Budget 2017: Full BCC reaction

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“While more remains to be done to reduce the impact of business rates on investment and growth, the Chancellor’s decisions will lessen the impact of rate rises on hard-pressed firms in many parts of the country from next April. Chambers campaigned hard for a reduction in the relentless rises of this iniquitous tax, and will be pleased that the Chancellor has listened and taken action.

“Commitments to delivering road and rail infrastructure, and working to improve mobile phone signals on key transport corridors, will help support local business productivity.

“Our business communities will welcome the Chancellor’s marked focus on helping places achieve their potential. The announcement of new trains for the Tyne and Wear metro, new tax arrangements for the North Sea oil industry, devolution deals for many of our major cities including Belfast, and housing growth in the Oxford-Cambridge corridor all respond directly to key local business needs. The collective, real-world impact of these and other targeted interventions could be significant.

“Despite the inclusion of a number of announcements that will support business communities in the short term, more will still need to be done over the coming months to lay the groundwork for a successful Brexit transition. Businesses will expect greater boldness from the Chancellor – and more radical support for infrastructure and investment – once a Brexit transition period is secured and the shape of a UK-EU deal becomes clearer.”

On Business Rates, the top campaign priority for Chambers of Commerce at the Autumn Budget, Mike Spicer, Director of Economics, said:

“Businesses welcome any attempt to blunt the rise in business rates, and the switch from RPI to CPI indexation is a step in the right direction. However, this still leaves firms facing a 3% increase in April. The government could have done more to boost confidence and productivity by going further, and abandoning the uprating altogether this year, given the climate of sluggish growth and uncertainty.

“As a share of national income, the UK already has the highest commercial property taxes of any major economy. The Chamber Network has been calling for the Chancellor to bring forward the switch in indexation to CPI for many years to ease some of the burden of upfront costs, which include the Apprenticeship Levy, National Living Wage, and pensions auto-enrolment, to name but a few.

“With rates bills increasing further, UK firms will be dissuaded from investing in their plant and premises because they are penalised with even higher bills for doing so. Successive governments have tinkered with the business rates system, but fundamental change is really what's needed."

On the R&D commitment, Mike Spicer said:

"The aspiration to boost investment in research and development will be welcomed by businesses across Britain. The UK has long under-invested in R&D compared to our international competitors, and closing this gap will be crucial if the UK is to thrive on the global stage after we leave the European Union.

"However, businesses will eye the details carefully. Past efforts to increase private-sector R&D have often failed to connect with small companies. Government will need to work with business communities across the UK to ensure we don't make the mistakes of the past, but instead build the innovation economy we all want to see."

On the Transforming Cities Fund, Mike Spicer said:

"For too long, investment in major intra-city schemes has been below that of our international competitors, and we need to make up the ground. The best initiatives succeed when the new connections open up employment and housing opportunities, and drive economic growth.

"Business leaders will be keen to learn how it will underpin transport investment in their local area, and contribute to solving the transport challenges that hold back local economic growth."

On infrastructure announcements, Mike Spicer said:

"We called for a ramping up of infrastructure investment across all of the UK, both to get long-term projects off the drawing board, and for the delivery of 'quick-start' projects, and commitments to road and rail projects were welcome.

"Business across the Midlands and North of England will welcome the extra funds to future-proof the railway network in the North. HS2 is the biggest infrastructure project in recent history, and building the line itself is only part of the project – ensuring that towns and cities across the UK are fully integrated into the line will unlock significant economic potential. We must also ensure we are sufficiently funding and supporting skills development, such as the new High-Speed Rail College, to sustain rail expansion in the future."

On the VAT threshold, Suren Thiru, Head of Economics, said:

"Businesses across the UK will breathe a huge sigh of relief that the Chancellor has decided not to reduce the VAT threshold in the near term. At a time when firms are facing rising upfront cost pressures and uncertainty over Brexit, a lowering of the VAT threshold could well have proved to be a tipping point for many small firms and entrepreneurs.

“We hope that Ministers and civil servants will work closely with the business community, tax experts and other stakeholders to ensure that any future changes to the VAT system doesn’t stifle the business activity of some of our most promising young firms and entrepreneurs.”

On measures to boost financing growth in innovative firms, Suren Thiru said:

“The lack of available long-term patient capital remains one of the key issues facing the UK, and solutions to this long-standing problem will be critical to growing the business champions of the future. We therefore welcome the additional funding for the British Business Bank to help boost patient capital investment and the extra support for investment in knowledge-intensive industries – which will provide some welcome headroom for investment in some of our most promising firms.

“While it is understandable to put in place additional safeguards on investment schemes, such as EIS, to avoid misuse, HMRC must tread carefully as such schemes play an important role in incentivising business investment that may not happen otherwise.”

On housing targets, Jane Gratton, Head of Business Environment and Skills, said:

“The building of new homes creates opportunities for many sectors in the economy, and ensures that employees can find homes in their local communities. However, the increased focus on using brownfield land for housing must not push up prices or drive out employment uses, exacerbating the current imbalance in the supply of land for jobs and homes. This is a growing concern for business communities up and down the country who struggle to find suitable sites so it’s disappointing not to see an intelligent use of greenbelt land.”

On planning, Jane Gratton said:

“The planning system needs to work better for business, and the new review body needs to include the business voice. We stand ready to work with government on this important exercise to bring our expertise. Our research reveals that businesses are finding it harder to engage with the planning system, and are being held back by increasing costs, delays and complexity.”

“**On fuel duty, Jane Gratton said:**

“The continued freeze is positive news for businesses, particularly amongst smaller firms and the self-employed, for whom transport and distribution costs account for a significant proportion of their cost base.”

On funding to improve math skills, Jane Gratton said:

“To increase productivity, the UK needs a workforce with the right set of technical knowledge and a solid base in functional skills. While encouraging more pupils to succeed in maths is a step in the right direction, greater investment in digital and foreign language skills is also badly needed to help the UK reach its international ambitions.”

On National Living Wage, Jane Gratton said:

“Most businesses already pay above the National Living Wage, but for the others the latest above-inflation increase comes at a time when they face a myriad of other upfront costs and uncertainty about investment and recruitment.

“Our research shows that sharp increases in the National Living Wage will cause many firms to implement cost reduction measures, such as reducing recruitment and staff hours or increasing prices. It’s important the government retains a flexible approach going forward to protect businesses and not price people out of jobs.”

On Airport Passenger Duty, David Bharier, Transport spokesperson, said:

“The freeze in Airport Passenger Duty for the majority of travellers will be welcomed by business. Trading internationally is a costly process, especially for smaller exporters who need to meet clients or attend key business meetings abroad, so the government should focus on removing the obstacles to exporting.”

On digital infrastructure, Fiona Krasniqi, Digital spokesperson, said:

“The BCC has long urged the government to promote investment and rollout of full-fibre infrastructure and 5G technology, as businesses need faster and more reliable connections that also offer impressive upload and download speeds.”

On 5G, Fiona Krasniqi, said:

“We have long-called for the UK to lead the world in developing 5G technology, so we are pleased to see the continued commitment and extra funding from the government for new 5G infrastructure. This must be done in conjunction with a regulatory and planning framework which is as supportive as possible of the rollout.

“The focus on improving coverage on key rail routes is well-targeted, as we know too many business people suffer from poor coverage in these areas, and therefore can’t work while they’re on the move.”

On the introduction of transferable tax history for oil and gas fields in the North Sea, chief executive of Aberdeen & Grampian Chamber of Commerce, Russell Borthwick, said:

“This is something that a number of our members, our regional MPs and industry partners have been asking for and the Chancellor has responded. This measure is key to allowing the industry to maximise the future economic benefit it will deliver to the UK; getting the assets in the North Sea in the right hands will enable that to happen.

“The finer detail of the tax changes will no doubt come in time given the proposed introduction is not until November 2018. Last year we asked Government to stick to its plan to ensure taxation policy enables the UK

Continental Shelf to remain globally competitive to attract investment and this appears another step in the right direction.”

On the extra funding for Brexit preparations, Trade spokesperson, Ronan Quigley, said:

“The Chancellor has set aside £3bn for Brexit, this fund must be used to support businesses who will need to deal with the practicalities of leaving the EU. Over 131,000 businesses who are only trading in the EU will need to have the resources and capacity to deal with new customs systems, new trade facilitation processes and the reality of a new trading relationship with Europe. This will be crucial to the success of our economy after March 2019.

“HMRC must be given the resources and infrastructure they need to support exporters and importers as they navigate the UK’s exit from the EU, especially as their departmental resource budgets are forecast to decline.

“Business wants to see the Chancellor deliver quickly on his commitment to early progress on an implementation agreement that allows businesses to plan and invest with confidence. The end goal must be to secure the best possible terms of trade for British businesses with the EU-27 and ensure UK businesses can continue to benefit from existing FTAs following Brexit.”

Ends

Notes to editors:

Spokespeople are available for interview, please call the press office.

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[Budget 2017: Welcome action on business basics – but more to do on bigger picture]

Giving his initial reaction to the Autumn Budget, Dr Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:

"Chamber business communities wanted the Chancellor to focus on the basics – rates, roads, and ringtones – and will be pleased that they will see some action on all three fronts.

"While more remains to be done to reduce the impact of business rates on investment and growth, the Chancellor's decisions will lessen the impact of rate rises on hard-pressed firms in many parts of the country from next April. Chambers campaigned hard for a reduction in the relentless rises of this iniquitous tax, and will be pleased that the Chancellor has listened and reduced the burden.

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BCC: Government must provide clarity on future of UK's VAT regime

Commenting on the publication of the Taxation (Cross-border Trade) Bill, Anastassia Beliakova, Head of Trade Policy at the British Chambers of Commerce (BCC), said:

"Businesses will expect this Bill to provide continuity and alignment with the Union Customs Code, and help establish future customs cooperation with the EU. But it is also imperative that the government consults with business on how to improve our customs procedures as we leave the European Union.

"Firms tell us that they want clarity on the future of the UK's VAT regime, and what our exit from the EU will mean for cross-border liabilities. HMRC must be given more resources, and adopt a clear focus on customer service, to enable them to support exporters and importers as they navigate the UK's exit from the EU."

Ends

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BCC: Tackle broken business rates system, Chancellor

Ahead of the Budget on November 22, the BCC urges the Chancellor to freeze business rates to boost productivity.

Ahead of the Budget on November 22, the British Chambers of Commerce is urging the Chancellor to provide respite for businesses in every corner of the country by freezing business rates for the next two years.

The UK's leading business group, which represents almost 75,000 companies employing almost six million people in every region and nation of the UK, calls on the Chancellor to take real action now to boost business confidence and investment by scrapping the near 4% rise of this iniquitous tax, due in April 2018.

The rise is a kick in the teeth for manufacturers, retailers, and office tenants alike – the people the Chancellor is depending upon to boost capital investment and drive productivity growth – especially after this year's revaluations saw many firms' rates bills spiral.

The BCC proposes offsetting this by pausing further cuts in Corporation Tax from the current rate of 19% until after we leave the European Union, using the resulting headroom to help pay for an up-front business rates cut.

Mike Spicer, Director of Research and Economics at the BCC, said:

"As a share of national income, the UK has the highest commercial property taxes of any major economy, which drains firms of the cash flow needed to invest in the talent, tools and technology of the future. Higher and higher rates mean British businesses are less likely to improve their plant and premises for fear of even greater rates bills.

"It would be unconscionable for the government to slam businesses with a huge rise in rates, particularly when they already face spiraling up-front costs. A failure to act would hit the high street, manufacturers and others hard – and undermine the sort of investment we need to boost productivity.

"The Budget is a time where tough decisions have to be made. But clobbering businesses with up-front costs at a time when productivity is in dire need of a boost is not the answer. The Chancellor must raise the animal spirits of companies and take real action on business rates at the Budget."

Ends

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BCC comments on labour market and productivity statistics

Commenting on the latest labour market statistics, released today by the Office for National Statistics, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

"The historically low unemployment rate confirms that the UK's jobs market remains in good health, however, the slight fall in employment levels suggest that a few cracks are starting to appear in an otherwise robust picture. UK labour market conditions may moderate over the next year, as a slowing economy and uncertainty over Brexit start to take their toll on jobs growth. That said, the flexibility of the UK jobs market will help limit the extent of any rise in unemployment.

"Wage growth remains sluggish meaning that the gap between pay and price growth is still substantial, and is likely to maintain the pressure on consumer spending over the near term – a key determinate of UK economic growth."

Commenting on the productivity statistics, Suren added:

"While the pick-up in productivity in the third quarter was welcome, the longer-term trends remain subdued, particularly compared to our international competitors. UK's productivity performance continues to be hampered by the deep-rooted problems in our economy, from skills shortages to creaking physical and digital infrastructure.

“The focus of next week’s Autumn Budget must be on boosting growth and productivity, including doing more to incentivise business investment, and improving UK mobile coverage and infrastructure.”

Ends

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