there are some cross-cutting measures the UK government could take now to act as a springboard for the Plan for Growth. Our ideas here include:

1

### Regulatory reform for investment and innovation

Requiring all economic regulators to prioritise investment, innovation and agility as part of their core remits.

2

### Globally leading clusters in our regions and nations

Commissioning the CBI to develop coalitions that can scale up economic clusters around the country and write the playbook for how to build distinctive regional and national comparative advantage.

3

### Transformed skills provision for the economy of tomorrow

Making skills far more demand-led and accessible to all, and freeing up money trapped in the Apprenticeship Levy, so that business can invest in everyone's lifelong learning.

4

### Unlocking finance for growth and investment

Creating a new Strategic Dialogue on Funding our Future, co-chaired by HM Treasury, the Bank of England and the CBI, to bring together the whole value chain – from hungry investees to private investors. This will add the customer viewpoint to the Bank's productive finance workstream and shape proposals to unlock more pension funds, patient capital and private sector finance, fostering a cultural change to power growth.

5

### A long-term tax roadmap for the UK

Setting out how the tax system will restore the public finances in a way that is consistent with supporting business investment, the transition to net-zero and the UK's international competitiveness.

We look forward to working with the UK government on their Plan for Growth in the coming months, and the devolved administration on their economic strategies. In the appendix to this report, we have set out our specific reactions and build on the different parts of the UK government's plan as to how we believe it can be strengthened further.

Business and government are aligned on the need for a long-term economic strategy and broadly, on what the potential prizes could be. Most important, however, is ensuring alignment on how we achieve these prizes, which can make or break the successful attainment of any strategy's objectives. The next section explores each of our prizes in further detail: why they matter, what we need to do as a nation to realise the opportunities on offer, and the roles of business and government. Where the recommendations have a fiscal cost attached, these costs will be reflected in the CBI's submissions to upcoming fiscal events.



# How will we get there?



## A decarbonised economy

*Winning the global race to net-zero.*

### **A decarbonised economy: what the analysis covered**

- Realising export opportunities for the UK in areas like electric vehicles, carbon capture, usage and storage, offshore wind and hydrogen
- Leveraging the opportunities for the UK to be a global leader in sustainable finance
- Decarbonisation as a net job creator for the UK and its regions and nations
- Benefits of decarbonisation for individual companies.



## **The decarbonisation imperative: why it matters**

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- Limiting the rise on global temperatures is fundamental to avoiding catastrophic impacts for communities, businesses and the environment.<sup>100</sup>
- There are major economic opportunities from decarbonising for all businesses in the UK, from growing customer demand, lowering costs, entering new export markets and stimulating job creation.
- Only business – in collaboration with government – can provide the scope of innovation and investment needed to achieve the UK's net-zero goals.

## **To realise the decarbonisation prizes, we must:**

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- Deliver a decarbonised power system by seeing through the transition to new, low carbon power sources and a flexible smart energy system.
- Accelerate progress in cutting emissions beyond the power sector, with a focus on industry, transport and buildings.<sup>101</sup>
- Secure a growing share of low-carbon exports in markets, such as electric vehicles, hydrogen, offshore wind and carbon capture.
- Reinforce the UK's position as a global hub for sustainable finance, including boosting issues of green bonds and carbon offset trading.<sup>102</sup>



## To unlock investment in a decarbonised economy, the government needs to:

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1. Back key technologies with high exporting potential that leverage the UK's competitive strengths. For example, by committing to the development of seven gigafactories by 2040, to support the electric vehicle market and by setting out a clear route to market for hydrogen via new Contract for Difference auctions.<sup>103</sup>
2. Lead the world by example ahead of COP26 by delivering a net-zero strategy that reduces our global climate impact, setting a new target to reduce consumption emissions and taking bold action to deliver on the aims of the UK Government's [Ten Point Plan for a Green Industrial Revolution](#).<sup>104</sup>
3. Launch a cross-government Green Procurement Taskforce to ensure power of public spending is harnessed to help the UK deliver on its net-zero target. The taskforce should have an emphasis on how public procurement can create markets for new green technologies and incentivise change in business behaviours to reduce emissions, as well as mandating minimum standards for public sector suppliers.
4. Implement a long-term incentive for energy efficiency improvements and mandate that all new domestic boiler installations after 2025 should be part of a hybrid system or 'hydrogen-ready', to kickstart a dramatic improvement in the decarbonisation of the UK's built environment.

## And business can:

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1. Position itself to lead in aspects of the carbon capture, usage and storage value chain, and realise £18bn in additional revenues from higher exports to the EU in electric vehicles and vehicle batteries.<sup>105</sup>
2. Create 240,000 net new green jobs by 2030 across all parts of the UK and support a 'just transition' to the low carbon economy.
3. Join the Race to Zero, with the CBI targeting an additional 300 businesses signed up by COP26, with progress supported by our Goal 13 platform.





# An innovation economy

*Breakthrough ideas and technologies, adopted by all.*

## An innovative economy: what the analysis covered

- How AI adoption and R&D investment can drive business growth
- How tech adoption can boost SME productivity
- The potential for the UK to increase fintech exports
- How tech adoption can supercharge worker productivity and improve the wellbeing of the workforce and society.

## The innovation imperative: why it matters

- Innovation and technology are powerful engines of prosperity, inclusion and resilience that will drive radical benefits across society – from decarbonisation to healthier lives and high value jobs.
- Innovation and digital adoption are key to unlocking productivity growth, from successful SME technology adoption to the transformative effects of AI through to realising export opportunities, such as fintech.<sup>106</sup>
- R&D investment fuels growth, with companies who invest heavily in R&D growing faster than their peers.<sup>107</sup>

## To realise the innovation prizes, we must:

- Turn up the dial on R&D to match OECD levels of investment, so that we lead the world in the quality of research, and increased levels of business development.
- Make the UK a world-leading data economy, by building on the National Data Strategy and developing strengths in AI, regulation and digital connectivity.<sup>108</sup>
- Increase digital intensity and adoption, especially in SMEs, across the economy.
- Scale-up more high-growth, founder-led tech and digital companies, and step-up export growth in areas of competitive strength, such as fintech and genomics.



### **To unlock investment in an innovative economy, the government needs to:**

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1. As part of the Innovation Strategy to be published this summer, deliver record levels of long-term investment for innovation, including UKRI, Innovate UK and Be the Business. In this year's Spending Review, set out the spending profile on R&D to reach £22bn by 2024-25.
2. Develop the new agency, Advanced Research and Intervention Agency (ARIA), as a model for high-risk high-reward innovation, based on a principle of partnership with the private sector.
3. Commit to 100% gigabit-capable coverage across the UK, and deliver the legislative change needed to do this in 2021.

### **And business can:**

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1. Grow the whole innovation ecosystem by developing a new programme to enable and strengthen innovation partnerships between large corporates and scale-ups.
2. Work with Department for Digital, Culture, Media & Sport (DCMS), Federation of Small Businesses (FSB) and Which? to help consumers and businesses understand the benefits, and increase the take up, of better digital connectivity – with recommendations to be published this summer.
3. Enable the uptake of innovation and tech through the new Help to Grow scheme and sharing of best practice.





# A globalised economy

*Making the UK a trading powerhouse.*

## A globalised economy: what the analysis covered

- Analysing forecasts of global profit pools for goods and services across countries and sectors
- How the UK can leverage its existing comparative advantages to realise exporting opportunities in markets, such as China, the EU, India and the US
- The positive spillover effects that exporting industries bring to the wider economy
- Sizing the opportunity from getting businesses, particularly SMEs, to grow exports.

## The trade imperative: why it matters

- Trade underpins the UK economy, with gross exports accounting for 32% of total GDP, and yet the UK's share of global trade has been declining as emerging markets play a bigger global role.<sup>109, 110</sup>
- Trade enables companies to find new markets, diversify their supply chains, reduce risk and benefit from economies of scale. All of which are important factors to support economic recovery.<sup>111</sup>
- Highly traded sectors have significant spillover benefits to the rest of society and broader economy, creating jobs, raising incomes and increasing productivity.

## To realise the globalisation prizes, we must:

- Develop more firms with an export-oriented mindset and increase their international ambitions. Whether it is encouraging SMEs which have the capability to do so for the first time, or increasing the range of markets that established firms target and the range of products and services that they sell to them.
- Actively prioritise markets that could yield significant success, especially country-sector combinations, including the US, India, China and ASEAN countries, in areas where the UK has a proven competitive advantage - like financial services, information and communication, and education.<sup>112</sup>
- Play to our strengths in services in sectors ranging from financial and professional services, the creative industries, education, and information and communication, and seize export opportunities in growing industries, such as green, biotech, genomics and other emerging tech. As well as take a lead on regulation and standards development.



## To unlock a globalised economy, the government must:

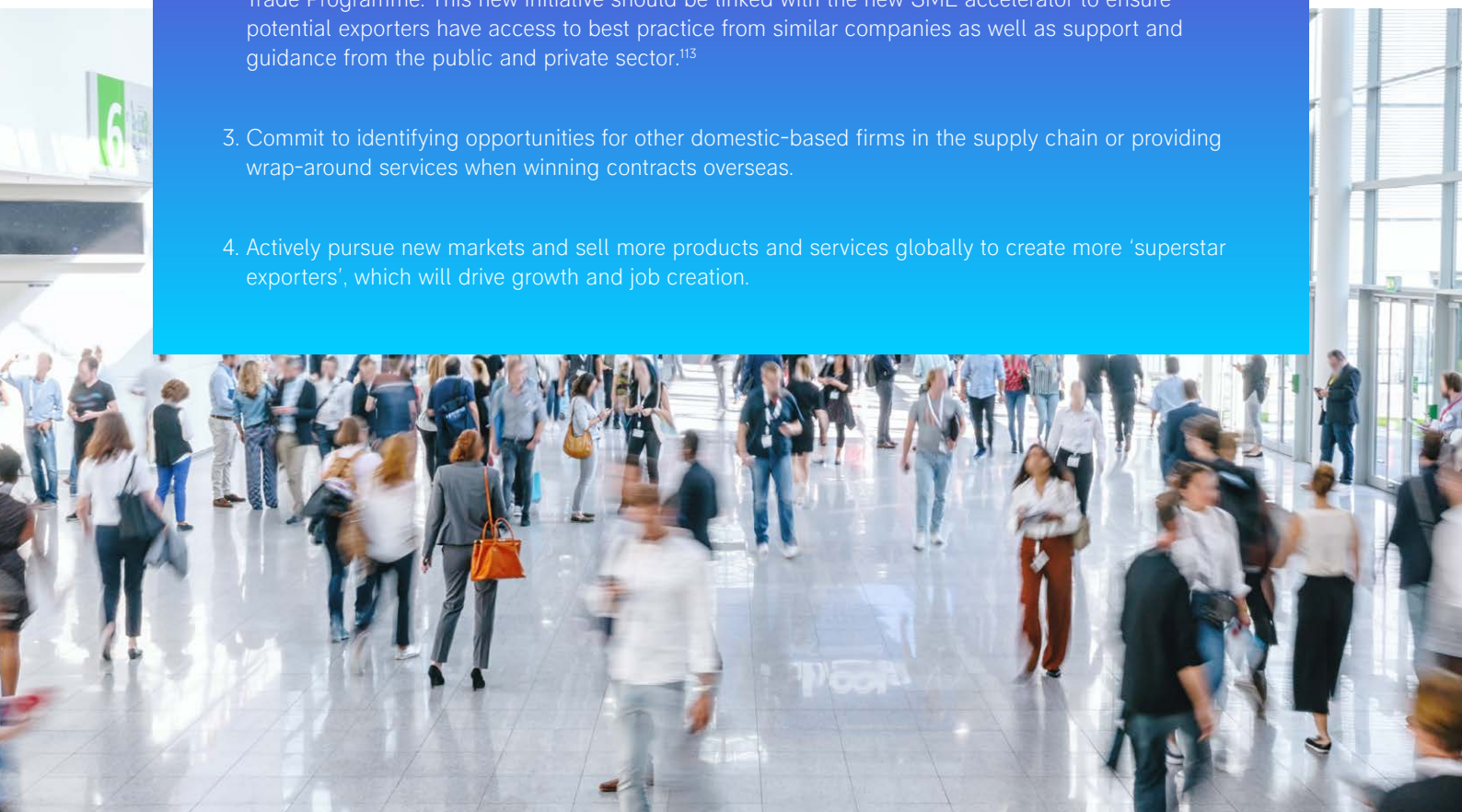
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1. Align Department for International Trade (DIT) campaigns to priority country-sector combinations and focus face-to-face resources on major profit pools and growth industries, leveraging DIT's excellent overseas network, as well as matching sectoral strengths in specific regions and nations in the UK to opportunities overseas. Adequately resource the four new Trade and Investment Hubs across the UK, explore the rollout of more, and integrate them with existing regional and national export plans that can make the difference.
2. Develop a digital platform accelerator programme for SMEs to expand overseas, providing market information, opportunities to showcase products internationally, and routing through to DIT advisers in the UK and abroad. To be coupled with a comprehensive trade upskilling programme for business co-designed with business organisations and academia.
3. Establish a Trade in Services Commission to tackle market access barriers in some of the major services growth markets and set a long-term strategy for UK services trade, taking inspiration from the recent UK government Trade and Agriculture Commission.
4. Use the new Partnership Council and bilateral relationships with EU countries to kickstart a new chapter of normalised UK-EU trading relations, aimed at fully implementing the Trade and Co-operation Agreement on the ground, devising practical solutions to the adjustment issues faced by firms on both sides, and building ambition to boost trade with our largest trading partner.

## And business can:

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1. Target large and fast-growing profit pools in Europe as well as the US, India, China and ASEAN countries in areas like financial services, information and communication, and education.
2. Co-develop an Export Champions programme in every region and nation, ready to launch in 2022, inspired by the CBI and Scottish Enterprise model and working alongside DIT's new Parliamentary Trade Programme. This new initiative should be linked with the new SME accelerator to ensure potential exporters have access to best practice from similar companies as well as support and guidance from the public and private sector.<sup>113</sup>
3. Commit to identifying opportunities for other domestic-based firms in the supply chain or providing wrap-around services when winning contracts overseas.
4. Actively pursue new markets and sell more products and services globally to create more 'superstar exporters', which will drive growth and job creation.





# A regionally thriving economy

*Ensuring every region and nation has distinctive, global strengths.*

## A regionally thriving economy: what the analysis covered

- Illustrating the persistency of regional inequalities
- Identifying high productivity clusters across the UK
- Demonstrating case studies of business-led cluster success stories
- How remote/hybrid working can widen talent pools and spread economic activity across larger geographic spaces.

## The regional imperative: why it matters

- The UK has a longstanding history of productivity and income disparities across our regions and nations that have impacted on economic performance and living standards for decades.<sup>114</sup>
- COVID-19 is set to have a significant and lasting impact on our economy, and the effects are not being felt evenly across the country. So far, the crisis appears to be exacerbating divides within regions, particularly between urban, low-income groups and the rest of the population.<sup>115</sup>
- Levelling up our regions and nations can kickstart the recovery and close productivity gaps to boost living standards and achieve shared prosperity.<sup>116</sup>

## To realise the regional prizes, we must:

- Play to distinctive local strengths and regional comparative advantages, providing clear, unique and robust propositions for investment.
- Build up existing economic clusters from good to great by leveraging domestic and international best practices, setting up strong talent pools, strengthening proactive collaboration and attracting investment to fuel innovation.
- Foster the new economic clusters that are likely to emerge by 2030, such as those created from the UK's transition to net-zero. Cluster development must be business led, rooted in credible business case thinking, and sustained in long-term business and public sector partnerships.<sup>117</sup>





### **To unlock a regionally thriving economy, the government must:**

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1. Work with Devolved Nation Administrations to identify opportunities where cross-government collaboration can support job creation, business investment and improved connectivity.
2. Build on progress to forge the underlying conditions that attract businesses to a local area, such as a skilled workforce, high-quality infrastructure and a business-friendly environment.<sup>118</sup>
3. Deliver the Levelling Up White Paper, with proposals for rolling out more devolution deals, and for further devolving power on skills, transport and R&D to Devolved Authorities in England at a scale that matches functional economic areas.
4. Fully back and support business-led economic clusters in the Levelling Up White Paper and be willing to experiment with regulatory sandboxes and make funding available for co-investment.

### **And business will:**

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1. Strengthen their regional presence and footprint, for example, by opening regional offices as many in the financial and professional services sectors are doing, to support levelling up through investment decisions.
2. Engage proactively with First Ministers, Regional Mayors, Local Enterprise Partnerships and other local bodies to help shape business-friendly environments that attract investment in all parts of the UK.
3. Write the playbook for successful economic clusters through investing and 'live learning' in two or three areas – demonstrating how to take the UK's economic clusters from good to great. The CBI will support this by:
  - Deploying our unique convening power of big to small businesses, universities and colleges, relevant partners such as Catapults and research and technology organisations (RTOs), national and local politicians, and civic leaders.
  - Assembling business-led coalitions with a commitment to invest, share knowledge, support supply chain ecosystems and above all specify what it takes to succeed.
  - Establishing a secretariat and programme office to capture the work as a blueprint, setting out how to create and encourage new and emerging clusters, and the tools and levers required to make them a reality.



# An inclusive economy

*Where work enables all talent to progress.*

## An inclusive economy: what the analysis covered

- How reskilling and increasing diversity can boost the UK's economic performance and benefit society
- Diversity as a competitive advantage for businesses
- Designing skills transitions that benefit businesses and employees
- Estimating the opportunity for the UK's education sector in providing adult reskilling services abroad.

## The inclusion imperative: why it matters

- The UK is consistently ranked as one of the least socially mobile nations among its international peers, so there is a moral imperative to ensure everyone – irrespective of their background, age, gender, sexuality, disability and race and ethnicity – has the skills and opportunities they need to progress.<sup>119</sup>
- There is strong evidence that more diverse organisations and leadership, in the cases of gender, ethnic and cultural diversity, exhibit greater growth and innovation, make better business choices and carry lower risk. Additionally, investment in retraining pays back for the vast majority of companies.<sup>120, 121, 122, 123</sup>
- The UK already has one of the highest skills mismatches of the G7 countries. Many companies are facing skills shortages today, and they are set to increase in growth areas, such as health, care, management and technology occupations.<sup>124</sup>
- UK success in strengthening skills, diversity and inclusion across business is a vital enabler to securing other economic prizes, including decarbonisation, trade and levelling up, and achieving the UK's ambitions for 2030.

## To realise the inclusion prizes, we must:

- Reskill nine in ten workers and transition around three million workers to a new occupation by 2030, informed by analysis on future changes in UK labour demand and occupation transitions.<sup>125, 126</sup>
- Tackle the UK's digital skills gap – around 50% of adults lack essential digital skills needed for the workplace.<sup>127</sup>
- Strengthen representation of diverse talent across business – including at the most senior levels – which will help to tackle the unequal impacts of the pandemic, mitigate the potential effects of automation and boost opportunities for underrepresented groups.<sup>128</sup>



### **To unlock investment in inclusion, the government needs to:**

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1. Replace the Apprenticeship Levy with a 'Learning for Life' skills levy that ends cross-subsidy and challenges each firm to spend every penny investing in the skills of their workforce.
2. Back a successor to the Hampton-Alexander Review to maintain momentum on gender diversity among business leaders, and facilitate implementation of voluntary ethnicity pay reporting.
3. Help workers to understand their options for retraining by expanding Jobcentre Plus into Skills and Jobs Hubs.

### **And business will:**

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1. Help accelerate progress towards greater racial diversity in business, with the CBI and other founding partners of Change the Race Ratio, which is looking to secure the support of one-third of the FTSE100 by the end of the year. This is a commitment to increasing the racial and ethnic diversity of their Boards, senior leadership teams and to implementing voluntary ethnicity pay reporting. We are also encouraging the FTSE250 and the broader business community to join Change the Race Ratio and drive change across all UK business.
2. Invest in training to help a new generation into the workforce and existing workers to reskill and retrain.<sup>129</sup>
3. Embrace new remote, hybrid and flexible working to help encourage maximum participation in the workforce from the broadest possible range of backgrounds.





# A healthier nation

*With health the foundation of wellbeing and economic growth.*

## Health: what the analysis covered

- Sizing the economic return of employer-led physical and mental health interventions
- How improved employee health can boost business performance
- The opportunity for the UK to export genomics products and services
- How certain regions and nations present greater opportunities for health improvement than others.

## The health imperative: why it matters:

- Health is the biggest driver of a person's life satisfaction, explaining 48% of life-satisfaction differences between individuals of the same age.<sup>130</sup>
- Poor health is expensive: 63% of years lost to poor health are in the working age population. This costs the UK around £300bn in lost economic output annually, excluding health costs.<sup>131</sup>
- Life sciences and health can be a major driver of economic success for the UK, with the global market in pharmaceuticals and medtech worth £1.2tn in 2020 and expected to see strong growth of around 5% per year through 2030.<sup>132</sup>

## To realise the health prizes, we need to:

- Lock-in employers' increased focus on their employees' health and wellbeing during the COVID-19 pandemic.<sup>133</sup>
- Raise health standards to above European averages, on measures like mental wellbeing, alcohol consumption, and obesity.<sup>134</sup>
- Nurture the UK's life sciences sector to realise opportunities in a fast-growing, competitive global market.<sup>135</sup>



## So, to unlock investment, the government needs to:

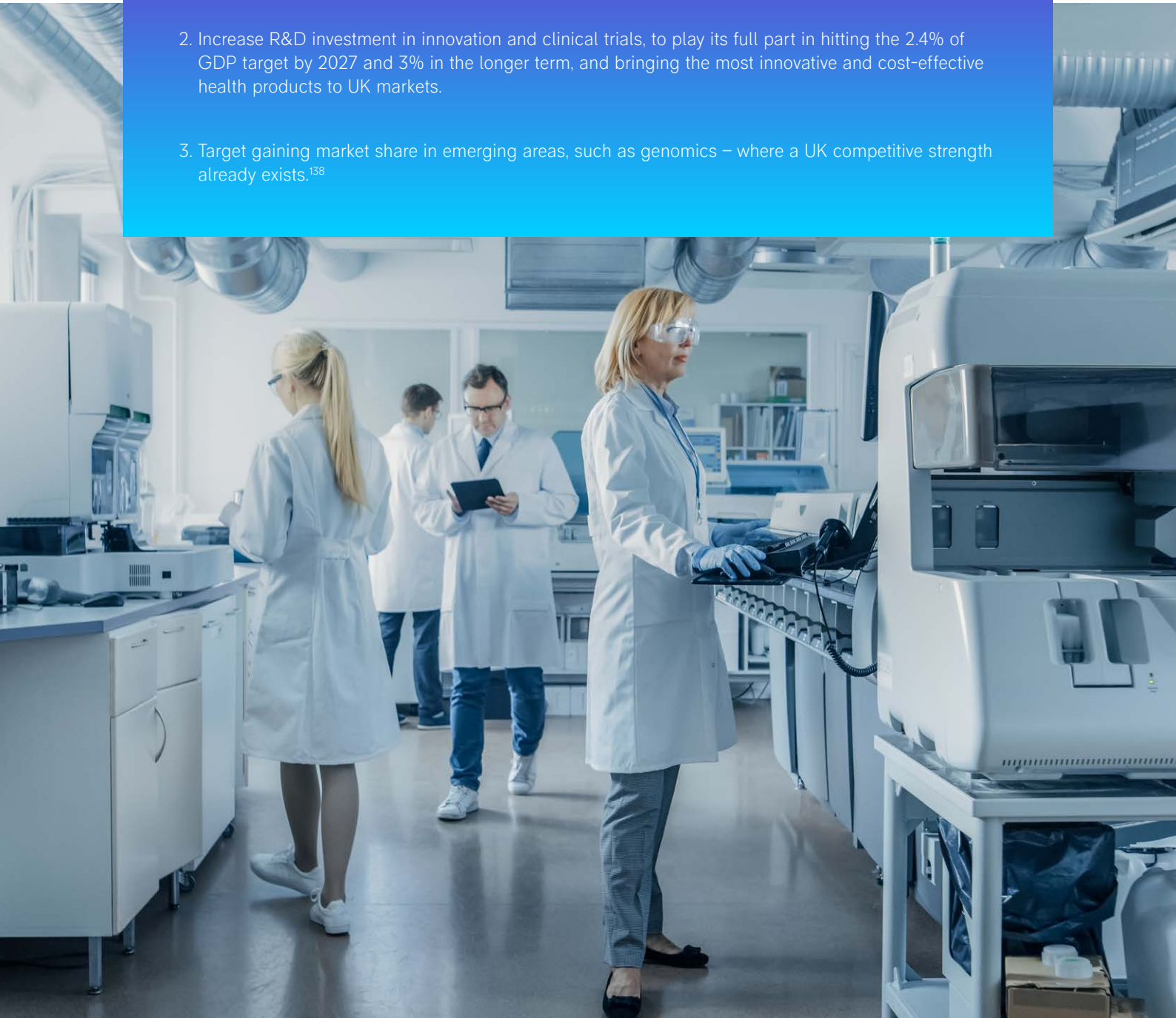
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1. Build on lessons learnt during the pandemic, with high levels of public-private collaboration and agile regulation to approve new medicines, and implement the procurement strategies set out in the Life Sciences Industrial Strategy to make the NHS a leader in innovative medicines, treatments and healthcare.<sup>136</sup>
2. Leverage the use of NHS data where appropriate, to reinforce the UK's position as a global hub for clinical trials, life science innovation and data-driven healthcare.
3. Increase focus on workplace health interventions to incentivise businesses to invest in their employees' wellbeing.

## And business can:

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1. Strengthen its focus on business-led health interventions as an essential tool for improving business performance, societal health and economic prosperity.<sup>137</sup>
2. Increase R&D investment in innovation and clinical trials, to play its full part in hitting the 2.4% of GDP target by 2027 and 3% in the longer term, and bringing the most innovative and cost-effective health products to UK markets.
3. Target gaining market share in emerging areas, such as genomics – where a UK competitive strength already exists.<sup>138</sup>



# Forging a business consensus

In the past six months, we have developed this thinking with leading FTSE CEOs, entrepreneurs, small businesses, regional and sector-based roundtables as well as the CBI's Trade Association network.

We've consulted hundreds of business leaders so far and counting. Together, we're listening, responding and adapting the vision.

## NOVEMBER & DECEMBER 2020

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Our first step was to listen. With a new Director-General in post, collaborative technology meant he could travel the length and breadth of the UK on a listening tour. By meeting businesses, large and small, we could map, and track, how UK business was thinking and feeling, and find out its aspirations for the future.

We met with several businesses, every single week, in each of the four UK nations. And without exception, they told us that while the intensity of short-term pressures meant they had less time to take a long-term view, our idea for an economic vision – rooted in real-world analysis – and a ten-year long strategy to realise it, was essential to the UK's future success. All felt growth would be essential to rebound from crisis and a broad economic transformation was needed.



## JANUARY 2021

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The **CBI** began its research into the current state of play for UK competitiveness and to identify opportunity areas for future growth. This built up to 630 pages of analysis, pointing to our six themes and a significant size of the prize for the UK.

As our weekly discussions with businesses continued, we asked attendees for their views on emerging insights.

In a **virtual visit to Wales**, we spoke to businesses and universities about how they have fared during the pandemic, the guidance they need post-Brexit and how to stimulate recovery.

Insights include:

- **Closing the skills gap:** Action needed to address a skills shortage in Wales, and help support the development of homegrown talent?
- **Foot to the pedal:** Having accelerated their investment in technology, they want to keep up the momentum here.

Spending time with businesses on the **London Council** as well as some of industry's brightest rising stars at the **London Under 35 Committee**, we heard their ambitions and concerns for the capital.

While at a roundtable with some of the foremost UK firms working across supply chains in the **construction and infrastructure** sector, we discussed labour shortages, technical education and access to funding and insurance.



## FEBRUARY 2021

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The relationship that the CBI has with our 180-plus trade association members is absolutely critical in ensuring that we speak for the whole economy, amplifying sector priorities and issues to government.

And in our **Trade Association Council meeting**, we convened representatives from more than 70 industries. Attendees came from sectors as varied as ceramics, food and drink, oil and gas, and compressed gasses. From attendees, we heard real concerns around skills and talent, views on regulatory divergence – now the UK has left the EU – as well as discussing how customer behaviour has changed.

We also held an **emerging entrepreneurs' roundtable** to gain first-hand insight on our economic vision work from Natalie Campbell, CEO of Belu Water, Nisha Katona MBE, Founder, CEO and Executive Chef of Mowgli Street Food Restaurants, Cameron McLain, Co-Founder and Managing Partner at Giant Ventures, Jamie Mitchell, Founder and Adviser at All Together and Non-Executive Chairman of Rare Restaurants, Mandeep Singh, Co-founder and Founding CEO of Trouva, Joanne Smith Founder and Group CEO of Recordsure and TCC, Joanna Swash, Group CEO of Moneypenny, and James Symes, Co-founder and CEO of the Bike Club.

Their discussions covered what entrepreneurs need to thrive and contribute to future UK growth in the decade ahead.

Insights include:

- **A new generation:** Today's entrepreneurs have a fresh mindset. Not just about making money but doing the right thing.
- **No one size fits all:** It is vital that the vision and plan reflect regional variances in entrepreneurial focus.
- **A central tenet:** There is grace in business courage and risk. It's a spirit that the UK should encourage and harness, recognising failure is a learning opportunity.

*"We all lose when our business model is founded in another's pain."*

**Nisha Katona MBE, Founder, CEO and Executive Chef, Mowgli Street Restaurants**



A **CEO roundtable**, including some of the UK's foremost business leaders: Alan Jope, CEO at Unilever, Anthony Gutman, Co-Head Investment Banking Division EMEA, Goldman Sachs, Clare Barclay, CEO, Microsoft UK, Dame Emma Walmsley DBE, CEO, GlaxoSmithKline, Nigel Wilson, CEO, Legal & General Group, Philip Jansen, CEO, BT, and Virginia Simmons, Managing Partner, UK and Ireland, McKinsey & Company.

Several of those represented also sit on the UK government's Build Back Better Council. As vital critical friends of the CBI, these senior leaders both challenged and validated key findings from the analysis.

Insights include:

- **The importance of our people:** Health, alongside diversity and skills, can form a valuable new UK employment 'offer'.
- **No firm left behind:** It's critical that the UK's SME community see themselves in the vision, they must feel this work is relevant to them.
- **Building a movement:** For many, 2030 will feel like a long way away. We need a five-year plus commitment to rolling work programmes to build a growing movement around them.
- **Regulation can unlock the investment needed:** But most regulators are not asked to contribute to economic growth.





*"We have an opportunity to do things differently, if we capture the excitement and enthusiasm about what living and working in the UK can be like. There is tangible work that business and political leaders can do together to make that a reality."*

**Philip Jansen, Chief Executive Officer, BT Group**

**'In discussion with...' events** across the UK regions and nations.

In **Scotland**, we spoke to dozens of businesses, universities and trade associations who called for stronger collaboration, greater clarity and focus – putting political instability behind them.

Insights include:

- **Future-focused:** Important priorities for a future strategy for Scotland's competitiveness must address the skills needed, collaboration between business and education, how to increase trade and create more high-quality jobs.
- **A net-zero decade:** This is the point where we need to match aspiration with reality, delivering action and investment on an unprecedented scale.
- **The fundamentals:** It's critical we lay the groundworks now – those big enablers, such as infrastructure, innovation, and skills – that will help us achieve success in the next decade.

In the **North West**, business leaders from SMEs and larger companies throughout the region – covering sectors including energy, aviation, construction, manufacturing and health – discussed priorities for the coming quarter, year and decade to come.

Insights include:

- **Just go for it:** Business must drive the economic vision. We need to be bold, believe in ourselves, and give young people a voice.
- **In it to win:** SMEs are where the biggest gains on productivity through tech adoption can be made, especially those who are struggling most, and are the hardest to reach. Support and engagement must be proactive to be effective.
- **Follow the money:** Innovators go where the funding is, and international competitiveness is vital to capital flows and the UK's cities.



In the **West Midlands**, the team brought together firms and universities from across the local economy, providing goods and services including lighting, transport equipment, logistics, retail and professional services, as well as leading manufacturers.

Insights include:

- **Adopt a 'people-first' approach:** Companies have a responsibility to look after workers long term, but it can also help them succeed in recruitment and retention.
- **Connecting the dots:** Skills and innovation need to go together and be led by firms.
- **Reskilling the workforce:** Transformational change to the economy will need government and business working together on how to reskill – and upskill – the workforce.

In **sector roundtables**, we spoke to senior representatives from some of the biggest business names, national and global, in the **tech and creative industries** for their views on the UK's strengths and future trends.

Insights include:

- **Digital sophistication as a USP:** There is a high level of innovation and digital sophistication within the UK that should be nurtured as a competitive advantage.
- **Fertile breeding ground for innovation:** The UK is good at developing an eco-system and allowing ideas to emerge.
- **Collaboration is the key:** SMEs would benefit from industry and government working more collaboratively to overcome major barriers for tech adoption.

Leaders and senior representatives from **retail and hospitality** met to discuss the outlook for their sectors as we emerge from lockdown and the essential steps needed to secure future success.

Insights include:

- **Act now for the long term:** If structural changes to the economy are needed, now is the time to make them.
- **Reform the Apprenticeship Levy:** Funds from the Apprenticeship Levy could be put to better use if deployed as part of a wider reskilling model.
- **Support for the next generation:** Under 30s have been hit hard by Covid – youth employability must be a key priority going forward.

Some of the UK's biggest innovators from life sciences and manufacturing, spoke about how short-term issues and future trends, as well as lessons learnt during the pandemic could shape industries, such as automotive, pharma and medical equipment, research organisations, cell and gene therapy, and healthcare, in the future.

- **Let's learn from our achievements:** Successful measures taken during the pandemic, such as vaccine development, exemplify what makes effective policy making – a central mission, laser-like focus, genuine partnership between government and private firms, and an iron-clad commitment to innovation.
- **Strengthen roots for growth:** Reinforcing the UK's position as a leading place to do research, improving our innovation culture is essential. Healthcare professionals must have the time, incentive and opportunities to engage with research.
- **Must keep up:** UK regulation must be agile, keeping pace with emerging tech.



*"The UK must emphasise the importance of the creative sector as a key exporter. The UK punches above its weight in this area and should capitalise on this to support growth."*

**Kate Le Gassick, General Counsel, Warner Music International Services**

## MARCH 2021

To place the experiences and expertise of UK SMEs at the heart of our vision process, we consulted a small, but varied group of SME business leaders at an **SME roundtable**.

These were Alison Orrells, CEO and Managing Director of The Safety Letterbox Company Ltd, Barry Leahey MBE, CEO of Playdale, Dr. Martin Hawley Digital innovation, founder of Winsland and Co-founder Airspace Unlimited, Julia Szajdzicka, Managing Director, ND Metering Solutions, Lucy Armstrong, CEO of The Alchemists, Matt Carr, Owner and Director of Carrs Pasties, Mike Kapur OBE, Managing Director, Sempervox, and Sean Taylor DL, Co-founder and Global CEO, Redwood Technologies Group.

Together, they represented sectors, ranging from manufacturing and aviation to tech and communications. These firms also crisscross the UK's regions and nations, giving them the perspectives needed to push the boundaries of the vision.

Insights include:

- **An essential partner:** The success of this project will rest on the ability of UK SMEs to deliver its ambitions.
- **First among equals:** Sustainable growth is important to today's SMEs and a core prize for the UK in the future.
- **Stronger through collaboration:** There's huge value to be gained from SMEs working with big business, as well as combining their efforts with the UK's HE sector.



*"The UK economy is at a pivotal point but with an ambitious vision and good collaboration, there are real opportunities to recover and grow."*

**Mike Kapur OBE, Managing Director, Sempervox**



An **established entrepreneurs' roundtable** brought together business creators to again test our developing thinking and plan.

These included Dinesh Dhamija, Founder of EBookers, Dr Ali Parsa, Founder and CEO at Babylon Health, Lord Leigh, Co-founder, and Senior Partner at Cavendish Corporate Finance, Nick Gregg, Managing Director and Head of Investments at Blenheim Chalcot, Patrick Caiger-Smith, President of BEAMA, and Founder and CEO of Green Energy Options, Sir Kenneth Olisa OBE, Founder of Restoration Partner, Steve Sharratt OBE, Group CEO at IBMS Group, and William Reeve, CEO at Goodlord.co and Founder of LOVEFiLM.com and Fletcher Research.

Insights include:

- **We are stronger than we think:** It is important we appreciate the UK's strengths, such as our language, location, and world-leading sectors...the list goes on.
- **All sizes covered:** The vision must bring together businesses of all sizes, recognising SMEs are key innovators and large companies are good executors. Inclusive to those battling to survive, with a focus on scaling-up businesses.
- **Diversity & inclusion are business challenges:** All firms need to recognise the importance of diversity and inclusion or be left at a competitive disadvantage.

*"SMEs are quick to innovate – large companies, quick to deploy. The challenge is bringing them together at scale."*

**Steve Sharratt OBE, CEO, IBMS Group**



A meeting of the **CBI President's Committee** – one of the CBI's most senior committees – comprised business leaders, Chairs and CEOs from some of the UK's leading companies.

A core aim of the group was ensuring a strong focus on levelling up the UK, and interplay with the UK government's Plan for Growth.

Insights include:

- **Aim high:** For a strategy to work, it must be brave, bold and push boundaries – representing the axis of UK business.
- **Delivering with impact:** Our ambition must be matched by momentum in execution. Collaboration will be essential.
- **Beyond politics:** The strategy will need to be built to withstand the politics of the day – as it develops across the next ten years.

“

*We must hold onto what enabled good things to happen during coronavirus – focus and collaboration across industry, academia and regulators.”*

**Jonathan Symonds, Chairman of Board, GlaxoSmithKline**

The **CBI Chairs' Committee** comprises the chairs of the CBI Regional and National Councils and sector-focused Standing Committees from all regions, UK nations and industries.

Insights include:

- **A moment to be seized:** The vision represents a major opportunity for the UK, if taken.
- **The UK's future workforce:** Health, wellbeing and diversity and inclusion are priorities for employees, especially for younger people joining the workforce.
- **Business in service of the nation:** The Committee reiterated the strong relationship between business and society, and the strong role businesses had to play in delivering an economic vision.

“

*“Young people aspire to a better quality of life, with a better work-life balance at the centre.”*

**Lizi Hills, Commercial Finance Director, Burger King (CBI Under 35s Committee Chair)**



*"The Economic Vision is inspirational, and just what UK plc needs at this time. It's now for business and government to implement the enablers and make it a reality."*

**Alex Vaughan, Chief Executive Officer, Costain Group PLC (CBI South-East Regional Council Chair)**



A second **CEO roundtable** was convened to discuss progress, with participants committing to be ambassadors for Seize the Moment UK 2030.

Insights include:

- **Rules matter:** Lots of appetite for a big push on strategic and smart regulation, to wire the UK's 2030 economy.
- **Levelling up:** The piloting of economic clusters could help drive the UK's regional agenda.
- **Room for all:** There must be scope in this work to crowd-in more ideas, recommendations and voices into these plans along the way.

*"Let's be ambitious but pragmatic. Go for the areas where the UK is well placed to succeed, and have a laser-like focus on the actions required to get there."*

**Anthony Gutman, Co-Head Investment Banking Division EMEA, Goldman Sachs**



A series of **'In discussion with...'** events brought together firms from across regions and nations.

In the East Midlands, representatives met from locally based businesses, covering sectors, including automotive, skills and training services, professional services and Higher Education among others.

Insights include:

- **Go Further:** Business has a real opportunity to step up and demonstrate their commitment to local communities and wider society, helping to tackle the big issues facing the UK and improving people's lives.
- **Shifting perspective:** The UK needs to transform how it funds, develops and delivers skills training and development, there's a huge amount of untapped potential to be mined – to help address skills shortages and enable more people to progress.
- **The power of green:** There are major opportunities out there for UK businesses to grow in emerging markets and green tech and services.



In the **East of England**, our team brought together leaders from companies based across the region, encompassing sectors, such as professional services, hospitality, logistics, housing design, engineering and management consulting, sustainable systems and solutions and Further and Higher Education. Attendees' conversations covered young people impacted by the pandemic transitioning into the workforce, scaling up R&D, and actions to achieve the UK's decarbonisation ambitions.

In **Northern Ireland**, the team convened organisations and firms of all sizes, representing a range of sectors from financial services to manufacturing, Higher Education and transport.

Insights include:

- **Recognising the importance of stability:** On recovery, EU trade, and Northern Ireland's prosperity agenda, clarity and consistency from government is essential to success.
- **Being in it for the long-haul:** Any long-term strategy for growth must be future proofed to withstand the ebbs and flows of political cycles.
- **Wellbeing as a working concern:** Business are keen to help keep health high on the agenda, especially mental health following the pandemic.

Discussions at **cross-sector roundtables** covered **energy, climate change and utilities** – with industry-leading energy suppliers, solution providers and manufacturers.

Insights include:

- **Picking up speed:** Let's use the momentum generated going into COP26 to deliver on the government's ten-point plan, for example, with substantive action on business models for emerging green solutions and regulatory frameworks.
- **Play to our strengths:** Supporting supply chains, openness to investment, and securing the UK's lead in green tech and energy will be critical to the UK's competitiveness and ability to level up.
- **A global prize:** The UK has huge capabilities, so it's crucial we equip businesses – joining up moral imperative and policy objectives through a practical plan – for delivery and global success.
- **Regulation is the core enabler:** Remits must allow regulators to reward investment or we will never reach our goals.

On **Higher Education and Further Education**, we convened Vice Chancellors, Pro-Vice Chancellors, Executive Deans and Principals of universities and FE colleges from across the country.

Insights include:

- **An engine for growth:** Important to recognise the role this sector plays in stimulating growth, through skills development, innovation (vital to the development of the vaccine), and exports.
- **Empowering the next generation:** There's pent-up demand from graduates wanting to make a contribution to the UK's post-COVID economy. We need to harness and support that in any way we can, especially sectors, such as creative industries, health and tech.
- **A commitment for life:** It's time for the UK to cement a culture of lifelong learning, normalising learning at different stages of life and enabling greater collaboration between employers and all education providers.

Across two roundtables, we called on the expertise and in-depth industry knowledge of UK **Financial Services' CEOs and the sector's leading trade associations.**

Insights include:

- **Nothing comes close:** Net-zero is the biggest investment opportunity in a lifetime and, alongside supporting levelling up, the financial sector can help drive progress due to its spread across the UK and deployment of assets.
- **A global broker:** The UK must be at the forefront of helping to shape global financial regulation and standards with a particular focus on sustainable finance.
- **One voice:** For our ambitions to succeed, we need a shared voice and action.

We also brought together some of the foremost names in **transport and logistics.**

Insights include:

- **London calling:** Alongside the imperative of strong UK regions and nations, London must be a core part of the UK's plan for recovery and the future.
- **A careful balance:** As the UK emerges from lockdown, we must strike a careful balance between protecting public health and taking a risk-based approach to reopening to aid recovery and build confidence for growth.
- **Connectivity to compete:** Renewing UK infrastructure will ensure the UK is competitive for years to come, supporting best-in-class technology, trade and UK expertise.

*"It feels like we all need to build on this increased trust and create momentum by continuing to prove that businesses are genuinely interested in making a broader contribution to society."*

Iain Blatherwick, Partner, Browne Jacobson







*“On levelling up and climate change, FS can play a crucial role due to its spread across the UK and assets that can be redeployed for longer-term sustainability.”*

**Huw Evans, Director General, Association of British Insurers**

## APRIL 2021

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In a final burst of member consultation before launch, we reflected on the emerging findings with firms across the **North East, Yorkshire & Humber, South West and South East**. There was a genuine and warm welcome to the emphasis placed upon regional strength that created a tide that lifts all boats rather than pits one region against another.

Insights include:

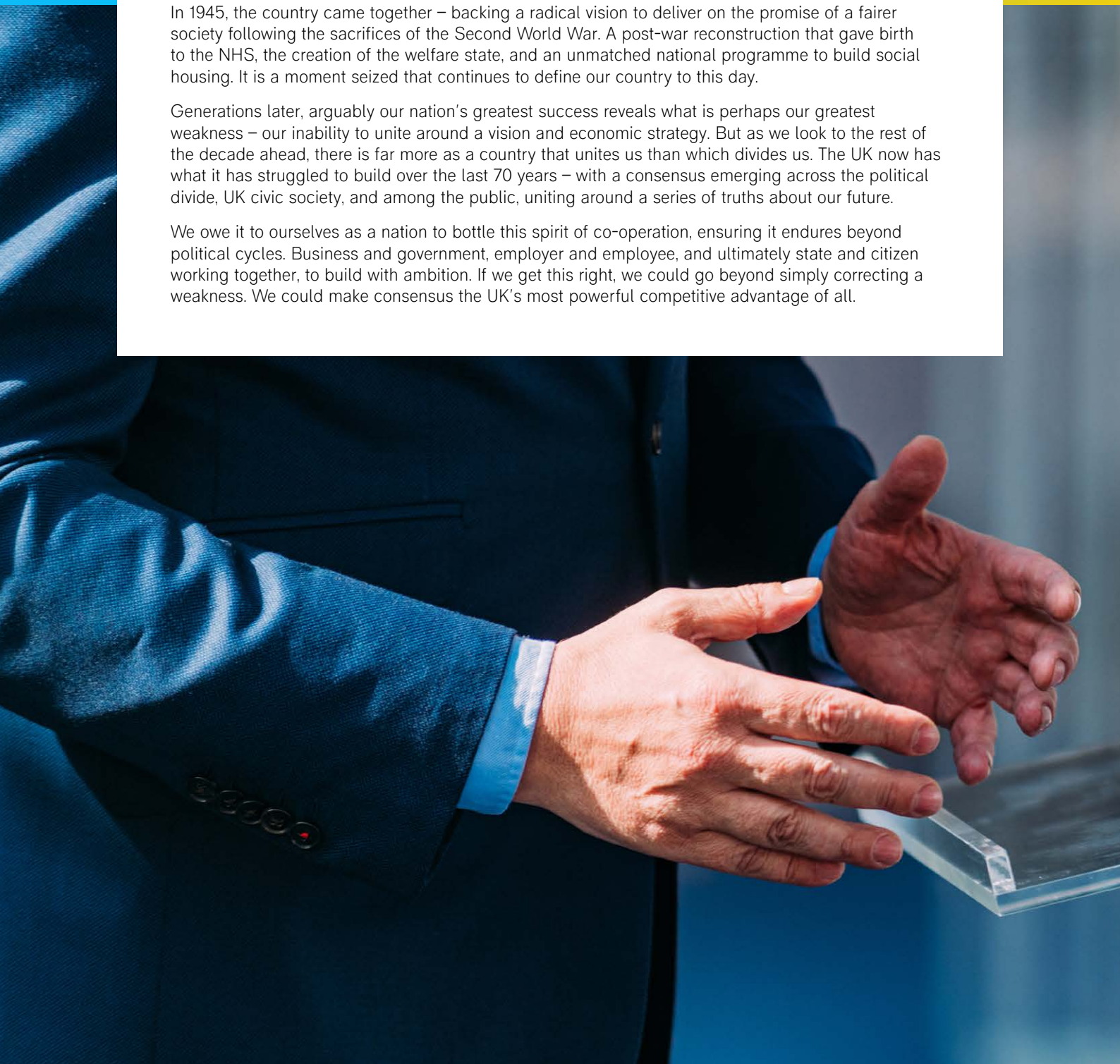
- **Fast-tracking progress:** Members were keen to see the pace of policy making speed up to reflect their own strategic timescales and remove obstacles that blocked their route to recovery and growth.
- **A journey for all business:** The path to net-zero was recognised as being achievable, with industry critical to the solution and seen as such by government. But for this to be truly effective all businesses must be encouraged and supported on the journey regardless of where they are in their transition to net-zero now.
- **Inspiring creativity and innovation:** The importance of educating young people and providing opportunities for upskilling and reskilling was universally recognised as a driver for regional growth and economic health, with universities and colleges also being critical partners in ensuring this is linked to innovation and creativity.

# Crowding in, creating unity

In 1945, the country came together – backing a radical vision to deliver on the promise of a fairer society following the sacrifices of the Second World War. A post-war reconstruction that gave birth to the NHS, the creation of the welfare state, and an unmatched national programme to build social housing. It is a moment seized that continues to define our country to this day.

Generations later, arguably our nation's greatest success reveals what is perhaps our greatest weakness – our inability to unite around a vision and economic strategy. But as we look to the rest of the decade ahead, there is far more as a country that unites us than which divides us. The UK now has what it has struggled to build over the last 70 years – with a consensus emerging across the political divide, UK civic society, and among the public, uniting around a series of truths about our future.

We owe it to ourselves as a nation to bottle this spirit of co-operation, ensuring it endures beyond political cycles. Business and government, employer and employee, and ultimately state and citizen working together, to build with ambition. If we get this right, we could go beyond simply correcting a weakness. We could make consensus the UK's most powerful competitive advantage of all.



**All of the devolved governments have published national economic strategies.** Each recognises that government and business collaboration is essential to deliver them.

In **Northern Ireland (NI)**, the Executive's **Economic Recovery Action Plan** developed by the Department for the Economy, outlines its plan for restarting, repairing and rebuilding a more competitive, inclusive and greener economy in NI.<sup>139</sup>



### In 30 secs

The plan identifies supporting four key pillars for growth – a highly skilled workforce, stimulating research and development, building a greener economy and promoting investment, trade and exports as the drivers to recovery. It also includes several actions the Department will take to stimulate growth, such as:

- The development of a Flexible Skills Fund
- Widening access to apprenticeships by removing the age cap
- Developing proposals to implement a Northern Ireland Artificial Intelligence Centre of Excellence
- Delivering the High Street Stimulus Scheme
- Establishing a Tourism Voucher Scheme to stimulate demand
- Accelerating delivery of City and Growth Deals and
- Developing a Green Innovation Challenge Fund.



*“Economic recovery can only be delivered through collaboration and partnership...the purpose of this document is therefore to start a wider and more detailed conversation regarding our recovery journey.”*

**Department for the Economy, Economic Recovery Action Plan**

In **Scotland**, following the May 2021 elections, rebuilding the Scottish economy must be centre of the national debate. In **responding** to the Advisory Group on Economic Recovery in August 2020, the Scottish Government recognised the imperative to make business a genuine policy partner to provide bolder, better and fairer solutions to the challenges Scotland faces.<sup>140</sup>



## In 30 secs

The remit of the Advisory Group was to provide expert advice on Scotland's economic recovery once the immediate emergency, created by coronavirus, has subsided. The Group was asked to advise the Scottish Government on actions that will make a difference to businesses across sectors and to regions throughout Scotland. The Scottish Government's response focused on five areas:

- 1 Business recovery and sustainable, green growth
- 2 Business engagement and partnership approach
- 3 Employment, skills and training
- 4 Resilient people, communities, and places
- 5 Investment in a green, wellbeing recovery.

*"This approach underlines our willingness to listen and collaborate with businesses, social enterprise, trade unions and other organisations to protect and create jobs in our economy. We know that their innovation and determination will be the engine room of our economic recovery. I'm asking businesses to work with us to support our people, to create good quality jobs, and rise to this challenge. And I expect them to challenge us too."*

**Fiona Hyslop MSP, former Cabinet Secretary for Economy, Fair Work and Culture, Scottish Government**



In **Wales**, the **Economic Resilience and Reconstruction Mission** provides a plan to recover from the economic damage of the COVID-19 pandemic. The mission was the result of collaboration between business, government and trade unions. Through the Social Partnership Council, the CBI will be integral to the implementation and monitoring of the mission, ensuring a more prosperous and competitive economy emerges from the pandemic.<sup>141</sup>



## In 30 secs

The mission's activity is focused on five beacons for overcoming COVID-19, and delivering medium and longer-term recovery:

- 1 Strengthening the foundational economy
- 2 Covid commitment to protecting and enabling skills and employment
- 3 Accelerating adaptation for recovery and future prosperity
- 4 Magnetising investment in a green recovery
- 5 Fortifying the pursuit of social value.

And shaped around three outcomes:

- 1 A more prosperous economy which requires a steady focus on resilience, and a capacity for transformation
- 2 A greener economy which demands high levels of circularity, where resources are kept in use, adding economic value and where waste is avoided
- 3 A more equal economy which means investing in the productive potential of all people in communities, making sure nobody is left behind.



*"There has never been a more important time to work together for a fairer, more equal and just Wales...the COVID-19 pandemic has reaffirmed our commitment to social partnership and demonstrated its value in making decisions to the broader benefit of the people of Wales. Social partnership brings together trade unions, employers and government on areas of shared interest to identify and implement solutions that bring about better outcomes."*<sup>142</sup>

**Hannah Blythyn MS, Deputy Minister Housing and Local Government,  
Welsh Government**

**The Labour Party has spoken about the need for a new partnership between an active state and enterprising business.**



**In 30 secs**

In a speech entitled, **A New Chapter for Britain**, Leader of the Opposition, Sir Keir Starmer outlined how the coronavirus pandemic had created a moment to think again about the country that we want to be. He went on to speak about the need for, *"A call to arms – like the Beveridge report was in the 1940s... to equip Britain for the opportunities of the future."*<sup>143</sup>

*"I believe in the power of active, enterprising government working alongside British business."*

Rt. Hon Sir Keir Starmer MP



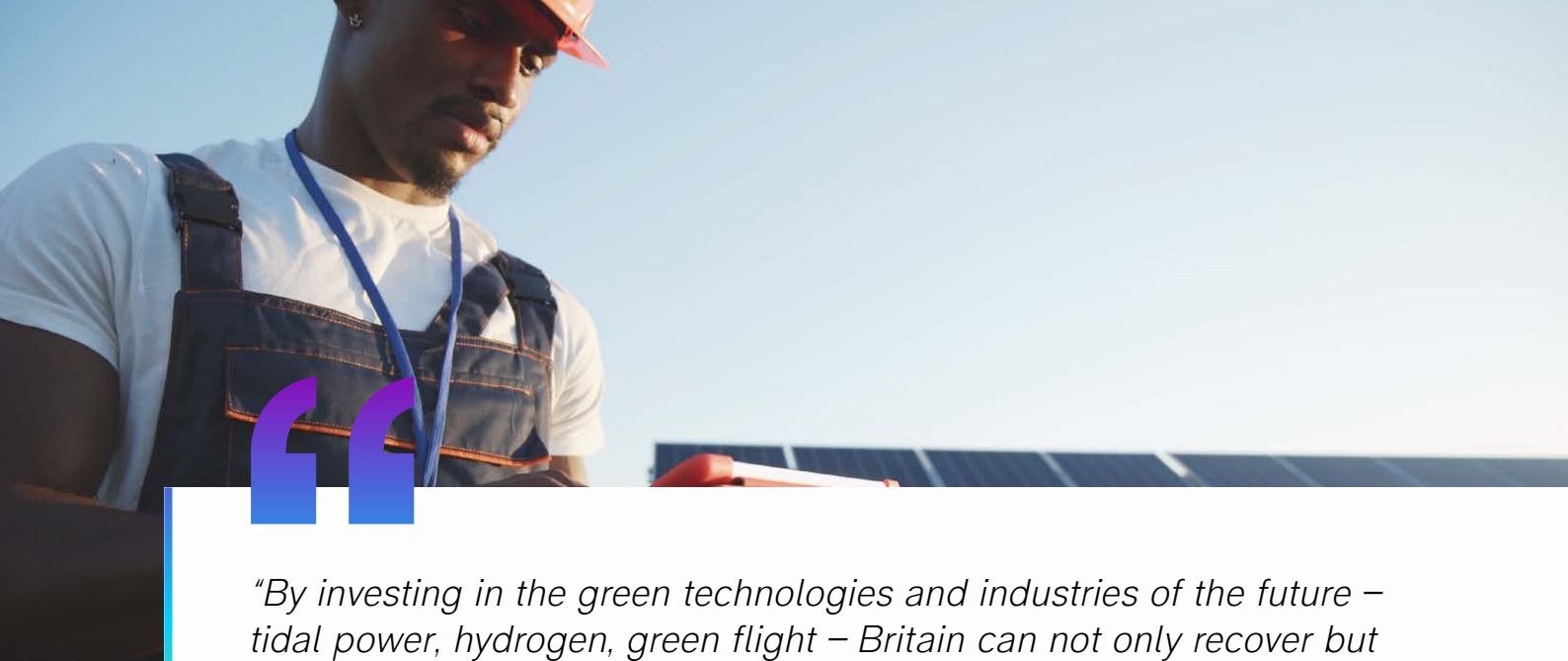
**The Liberal Democrats have spoken about how the UK has an opportunity to become a world leader in green energy.**



**In 30 secs**

In his **Spring conference speech**, Liberal Democrat leader, Sir Ed Davey, spoke about the need for there to be a 'green recovery, with small business at its heart'. Davey outlined the opportunity that the UK has to become a 'Green Powerhouse' and for the decarbonisation agenda to drive the economic recovery.





*"By investing in the green technologies and industries of the future – tidal power, hydrogen, green flight – Britain can not only recover but become the world's first Green Powerhouse."<sup>144</sup>*

**Rt. Hon Sir Ed Davey MP**

Throughout the pandemic, the CBI has worked with the TUC in collaboration with government to provide urgent support to protect jobs and livelihoods. That strategic partnership between the CBI and TUC continues and we will work with them as partners in the development of these themes.

**The TUC has spoken about the importance of business and unions working together on equal terms to secure the UK's success.**



**In 30 secs**

In a **speech to the 2020 TUC Conference**, General Secretary, Frances O'Grady, spoke about how the coronavirus pandemic meant that there could be no return to business as usual, and outlined plans for a 'three-way bargain' between state, business and unions.<sup>145</sup>



*"A healthy, secure and green economy with quality skilled jobs is not a pipe dream, it's a necessity."<sup>146</sup>*

**Frances O'Grady, General Secretary, Trades Union Congress**

The **Covid Recovery Commission** has published a national prosperity plan, **Ambition 2030**, to boost growth and living standards over the next decade.



In 30 secs

The Covid Recovery Commission is an independent group of business leaders who have come together to consider the role of business and government in delivering the kind of jobs and opportunities that will boost people's life chances. In April 2021, the Commission set out bold policy recommendations to ensure that the UK economy emerges from the crisis stronger, fairer and more resilient. Their recommendations include:

- 1 The creation of at least one new globally competitive industry cluster in every part of the UK by 2030
- 2 A commitment to develop a Great British Supply Chain that harnesses Government's buying power in delivering major strategic projects
- 3 A 'Help to Train' scheme to assist in halving the projected skills gap by 2030. This includes a radical overhaul of the Apprenticeship Levy
- 4 A national deal for net-zero homes. A 15-year pathway to decarbonisation of the UK's housing stock
- 5 The creation of a new Community Infrastructure Endowment Fund to match-fund business investment in communities and the introduction of a Wellbeing at Work Guarantee that provides all employees across the UK with immediate and costless access to support for their mental health, when needed.

*"We want to see business, government and society working together to ensure we do not just recover from the pandemic but thrive in a post-Brexit Britain. If done properly, we are confident that this new compact will unleash the power of innovative businesses to drive growth and prosperity across the country."<sup>147</sup>*

**John Allan, Chair of Tesco, Barratt Developments and Chair of Council at Imperial College London**







**Business for Health** was launched – with support from business and government – as one of the core recommendations from **The Health of the Nation strategy**. The strategy was published in February 2020 by the All-Party Parliamentary Group (APPG) for Longevity.<sup>148</sup>



In 30 secs

**Business for Health** is a business-led coalition of socially responsible employers, purchasers, investors and innovators supporting long-term sustainable innovation and investment in preventative health and care. Its aim is to enhance the health and economic resilience of the UK, catalysing and facilitating business contributions to reduce health inequalities and add five years to healthy life expectancy.<sup>149</sup>



*"I am delighted that Business for Health is being formed ... as employers, investors and innovators, business will make vital contributions to reduce future pandemic risks ... If this pandemic has taught us anything it's that our health and prosperity are completely interlinked."*

**Rt. Hon Matthew Hancock MP, Secretary of State for Health and Social Care,  
UK Government**

The **Resolution Foundation's Economic Inquiry 2030** sets out to understand the decade of unprecedented economic change facing the UK and what it means for people.



In 30 secs

The Economy 2030 Inquiry is a collaboration between the Resolution Foundation and the Centre for Economic Performance at the London School of Economics. It will not just describe the change that Covid-19, Brexit, technology and the net-zero transition will bring to the UK economy, but help policy makers navigate it against a backdrop of low productivity and high inequality. The Inquiry will lead a two-year national conversation on the future of the UK economy, bridging rigorous research, public involvement and concrete proposals for change.

*"The UK is poised for a decade of unprecedented economic change as it not only emerges from the pandemic, but also finds its post-Brexit place in the world and ramps up its zero-carbon transition."*<sup>150</sup>

Torsten Bell, Chief Executive, Resolution Foundation



TheCityUK's **A Roadmap for Economic Recovery** sets out proposals to ensure the strength of the UK-based financial and related professional services industry helps to power recovery and growth over the next decade.



In 30 secs

A Roadmap for Economic Recovery identifies a series of critical challenges facing the UK economy and highlights the importance of the financial and professional services industry working in collaboration with government to tackle issues, such as trade protectionism and regional disparities. The report in particular highlights the commitment of the financial and professional services industries to harnessing their power to drive technological transformation, tackle climate change, and help create powerful regional hubs.



*"The UK must be bold and decisive in the months ahead to ensure that we seize the opportunities of recovery and avoid the obstacles that may slow us down. As we move to the next phase of rebuilding and growth, our industry also has a key role to play as an engine for the recovery."<sup>151</sup>*

Miles Celic, CEO, TheCityUK

The **Good Business Charter** encourages responsible business behaviour.



In 30 secs

The Good Business Charter is a simple accreditation programme which organisations in the UK can sign up to in recognition of responsible business practices. The ten components cover employee conditions, tax, the environment, and the treatment of suppliers and customers. Members are expected to adhere to the spirit of the Good Business Charter in their dealings with all stakeholders, including workers, customers, subcontractors, suppliers, and the community, in their approach to the environment and in their legal and financial compliance.



*"When you're going to ask me to talk about responsible business, I think 'We need more of it'... and by doing the right thing businesses will benefit."<sup>152</sup>*

Julian Richer, Founder and Managing Director, Richer Sounds Ltd, and Founder and Trustee of Good Business Foundation

**Movement to Work** inspires employers to help young people change their lives through positive encounters with work.



In 30 secs

Movement to Work is a not-for-profit coalition of UK employers who tackle youth unemployment and drive social mobility. The programme seeks to break the vicious 'no job, no experience' cycle by helping and encouraging companies to offer work experience and employment opportunities for young people who are not in employment, education or training. A network of training providers and youth outreach organisations help to link unemployed people with employers. In turn, employers are supported with the tools to successfully deliver vocational employment or work experience programmes.

*"The media still talks about the risk of the lost generation – if we act now, boldly, this needn't be the fate of our young people. We can do something about it. As leaders, we have a responsibility to be part of the solution and not the problem."<sup>153</sup>*

Sam Olsen, CEO, Movement to Work



**Federation of Small Businesses (FSB)** is championing the benefits of prompt payments both to the economy, and to society.



In 30 secs

FSB has launched a **Good Business Pays** campaign, with support from the CBI and others, to demonstrate the positive impacts of paying the supply chain promptly. Matching other nations would add £2.5bn to the economy and save 50,000 businesses from closure each year. To get there, the new strengthening of the Prompt Payment Code – having brought it under the auspices of the Small Business Commissioner – is crucial, along with better use of the government's Duty to Report data by small businesses themselves. Engaging Audit Committees on late payment will also improve transparency and encourage everyone to see 30 days as the new acceptable standard payment term.<sup>154</sup>



*“Everyone deserves to be paid on time. The positive impact of doing so is clear for the economy, for productivity, and for society. Using new tech and transparency, we seek a cultural shift by 2030, when it should quite simply be considered unacceptable to pay small businesses late.”*

**Mike Cherry, National Chair, FSB**

### **The British Chamber of Commerce identify solutions to put employers in the driving seat on future skills needs.**

The independent [Workplace Training and Development Commission](#), convened by the British Chambers of Commerce, has identified solutions to a series of obstacles for employers in using the current skills system, including issues of complexity, cost and inflexibility. Its report highlights a need for improved trust and co-operation between the different parties involved in skills planning and training provision – especially at the local level.

Key recommendations include:

- Help for smaller firms to identify and invest in the skills needs of their workforce
- More bite-sized, flexible learning which supports people in work to gain new skills faster
- A greater say for businesses on what skills training is needed at the local level
- Better support for people to retrain and move into higher earning roles
- A renewed focus on digital skills and innovation.

Alongside its recommendations to policymakers, the Commission encourages businesses to act decisively to resolve their skills needs, to help bolster productivity and growth as the economy rebuilds following the pandemic.<sup>155</sup>

*“Solving the UK’s skills crisis requires coordinated effort across business, government and the skills sector. Crucially, we need to create a more relevant, joined-up and flexible skills system that meets the needs of businesses wherever they are based in the UK. This means helping businesses to understand their employees’ training needs and ensuring the skills system delivers what is required both now and in readiness for the changes ahead. Key to success will be the full involvement of employers in local decisions on how we plan, deliver and fund the skills needed.”*

Jane Boardman, Chair, Workplace Training and Development Commission



**The Institute of Directors (IoD) is advocating improved trust in business through a Code of Conduct for Directors**



**In 30 secs**

It may come as a surprise to some observers of UK business that corporate directors do not have a formal code of conduct that guides their activities and behaviour as a professional group. The absence of a professional framework of conduct or ethics – which goes beyond mere compliance with the law – is of particular concern at a time when public trust in directors and business more generally remains fragile.

Without a renewed effort to promote a high standard of board-level behaviour, there is a real danger that each new corporate scandal or collapse – or a lack of progress in responding to key societal concerns like the climate crisis – will increase public pressure for policy makers to adopt ever more prescriptive legal control over business. Such a response is apparent in the new government White Paper, **Restoring trust in audit and corporate governance**, which is tightening regulatory control over directors and governance through the creation of a new statutory regulator – the Audit, Reporting and Governance Authority.<sup>156</sup>

As a complement to the government’s proposed measures, the IoD advocates the establishment of a Code of Professional Conduct for Directors. The code would articulate expected norms of behaviour and conduct that would be expected of those board members that are prepared to sign-up to its principles. This would include, for example, a commitment to the achievement of net-zero objectives at their organisations. The IoD calls on the UK Government, major institutional investors and other stakeholders to encourage boards and directors to commit themselves to the Code, and disclose their commitment in their annual report.



*"The time is also ripe to consider how director competence could be enhanced through appropriate director education and professional development. Just as the government is advocating the establishment of a new professional framework for auditors, a parallel approach should be applied to directors."<sup>157</sup>*

**Dr Roger Barker, Director of Policy and Corporate Governance, IoD**

**Make UK's Digital Skills for A Digital Future sets out how digital adoption has accelerated the need for digital skills now and in the future**



**In 30 secs**

Digital Skills for a Digital Future sets out how companies have invested in digital adoption to build resilience and productivity throughout the pandemic. It highlights that breakthrough technologies could not have been introduced without employees having the digital skills to take advantage of them. Despite manufacturers' continued investment in training in digital skills, the training market is not keeping pace and there is a real risk that the UK will lag its global competitors. Make UK has therefore called on Government to introduce a lifelong digital skills account that can be accessed to undertake either company specific, or more general, digital skills training.<sup>158</sup>



*"The last 12 months have shown that digital adoption has been crucial in making it possible for manufacturers to continue production successfully. This has highlighted the need to ramp up digital skills within the manufacturing sector even further as companies move to build future resilience and boost productivity."*

**Ben Fletcher, COO, Make UK**

**Be the Business** has already launched a digital platform to empower SMEs to adopt technology. In addition, its mentoring for growth programme taps into experience and expertise to help small and medium-sized firms become more productive.



**In 30 secs**

The **Mentoring for Growth** programme helps small and medium-sized firms gain access to different skills and experiences via a hand-picked team of senior-level mentors who will share sector expertise and best practice.

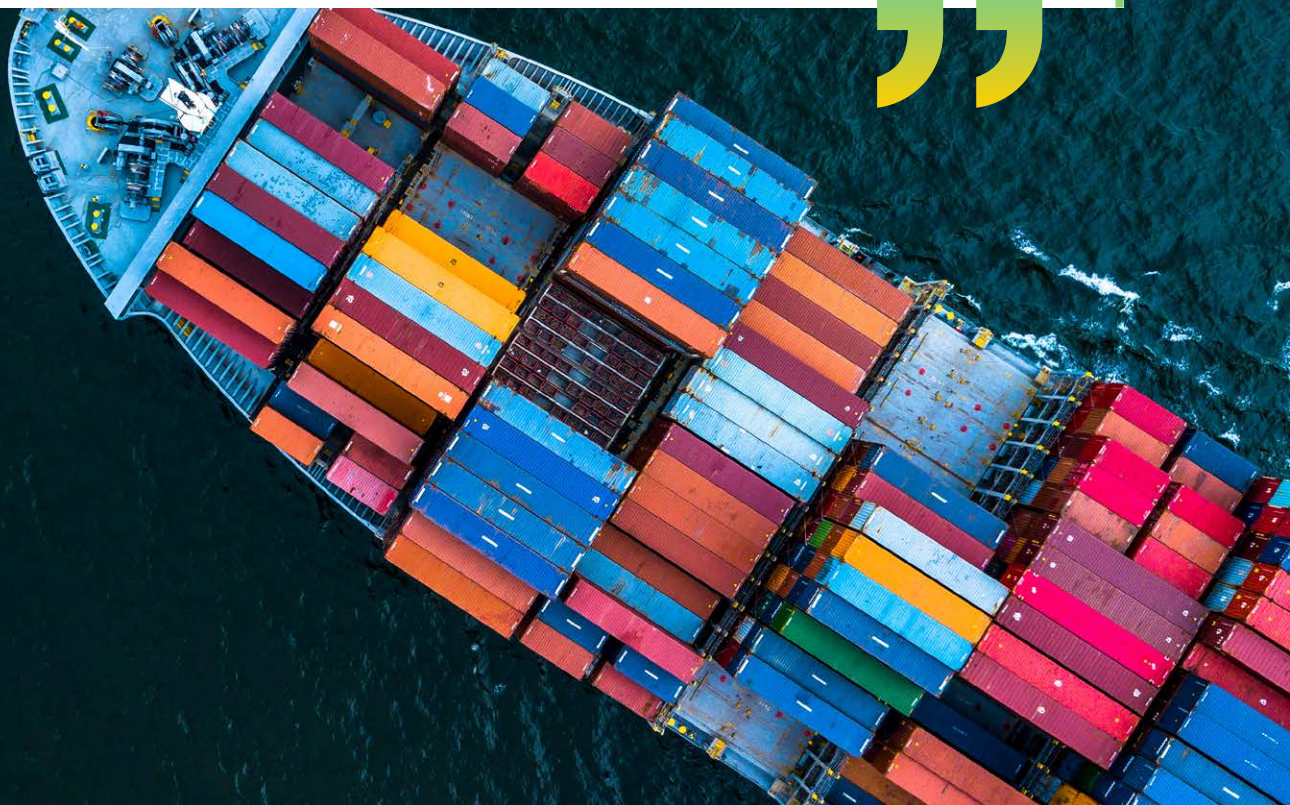
Mentors are sourced from some of the UK's leading firms. Mentors and mentees go through a pairing process to ensure the right compatibility, and help is on hand throughout the programme to enable pairings to make the most of the experience.

Mentees benefit from:

- Support from an experienced business professional
- Someone to serve as a sounding-board
- An objective, non-biased perspective about important business challenges
- Access to a community of like-minded business leaders throughout the UK.

*"Key to long-term business improvement is access to different skills and experiences – being able to learn from exposure to new sectors and important fresh perspectives."<sup>159</sup>*

**Be the Business**





**Scottish Enterprise** connects experienced exporters to mentor those firms starting their international journey.



In 30 secs

The **Export Champions programme** is a business mentoring scheme that mobilises the vast experience of Scotland's exporters to support businesses who are either starting their international journey or have a specific exporting challenge. Businesses looking for assistance, benefit from:

- A confidential environment to share challenges
- Quality interactions with people experienced in exporting and international business
- A non-commercial arrangement to support their business.

Getting started involves a four-step process:

- 1 Finding the right match
- 2 An initial introduction
- 3 Confidential mentorship, with format and timescales tailored to individual need
- 4 A review at the end of 12 months, with the option to continue.



*"We know that companies who trade internationally tend to be more innovative, more productive and more competitive, all of which is great for our economy."*<sup>160</sup>

**Scottish Enterprise**

The CBI is keen to work with all organisations who have a shared interest in realising our economic vision. Many initiatives are identified above. But we are confident that there are many others.

We are keen to collaborate, complement one another and signpost your work wherever possible. Find out how your business can **Seize the Moment**.

# Seize the moment - What happens next?

This report fires the starting pistol on business action that will turn an exciting and ambitious vision into economic reality. In the days, months and years ahead, the CBI will devote all our energies to helping governments across the UK shape and put in place the right policies to support growth and – just as importantly – help and enable businesses to transform the UK economy. Our next steps will be to develop rolling business plans for each of the vision themes, focused on what needs to happen over the next six, 12 and 24 months to bring an urgent, practical focus to fulfilling our aspirations for the decade ahead. We will crowd-in ideas, action and commitments from across the business community and civic society who share our ambition. To take these next steps, we will:



# Appendix

## Building on the Plan for growth: Ideas on how to accelerate progress and unlock business investment to help turn the Plan for growth from strategy into reality.

	The UK Government will...	The CBI says...
Infrastructure	<p>Deliver £100bn of capital spend on broadband roads, rail and cities.</p> <p>Establish the new UK Infrastructure Bank to crowd-in investment.</p> <p>Provide £12bn funding for net-zero projects.</p> <p>Roll-out the Levelling Up and Shared Prosperity Funds.</p>	<p>The funding is welcome and targeted in the right areas. As next steps to maximise its impact, we suggest:</p> <ul style="list-style-type: none"> <li>Reforming the National Infrastructure and Construction Procurement Pipeline, scaling up Project Speed and boosting commercial skills in the public sector</li> <li>Ensure infrastructure investment focuses on whole programmes of work rather than individual projects, looking across regional and departmental boundaries.</li> <li>Using the UK Infrastructure Bank to crowd in investment on net-zero, for example, by supporting local authorities to invest in electric vehicle charging infrastructure and supporting the leasing market for zero-emission buses</li> <li>Outlining plans for the future of the UK Shared Prosperity Fund, ensuring parity with existing EU funding to allow local investment to align with local growth strategies and regional recovery plans.</li> </ul>
Skills	<p>Improve the apprenticeship system for employers.</p> <p>Introduce the Lifetime Skills Guarantee.</p> <p>Transform Further Education to align with employer demand.</p>	<p>These are welcome moves. To accelerate progress, we suggest:</p> <ul style="list-style-type: none"> <li>Replacing the Apprenticeship Levy with a 'Learning for Life' guarantee, which would unlock trapped levy money for employers to spend more on training.</li> <li>Extending the Lifetime Skills Guarantee to those holding a level 3 qualification that has lost value over time and who need to retrain in a new sector.</li> </ul>
Innovation	<p>Support access to finance for innovation, including a new £375m Future Fund.</p> <p>Adapt regulation to support innovation.</p> <p>Support SMEs, including through the new Help to Grow scheme.</p>	<p>The government should be applauded for its bold ambitions on innovation. To make the ambition a reality, we recommend:</p> <ul style="list-style-type: none"> <li>Delivering record levels of investment in R&amp;D support, with the spending profile to reach £22bn by 2024/25 to catalyse business innovation.</li> </ul>
Levelling up	<p>Boost regeneration funding via the UK Shared Prosperity Fund and the Levelling Up Fund.</p> <p>Use City Growth Deals and other funding to target one globally competitive city per region.</p> <p>Catalyse centres of excellence by deploying government activity and teams outside of London.</p> <p>Roll out freeports and the Union Connectivity Review to strengthen the Union.</p>	<p>The UK Government is a critical actor on levelling up, with skills and infrastructure key factors in attracting businesses to an area.</p> <p>Business also wants to play its full part in levelling-up. To enable this, we recommend:</p> <ul style="list-style-type: none"> <li>Fully back and support business-led economic clusters in the Levelling Up White Paper and be willing to experiment with regulatory sandboxes and make funding available for co-investment.</li> </ul>
Net-zero	<p>Invest in net-zero to create growth and jobs.</p> <p>Collaborate with industry on new technologies and end the sale of new petrol and diesel cars by 2030.</p>	<p>Business is fully behind the government's ambition to lead the world on net-zero. To accelerate progress, we recommend:</p> <ul style="list-style-type: none"> <li>Accelerating investment by banning the installation of conventional gas boilers in homes from 2025.</li> <li>Clarifying the role envisaged for hydrogen, and proposing new business models to improve investment prospects as part of the upcoming Hydrogen Strategy.</li> <li>Reforming VAT rules for company cars and public charging to accelerate take up of zero emission vehicles.</li> </ul>
Global Britain	<p>Develop a new export strategy aligned with the Plan for growth and sector priorities.</p> <p>Inspire action through global leadership on the G7 and COP26.</p> <p>Pursue bilateral trading agreements and strengthen the World Trade Organisation (WTO).</p>	<p>Business will be a genuine partner to the government in showing global leadership through the G7 and COP26. The CBI supports moves to align a new export strategy with the Plan for growth. To make this a reality, we recommend:</p> <ul style="list-style-type: none"> <li>Drawing on our insights on the country-sector combinations that will yield the biggest prizes.</li> <li>Focusing UK leadership on international regulatory discussions that enable development of existing and new profit pools aligned to UK strengths.</li> <li>Seizing significant export prizes by spurring on firms to become export 'superstars', and encouraging SMEs who have export capability, but choose not to, to trade internationally.</li> </ul>

# Methodology



Between January 2021 and March 2021, the CBI conducted robust research on the growth opportunities available to businesses over the next ten years, with analytical support from McKinsey & Company. Six workstreams (health, technology and innovation, trade, regional growth, skills and diversity, and decarbonisation) were generated considering where a combination of current shocks and longer-term disruptions present an opportunity for a 'reset' in direction and where there are opportunities for business to lead on economic growth.

The research process comprised three parts:

1. Looking at the UK's economic performance to date, our competitive strengths and the role of business in driving economic and societal wellbeing.
2. The opportunities to be seized, why they are significant for the UK's economic success, and how they are relevant to every business, specific groups of businesses and society as a whole; and what defines success.
3. The bold aspirations that all stakeholders – business, government and civil society – can align behind.

Additional policy analysis was undertaken by the CBI alongside this research. The policy views represented in this report represent those of the CBI only. The opportunities presented in this report are not an exhaustive list of the UK's economic potential. This work is intended to provide a core evidence base on which the CBI will add to going forward.

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