

# **CBI policy plan 2012**

## **Themes, projects and timelines**

# Context

- Despite sluggish growth, increasing unemployment and EU turmoil in 2011, the CBI had a significant impact on shaping the growth agenda for example on mid-sized businesses, infrastructure and youth unemployment.
- The economic context for 2012 will also be difficult, and more riven with tension than 2011:
  - Growth is likely to remain sluggish and the fiscal position will come under further pressure
  - Europe will continue to struggle with the financial crisis following on from the events of the December Summit and there are risks of social unrest
  - Global imbalances will likely become more pronounced, keeping financial markets volatile with events in key developing economies (like China) driving global economic performance and effects of the political gridlock in the US until November's election
- This means the UK political context will also become more challenging - unemployment will remain high, calls for a plan B will grow stronger and UK relations with the EU will remain under pressure
- At the same time, we are seeing pressure on the business position politically on a range of issues including executive pay, taxation and the Scottish referendum. We will need to be robust and well-positioned in all our arguments
- To position the UK to perform in this new global environment there are some significant policy challenges we propose the CBI address in 2012.

**This policy plan is not exhaustive. We will continue to address critical reactive work on regulation and tax.**

# CBI 2012 guiding narrative and priority themes

The global economy will face great turbulence in 2012...

...as the financial crisis in Europe will continue and growth in western economies remain low...

...leading to further rebalancing of the global economy towards the east and increasing unemployment at home.

The CBI will need a positive plan for promoting growth in the EU in the short term as well as long-term solutions for UK's engagement with Europe and globally.

**Securing private sector growth**

**Rebalancing the economy**

**Raising ambition for all in schools**

**Promoting the contribution made by business**

**Unlocking business investment**

**Encouraging high-growth and export champions**

# Rebalancing the economy

- The CBI's work in 2011 established a vision for rebalancing the economy through a renewed emphasis on business investment and exports.
- In 2012, the CBI will undertake work on:
  - **Industrial policy.** This will set out that a wholly laissez-faire approach to markets and sectors has not secured competitive advantage for the UK. We need a credible industrial policy that recognises the contribution made by all sectors and the importance of supply chains in delivering private sector jobs and growth.
  - **Public service reform.** We will take forward our work on the need for a smaller, fitter public sector with a re-invigorated campaign shaped by research on public perception of private sector companies delivering public services.
  - **Regional rebalancing.** This work will identify the opportunities and constraints in all UK areas and the policy solutions required to ensure growth potential is maximised. This will provide the CBI with a coherent narrative on regional rebalancing, and enable us to be more active in the economic development debate throughout the UK.

# Raising ambition for all in schools

- In 2011, the CBI was a critical player in the debate on how we help our young people make their way in life through our report *Action for Jobs*. But many of the issues we identified have deep roots in our education system that will not be resolved by later training, careers advice and support.
- Our education system is failing to raise attainment. One in three children do not reach the required level in English and Maths at age 11, and evidence shows that these children do not catch up. Over 60% of the poorest children fail to get the benchmark of 5 GCSEs at grades A\*-C. OECD research shows us falling down the international rankings on maths (27<sup>th</sup>), reading (25<sup>th</sup>) and science (16<sup>th</sup>).
- This is a business critical issue. The right staff are essential to successful business, and the education system is an investment in the long-term future of the UK on both social and economic grounds. Shortfalls cannot be filled from abroad – it's time to fix our own issues with supply.
- The causes are complex and social as well as educational. Our project will focus on care structures and role models as well as education itself. We will produce recommendations that are well-evidenced, practical and can attract a broad base of support. We will position the CBI, and business more generally, as part of the solution. Our report will be the beginning of a long-term CBI campaign.

# Promoting the contribution made by business

- Trust in business is at an all time low. This has manifested itself in protests such as the “Occupy” and “UK uncut” movements and anti-business rhetoric at party conferences. This matters for business not only for reputational damage, but also without trust there is a greater regulatory threat.
- In 2012 our campaign will highlight the positive contribution business makes by creating jobs and supporting the wider community. It will also articulate why profit is a necessary and good thing and encourage a fact-based debate on issues around corporate governance.
- This will build on our work in 2011 on diversity and tackling unemployment and will include:
  - Implementing our proposals on **youth unemployment** including building better links between business and schools, implementing the youth contract (including extending support to 16 and 17 year olds)
  - **Executive pay** where we will need to respond to the UK government’s proposals on executive pay reform, demands for more extensive narrative reporting, and a broader EU review of corporate governance
  - **Taxation** where we will set out the contribution made by business and have a strong fact base to tackle assertions that business does not pay a “fair” amount of tax.

# Unlocking business investment

- Our 2011 report on *Making the UK the best place to invest* called for action to stimulate new market activity to encourage investment certainty and business confidence. Despite some progress on corporation tax and welcome announcements on infrastructure, the overall investment climate in the UK is of increasing concern not least for major international investors.
- In 2012 we will focus on:
  - Delivery of new **infrastructure**. This will include a campaign that promotes a clear future for private finance delivery of infrastructure projects, explores new infrastructure investment models – including pensions funds and road tolling - delivers planning reforms and pulls the right fiscal levers to support infrastructure in the Budget.
  - Infrastructure decisions that still need to be taken, including solutions for additional **aviation** capacity in the UK at national and regional level. We will aim to adopt a common business view on what additional capacity is required and where.
  - How building a low-carbon economy in the UK is both a long-term necessity and an immediate growth opportunity to create investment and jobs. The UK must grasp opportunities on energy and resource efficiency, creating new consumer markets and attracting international investment in our energy infrastructure and low-carbon technologies.
  - Creating the conditions to encourage investment such as ensuring a **supply of available and affordable finance** for business against growing headwinds for banks and providers of finance and pushing back against damaging proposals that would limit the investment abilities of insurance and investment funds.

# Encouraging high-growth and export champions

- Two of our flagship reports in 2011, *Future Champions* and *Winning Overseas*, highlighted the potential for growth among medium-sized businesses, and the need to redouble the UK's efforts in export markets.
- We have achieved significant influence through this work already, with progress against a number of our key recommendations in the Chancellor's Autumn Statement. For example, a new taskforce on non-bank lending and funds for UKTI to provide an additional 500 MSBs with export support.
- Our immediate priorities in 2012 will be: making further progress against our recommendations from both reports, including further examination of our export tax credit proposal and how to encourage smaller issuances in the UK's corporate debt markets; and secondly delivering on our commitment to take MSBs on a joint CBI/Government delegation to Turkey.
- Our campaign for high-growth export champions during the remainder of 2012 will be delivered through two core strands:
  - Delivering **practical help** via the creation of regional clubs which will allow business leaders to share experience and learn from experts on key issues such as exporting, financing growth and 'scaling up'
  - Providing an **influential voice** for high growth potential businesses, by championing their successes and lobbying on their concerns.

# Innovation and delivery of the 2012 plan

- The 2012 work plan will be delivered in the context of the new three-year CBI business plan, which commits us to be more innovative and rigorous in our work. Specifically, we will:
  - Be more rigorous and innovative in the ***policy we develop***, through investment in creative thinking and problem-solving skills as well as better peer review
  - Be more innovative in how we ***involve members***, including through new and more senior task & finish groups and refreshing how we engage regional councils in our policy-making process
  - Increase innovation in the way we ***present and communicate*** our ideas to maximise the impact of our campaigns and lobbying
  - Increase our role as a ***facilitator of actions*** working with appropriate partners.

# DRIVEN: 2012 Policy Plan - Timeline

## Securing private sector growth

- Regulation**  
Lucy Findlay | Guy Bailey
- Europe**  
Katja Hall | Sean McGuire
- Industrial Policy**  
Ian McCafferty | Tim Bradshaw
- Regional Growth**  
Ian McCafferty | Richard Woolhouse
- Better Public Services**  
Matthew Fell | Andy Bagnall
- Schools**  
Neil Carberry | James Fothergill
- Unemployment**  
Neil Carberry | Jim Bligh
- Pay**  
Neil Carberry/Matthew Fell | Guy Bailey
- Tax**  
Ian McCafferty | Richard Woolhouse
- Delivering Infrastructure**  
Rhian Kelly | Nicola Walker/Jim Bligh/Andy Bagnall
- Aviation**  
Rhian Kelly | Matthew Sheldon
- Energy & Climate Change**  
Rhian Kelly | Matthew Brown
- Access to Finance**  
Matthew Fell | Heather Townson
- Mid size + Exports**  
Rhian Chilcott /Andy Scott | Emma Wild/Elizabeth Fells

## Rebalancing the economy

## Raising ambition for all in schools

## Promoting the contribution made by business

## Unlocking business investment

## Encouraging high growth and export champions

2012

