

16 November 2023

Subject: British Chambers of Commerce CEOs say now is the time to turn talk into investment

Dear Chancellor,

We welcome your recent engagement with the British Chambers of Commerce (BCC) on the priorities for businesses ahead of the Autumn Statement next week. For local communities to thrive, they need business investment, but this has been too low for too long. We are writing today to reiterate our call for you to offer much-needed solutions to Britain's investment problem, and use the upcoming Statement to tackle the fundamental issues inhibiting growth in the UK: overhaul the planning system, upgrade the electricity grid, and make the full expensing policy permanent.

The Autumn Statement provides one of the last chances before the next election for this Government to show businesses, of all sizes, that you are taking the steps necessary to provide the long-term certainty and security they need to make investment decisions.

The current economic climate businesses face is, to say the least, challenging. Our latest Quarterly Economic Survey — a poll of over 5,000 businesses — found that investment is flatlining as interest rate concerns continue to grow. For Q3 2023, the percentage of respondents reporting an increase to investment remains stuck at just 23%, while 45% are concerned about interest rates.

To drive growth in local economies across the country, the BCC's submission to HM Treasury — supported by our Chambers network — has focused on three key policy issues.

First, planning. The planning system represents one of the biggest strangleholds on business investment, and it's no secret that it needs urgent reform. It is vital that more resources are provided to planning departments, processes are streamlined, and the system incentivises, rather than disincentivises, economic growth. It is also essential that local plans and government targets for development include designated areas where businesses can establish themselves — be that space for life sciences, factories, or retail. We need to build not only streets, but high streets and communities, and we're calling on the Government to properly recognise this.

Second, the grid. Thousands of businesses trying to invest in a low-carbon future are being told they will have to wait up to 15 years to connect to the electricity network. Energy investors have been clear that they will turn their back on the UK, with more attractive environments abroad luring them in. Businesses need cheap energy to be competitive, and they can't get that energy without our grid being able to carry it to them. We welcome changes to the connections process announced by Ofgem this

week, which will impose tougher delivery milestones on existing projects in the queue. However, Ministers must tackle this huge infrastructure problem head-on and upgrade the grid so it is fit for a net zero future.

Third, full expensing. This temporary policy allows businesses to write off the cost of investment on qualifying plant and machinery in one go. For every pound a company invests, taxes are cut by up to 25p. The BCC and our Chambers network warmly welcomed this innovative policy when announced in the Spring Budget earlier this year. But currently, it only runs to 2026. As the OBR has recognised, this risks bringing forward investment plans already in the pipeline, without incentivising businesses to draw up new ones. It is new and increased investment that is urgently needed to boost GDP in the UK and to make the types of investment – like big infrastructure projects – that drive long-term and sustainable growth. While there are upfront costs, by boosting investment, jobs, and revenues, we expect that making full expensing permanent will have an overall net positive impact on the Government's balance sheet.

Through making these policy changes, we believe it will send a strong signal that Britain is open for business, drawing-in much-needed investment for communities up and down the country, enabling them to thrive. Business investment is the lifeblood of our local economies, creating jobs and supporting our public services. The potential to unlock opportunities across the UK is enormous and now is the time for the Government to act.

Yours sincerely,

Shevaun Haviland, Director General, British Chambers of Commerce
Russell Borthwick, CEO, Aberdeen and Grampian Chamber of Commerce
Carrie Sudbury, CEO, Barnsley and Rotherham Chamber of Commerce
Sarah Moorhouse, CEO, Black Country Chamber of Commerce
Suzanne Caldwell, Managing Director, Cumbria Chamber of Commerce
Stuart Elford, CEO, Devon and Plymouth Chamber of Commerce
Daniel Fell, CEO, Doncaster Chamber
Miranda Barker OBE, CEO, East Lancashire Chamber of Commerce
Scott Knowles, CEO, East Midlands Chamber
Liz McAreavey, CEO, Edinburgh Chamber of Commerce
Denise Rossiter, CEO, Essex Chamber of Commerce
Stuart Patrick, CEO, Glasgow Chamber of Commerce
Henrietta Brealey, CEO, Greater Birmingham Chambers of Commerce
Ross McNally, Executive Chair/CEO, Hampshire Chamber of Commerce
Sharon Smith, CEO, Herefordshire and Worcestershire Chamber of Commerce
Julian Carter, CEO, Hertfordshire Chamber of Commerce
Dr Ian Kelly, CEO, Hull and Humber Chamber of Commerce
Colin Marr, CEO, Inverness Chamber
Jo James OBE, CEO, Kent Invicta Chamber of Commerce

Karim Fatehi MBE, Interim CEO, London Chamber of Commerce
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Paul Britton, CEO, Thames Valley Chamber of Commerce Group
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Debbie Bryce, CEO, West Cheshire and North Wales Chamber
Paula Basnett, Chair, Wirral Chamber of Commerce