BCC: UK infrastructure not meeting the needs of business

Over a third of businesses don't believe that the UK's road and rail networks are meeting their needs, according to new research by the British Chambers of Commerce, released today (Tuesday).

The results, based on a survey of over 1,100 business across the UK, found that 39% of firms don't believe that UK's rail network meets their needs in accessing new and existing customers, suppliers and employers, compared to 34% that do.

The survey also found that over a third of businesses (36%) believe that the UK rail network is less reliable than five years ago, compared to only 17% that say it's more reliable.

Relating to the UK's road network, the survey found that 68% of businesses regard the UK road network as less reliable compared to five years ago, with only 11% believing it is more reliable. While 47% of businesses believe the road network meets their needs, nearly as many believe it doesn't (41%).

In the 30 days before the survey was conducted, 70% of respondents had experienced road traffic congestion, 57% motorway traffic congestion, and 49% road and rail maintenance.

As a result of travel delays in the previous month, 52% of businesses reported increased direct travel costs, 33% had been restricted in their access to existing or potential customers, and 30% had increased costs of products/services.

The results underline the importance of a focus on the fundamentals of the UK's business environment. If Brexit continues to distract the government, the necessary resources and investment will be diverted from the important issues in the domestic agenda that need attention, including the UK's physical and digital infrastructure.

Jane Gratton, Head of Business Environment at the British Chambers of Commerce (BCC), said:

"Businesses rely on the road and rail networks to connect with customers, suppliers and staff. It's concerning that many businesses believe reliability has worsened in recent years, particularly on the road network. Capacity constraints, congestion and delays in the development of new routes have left businesses frustrated.

"Transport delays can cost businesses time, money and potential clients. For the UK to succeed post-Brexit, we need to fix the fundamentals here at home. Investing in physical and digital infrastructure is vital to the prosperity and competitiveness of the UK in the future.

“Businesses also continue to report poor broadband and mobile coverage as an issue that impedes their operations. To improve mobile coverage across the UK, the BCC has launched its No More Not Spots campaign to encourage people to register their mobile not spots with us to help identify gaps in coverage. For the UK to be a thriving and modern digital economy, we must start with getting the basics right.”

Ends

Notes to editors:

The British Chambers of Commerce (BCC) surveyed 1,208 businesses from all regions of the UK online from 29 January to 14 February. Of the businesses surveyed, 94% were SMEs, 30% operate in the manufacturing sector, and 70% operate in the services sector.

The British Chambers of Commerce (BCC) sits at the heart of a powerful network of 52 Accredited Chambers of Commerce across the UK, representing thousands of businesses of all sizes and within all sectors. Our Global Business Network connects exporters with nearly 40 markets around the world. For more information, visit: www.britishchambers.org.uk

The BCC has launched a campaign aimed at eradicating not-spots for mobile voice coverage. Add your not-spot here.

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BCC: National Living Wage increases are a delicate balancing act

Commenting on the increase in the National Living Wage (NLW), the British Chambers of Commerce said it was important to help low paid workers deal with the consequences of inflation without pricing people out of jobs.

The BCC recommended a cautious approach to any future rises in the NLW to reflect the costs and pressures faced by employers and uncertainty in the economy.

With firms facing mounting pressures from existing employment policies many are struggling to absorb the rising costs. Last year, BCC research found that around four in five firms had been hit by rising employment costs from pensions auto-enrolment, the National Living Wage and the Apprenticeship Levy. The rise in the NLW increases wage bills further across sectors, but particularly impacts businesses in consumer-facing industries.

Jane Gratton, Head of Business Environment and Skills Policy at the British Chambers of Commerce (BCC), said:

“Businesses want to pay staff well and, indeed, many employers we work with already pay above the National Living Wage. But some sectors need more time to adjust. Firms struggle to absorb above-inflation wage increases when they are already facing mounting costs of employment and business rates. Sooner or later, they’ll reach a tipping point where something has to give. If the National Living Wage continues to rise above inflation, we need to see a significant cut in the other upfront costs of doing business.

“Setting future National Living Wage increases must be done cautiously, taking into account economic circumstances. Any future increases need to help low paid workers manage inflationary pressures which are eroding their spending power, while at the same time, ensuring that people are not priced out of jobs.

“Businesses are facing high costs when it comes to employing staff – including the Apprenticeship Levy, pensions auto-enrolment and the skills charge. Our evidence shows that last year’s increase in the National Living Wage brought a further increase in wage bills for business across a wide range of sectors, with the need to retain wage differentials multiplying their costs further.”

Ends

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BCC: Work needed to reverse fall in apprenticeships

Commenting on the Apprenticeship Levy statistics, published today by the Department for Education, Jane Gratton, Head of Business Environment and Skills Policy at the British Chambers of Commerce (BCC), said:

"With our research showing three quarters of businesses reporting skills shortages, it is vital that employers can recruit young people into the business and upskill workers at every level of the workforce.

"Apprenticeships are very much part of the solution, but the restrictions and complexity around the use of the Apprenticeship Levy have made it more difficult for firms to use them to train staff and plug skills shortages. Since the Levy was introduced nearly a year ago, we have seen a worrying fall in the number of new apprenticeships started. This is limiting opportunities for people and could impact on business competitiveness. Something must be done urgently to reverse this trend.

"The Government urgently needs to work with businesses to find ways to make the Apprenticeship Levy work better for everyone, and ensure that the UK economy has the skilled staff it needs. Some quick fixes include giving firms more time to source apprenticeship training, introducing more flexible payment schedules and doing more to help SMEs access apprenticeship funding."

Ends

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BCC: UK and EU must now deliver answers to practical questions

Commenting on the European Council's endorsement of the transition period, and the progression of talks towards a future EU-UK trading relationship, Adam Marshall, Director General of the British Chambers of Commerce (BCC), said:

"Businesses will welcome the European Council's endorsement of the transition period, and the progression of talks towards a future EU-UK trading relationship. Firms can now continue trading with a degree of confidence until the end of 2020, as the two sides work through the many practical questions which remain for the longer term.

"However, with one year to go until the UK's formal exit from the EU, negotiators must redouble their efforts to find pragmatic and practical solutions to the many real-world questions firms face all across the UK – from product standards, to VAT, to customs, to immigration – businesses need answers fast. The onus is now on the UK government and the European Commission to deliver those answers."

Ends

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[BCC comments on labour market statistics March 2018]

Commenting on the labour market figures for March 2018, published today by the ONS, Suren Thiru, Head of Economics at the British Chambers of Commerce (BCC), said:

"The strong rise in employment, together with the unemployment rate dropping back to 4.3%, confirms that the labour market remains a major bright spot for the UK economy.

"The pick-up in wage growth is welcome, and coupled with slowing inflation, means that the squeeze on household spending is easing. While regular real wage growth is now likely return to positive territory sooner rather than later, the extent to which pay growth can be kept sustainably above price growth will largely be determined by the UK's ability to deliver sustainable increases in productivity. Notably, the rise in wage growth also increases the likelihood of an interest rate rise this year.

"It is concerning that the number of vacancies remains at a record high, a further indication of the chronic skills shortage. This mirrors the BCC's quarterly economic survey, which confirms that recruitment difficulties for UK firms are at historically high levels.

"More must be done to support firms looking to recruit and grow their business, including easing upfront business costs and delivering a future immigration regime that supports the needs of the UK economy."

Ends

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