BRITISH CHAMBERS OF COMMERCE
65 Petty France
London, SW1H 9EU
United Kingdom

The Rt Hon John Healey MP

Chancellor of the Exchequer
1 Horse Guards Road
London
SW1A 2HQ

4 September 2026

2026 Budget Submission from the British Chambers of Commerce

Dear Chancellor,

The great privilege of our work at the British Chambers of Commerce is that we see, every day, the thousands of brilliant businesses that power the UK economy, support people into good jobs, and help communities across the country to thrive.

But businesses have weathered a succession of shocks, and the economy is stuttering. Our data and insights clearly show that the UK does not have a problem with business ambition; it has a problem with business confidence.

In this submission ahead of your Autumn Budget, therefore, we set out why it is so important to back business to deliver growth.

Economic growth is the only sustainable route to higher living standards and stronger public finances. The challenge for this Budget, therefore, is how to create the conditions that give firms the confidence to invest, hire and grow.

We propose three immediate, fully-costed steps that can be announced at Budget to reignite this confidence. We then go on to identify the mid to longer term measures that create a runway for future growth.

We know that none of this is easy and tough decisions need to be made. But as a business community, we stand ready to work with you and ensure business views can fully inform the path ahead.

Back business and we will deliver growth – for people, places and the public finances.

Yours sincerely,

J. Hav

Shevaun Haviland CBE

Director General

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PROPOSALS FOR THE 2026 AUTUMN BUDGET

Submission by the British Chambers of Commerce

Economic growth is essential to improving living standards and putting the public finances back on track. The fiscal context is tight - but this makes pro-growth choices more urgent, not less. Government can make progress now by backing business, cutting avoidable costs and working with firms on practical, carefully costed measures that unlock investment across the UK.

This submission makes the case for action in two parts. First, it sets out three fiscally responsible measures the Government can implement at the Autumn Budget to help people, ease business costs and support growth now. Second, it proposes a medium to long-term roadmap for reform – that should inform the Government's upcoming 10 year plan and can be announced at the Budget.

The central message of this submission, which has been independently reviewed by the National Institute of Economic and Social Research (NIESR), is clear: back business, cut costs, deliver growth. The UK has significant economic strengths. But our analysis shows rising policy-driven costs - from employment, energy and business rates - are restricting investment, weakening recruitment and limiting firms' ability to grow. As a signal of intent, the Budget can do a huge amount to restore confidence. 40+ years of business sentiment data from our Insights Unit shows why confidence whets the investment appetite. But Government should go even further by reducing avoidable costs. This would be one of the most practical ways to incentivise investment and give businesses, as well as people, breathing room.

For policymakers responsible for the public finances, the test is not whether every pro-growth measure has an upfront cost, but whether it is targeted, affordable and capable of improving the fiscal position over time. The proposals below meet that test: they address identifiable constraints on growth, draw on evidence from business, and focus on areas where modest public investment can unlock wider economic returns.

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SECTION 1: THREE STEPS FOR IMMEDIATE IMPLEMENTATION

Summary: At the Autumn Budget, Government should take three immediate steps: 1) cut employer National Insurance Contributions for under-25s to tackle youth unemployment; 2) introduce a targeted tax reduction package to ease energy and business rates pressures; and 3) restore consistent, locally delivered export support. Together, these measures would reduce costs, unlock investment and generate a stronger fiscal return through higher growth.

The British Chambers of Commerce recognises the difficult fiscal context facing Government. Fiscal headroom has narrowed since the Spring Statement, and maintaining credibility with markets and businesses matters. That is why our three short-term proposals are designed to be targeted, deliverable and fiscally responsible: each addresses a clear growth constraint and is paired with a practical route to generating a return on the initial outlay.

	Measure	Initial outlay	Estimated return
1.	Tackle the NEETs crisis by cutting ENICs for under 25's	£5.1bn	£9.1 - £9.6bn over lifetime
2.	Back businesses to invest and grow with a new tax package	£3.7bn	At minimum, fiscally neutral - returning at least the same as the outlay if introduced alongside a more stable longer term tax environment
3.	Boost exports through a consistent export support offer	£19m	At minimum 3-4 times the investment with an immediate uplift in tax take of £75m. Over the longer term a 0.5pp boost in exports could increase tax take by up to £1.85bn

1.1 Tackle the youth unemployment crisis and reduce the impact of labour market scarring on a generation by cutting employer National Insurance Contributions for under 25's

Businesses want to help tackle the youth unemployment crisis. They want to hire young people, train them and give them a first step into work. But rising employment costs and wider business pressures have made that harder, especially for SMEs, which make up 99% of UK firms.

Over the last ten years, policy-driven costs for the average SME have risen by over 70%, with particularly steep rises in the costs of doing business over the last two years. The BCC's Cost Stack Calculator is collecting live data on the real-world impact of policies from successive governments. The cumulative impact of these cost pressures, alongside global uncertainty and

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supply chain disruptions, can now be seen clearly in the labour market, with young people bearing the brunt.

The number of young people aged 16-24 years old not in education, employment or training (NEET) has worsened over the last year, with unemployment in this group increasing by 26,000 to 393,000.[i] This group has also become relatively more expensive to employ as National Living Wage rates have increased above inflation. Whatever its long-term intentions, the Employment Rights Act is likely to add pressure in the short term, particularly for entry-level, short-hours and flexible roles that young workers often rely on to enter the labour market. One in four businesses told the British Chambers of Commerce they would cut back recruitment based on the proposed changes to zero-hours contracts alone.[ii] The Government's own evidence, published in August, suggests the costs to business are much higher than originally anticipated, and could be up to £3bn pa.[iii]

To help young people immediately, lower the costs of employing under 25 year olds

Government must now take steps to lower the cost of employing young people. The BCC believes this should be done by extending the existing employer national insurance contribution zero-rate to all 21- to 24-year-olds. The Work and Pensions Select Committee agrees with us. [iv]

This intervention would deliver significant benefits for young people and the Exchequer. Resolution Foundation estimates suggest it would have moved 38,000 more young people into work in 2025/26 alone and reduced the NEET rate by 0.5 percentage points.[v] Although the gross fiscal cost is estimated at £5.1bn, that figure does not capture the wider long-term benefits of avoiding youth unemployment.

Young people who experience joblessness are more likely to be out of work later in life, face worse physical and mental health outcomes and suffer lasting wage penalties. Impetus estimates the lifetime cost to the Exchequer of a young person who is NEET at £244,000, while University of York estimates are higher, at £256,000.[vi] On that basis, the long-term value of the measure to the Exchequer – using the Resolution Foundation's estimate of a 0.5 percentage point reduction in the NEET rate as a basis – could be close to double the measure's initial cost.[vii]

Changes to the triple lock can help fund an ENICs cut

To help fund this UK-wide measure, the BCC believes it is time to make changes to the pension triple lock. It is a difficult trade off but one that could be made and explained given the consequences of not acting.

The triple lock has significantly improved retirement living standards over the last decade. State pensions cost the Exchequer £154.4bn in 2025/26 and are forecast to rise to £163.9bn in 2026/27, £167.4bn in 2027/28 and £172.9bn in 2028/29.[viii] Moving away from the triple lock and uprating state pensions by CPI inflation instead would maintain the real-terms value of the state pension while releasing funding for measures that support young people into work. With average earnings forecast in our Quarterly Economic Forecast to grow around 1 percentage point above CPI inflation over the next two years, this approach would generate around £3.3bn over that period and could help fund the proposed ENICs cut.[ix]

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Government could also consider phasing in the cut. For example, initially introducing the zero ENICs rate for 21–24-year-old non-apprentices that are newly employed. This would come at a much lower cost but with a smaller return because it is likely to create fewer jobs given firms would see a much smaller reduction in their overall employment costs. Illustratively, assuming an average wage among 21–24-year-olds of around £30,000[x], an ENICs cut would save employers around £3,750 per new employee per year. Scaling this up to 38,500 jobs as an upper boundary would imply a gross annual cost of around £144.4m.

What	**ENICs cut for under 25 year olds**
Why	• To reduce the cost of employment, create jobs for young people and reduce long-term labour market scarring impacts.
How	• Extending the zero ENICs rate to 21–24-year-old non-apprentices - funded partially through changes to the triple lock (saving £3.3bn over the next two years)
Cost	• £5.1bn if applied across the board • Much lower costs - up to £144.4m annually - if the focus was initially on newly employed 21- to 24-year-olds only
Return	• Up to £9.1bn and £9.6bn - by removing the life-time cost to the Exchequer of the scarring impact of being NEET

1.2 Back businesses to invest, through an immediate tax reduction package

When the UK becomes too expensive as a place to do business, investment falls and growth is constrained. That situation is now and the time to address it is here. According to the BCC's Quarterly Economic Survey, fewer firms are increasing investment each quarter, and this reflects the wider cost burden facing business. Our latest survey found that just 17% of firms had the headroom to invest.

Creating the right conditions for investment drives growth, thereby improving living standards and strengthening public finances. In the short term, creating the right conditions should entail an immediate tax reduction package focused on two of the most significant cost pressures facing businesses: energy and business rates. It should sit alongside a longer-term business tax reduction roadmap that commits to not raising tax over the course of this Parliament and supports sustained private sector investment (see Section 2 of this submission).

The evidence: Businesses are struggling with energy costs

Government has taken welcome steps to reduce energy costs for households, giving consumers breathing space. But businesses are also struggling with the cost of energy. Support schemes, such as the British Industrial Competitiveness Scheme and the British Industrial Supercharger scheme, while welcome, are not enough to support businesses of all sizes and sectors with the cost of energy. High energy costs are holding back investment, weakening

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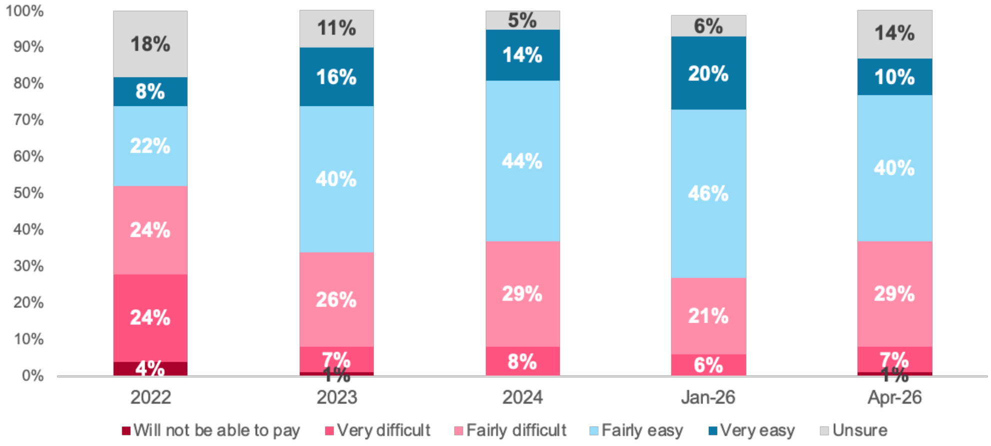
competitiveness and limiting firms' ability to grow. Government now has the opportunity to address this directly.

Over the last 10 years, the average cost of electricity for businesses has more than doubled, with the war in Ukraine and recent instability in the Middle East being two significant contributors to increases in the cost of energy.[xi]

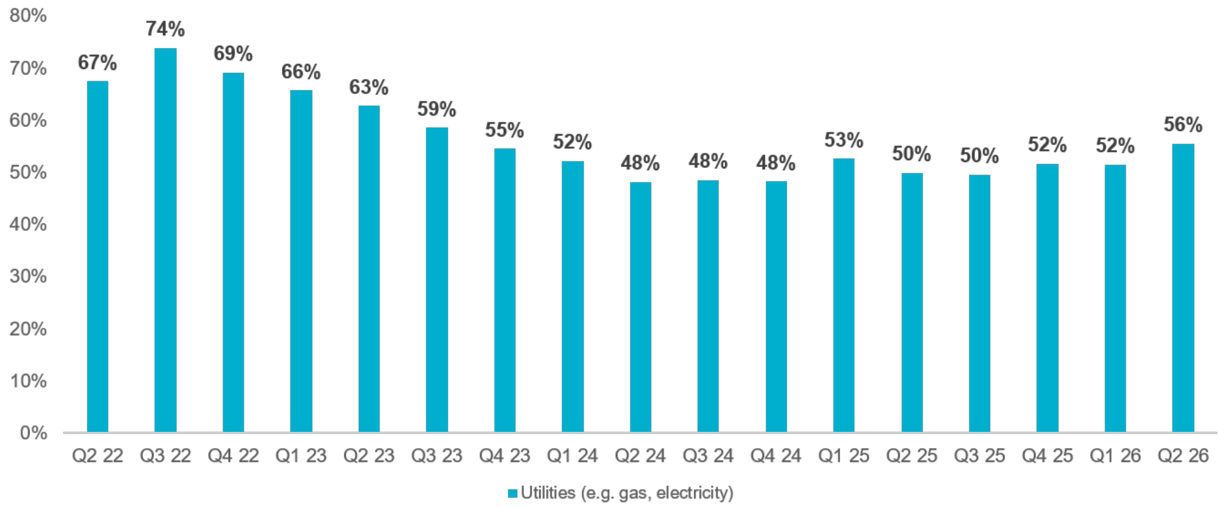
In April 2026, over one third (36%) of firms told the BCC they expected to find it difficult to pay their energy bills over the next twelve months. This has risen from around a quarter at the start of the year.

Over the next 12 months, how easy or difficult will it be for your organisation to pay its energy bills?
Source: BCC Workforce survey 2026



In July, utilities were the second most frequently cited cost pressure, reported by almost 6 in 10 (56%) respondents to our Q2 Quarterly Economic Survey. This is the highest proportion since Q3 2023.

Is your business facing pressure to raise prices from any of the following sources? (please tick all that apply)
Source: BCC Quarterly Economic Survey



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The impact of these costs is clear: high energy costs are causing firms to scale back investment. For example in the BCC's surveys, a medium-sized logistics firm in Essex told us they are "*scaling back operations, offloading warehouses*". A medium-sized services firm in Dorset said: *"We will not look to expand but will look to reduce costs and staff."*

The solution: Funding 75% of the Renewables Obligation would help firms with the cost of energy and unlock investment

To address this, the BCC is calling on Government to fund 75% of the Renewables Obligation on business energy bills. This will extend the support for households announced at Budget 2025 to businesses in England, Scotland and Wales.

While the increase in the cost of energy is linked to the increase in the price of gas through wholesale costs, it is important to note that there are a number of components on businesses' energy bills in addition to the wholescale costs. This includes network costs, taxation (such as VAT and the Climate Change Levy), as well as other policy costs and levies, such as the Renewables Obligation.

Recent analysis by Cornwall Insight[xii] puts the cost of funding both the Renewables Obligation on business energy bills and feed-in tariffs at an average of £4.8 billion per annum between financial years 2027/28 and 2030/31. This suggests funding 75% of the Renewables Obligation would cost the Exchequer around £2.9bn a year.[xiii] This would give firms immediate headroom to invest, and manage one of the cost pressures most frequently cited by businesses in BCC surveys. This should sit alongside measures to make electricity cheaper which will reduce business costs in the longer-term.

The evidence: Business rates are also acting as a barrier to growth

Business rates act as a barrier to growth because they tax firms before they have even opened their doors, let alone turned a profit. The current system also depends on a shrinking tax base shouldering the same overall burden, which makes reform increasingly urgent.

Businesses are telling the BCC that business rates are one of their greatest concerns – with anxiety spiking this year. This follows significant increases to business rate bills, as a result of the 2024 evaluation, which came into effect on 1st April 2026. While provisional relief caps these increases, to some extent, there is still significant concern among businesses about what's coming down the line. UK firms are in no position to shoulder further costs rises.

But as with energy cost pressures, it is also not a new phenomenon. Our data last year found these costs hampered investment, with 1 in every 5 businesses (20%) telling the BCC that business rates are impacting their investment plans. business rates are impacting their investment plans.[xiv]

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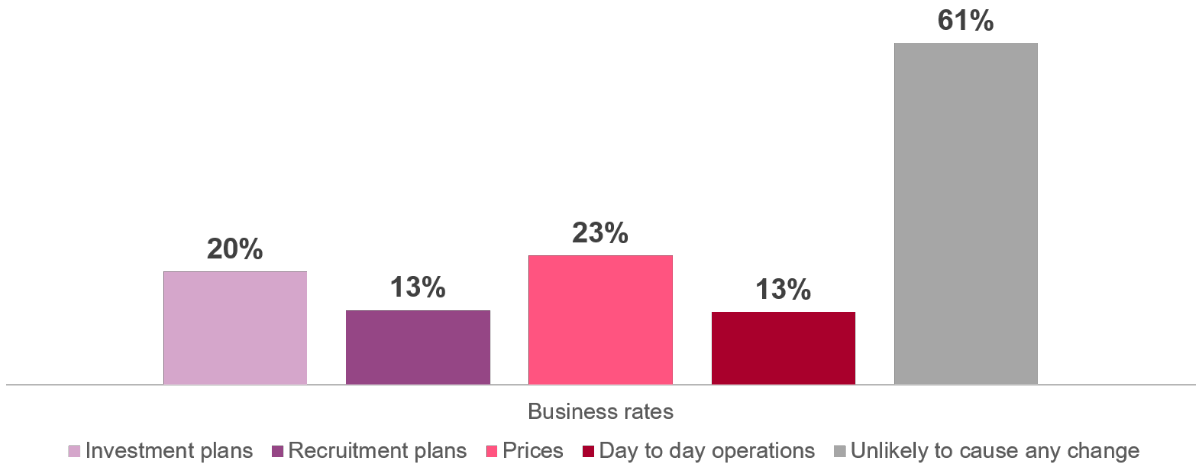
In recent months, the UK Government has announced a series of changes for businesses. For each of these announcements, select whether they will directly cause your organisation to change any of the following
(Business Rates)
Source: BCC BOS 2025



As a micro professional service firm put it: *"Costs, especially taxation and business rates, are growing faster than turnover, squeezing profitability. The impact is less funding for future growth and investment"*.[xv]

This cannot continue and the BCC has called for fundamental reform of the business rates system – something we want to see in the medium to longer term (see section 2 below).

An immediate cut is needed now to back the high street and unlock investment

The BCC wants to see a single multiplier of 40p in the longer term, but we understand this may not possible within the current fiscal envelope. Until we can overhaul the whole system, immediate relief is needed to protect the high street and those businesses struggling with the cost of doing business – which is hampering growth in every postcode across the UK.

The BCC is therefore calling on the Government to begin that journey at this Autumn Budget by lowering all rateable value multipliers by at least 1 percentage point, and ideally by 2 percentage points.

Every percentage point reduction of business rates in England costs just under £820m.[xvi] That is £820m more available for investment and to protect the high street right now.

The evidence is clear - short-term cuts to business rates will benefit occupiers today. A cut now, on top of what the government has already announced, ahead of longer-term reform will therefore benefit the high street directly.

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What	**An immediate tax reduction package for business to unlock investment and back the high street**
Why	• Energy costs are reversing investment decisions • Business rates are among the top concerns for UK firms
How	• Extending the energy relief available to households to business electricity bills • Lowering the business rates RV multipliers by at least 1pp
Cost	£3.7 billion total package, consisting of: • £2.9bn for energy cost relief • £820m for a 1p reduction in business rates
Return	We assert that this will fuel a direct return alongside a more stable long-term tax environment – as these are funds businesses can then draw upon to invest in their operations and grow

1.3 Boost exports through consistent export support

Exports represent one of the most effective routes to economic growth. Businesses that export have access to larger markets, increasing turnover, jobs and tax receipts. They also tend to be more productive, as they are exposed to greater competition. In 2025, all else being equal, a 2% increase in exports could have added at least 0.6 percentage points to GDP, boosting it to 1.9%.[xvii]

The UK's export performance is stalling - affecting UK growth and tax receipts

The challenge UK firms face is that they are navigating an increasingly complex trading environment. This ranges from supply chain disruptions through the war in Iran and trade policy volatility to increasing regulatory divergence from the UK's closest and biggest goods export market, the EU. And while the Government has been working hard on new Free Trade Agreements since the UK has left the EU, which have increased the opportunity pipeline, they have yet to translate into an uplift in UK goods exports performance.

This now shows in the UK's global trade data. Export volumes for goods and services combined in June 2026 were only 5% higher than in June 2023 (correcting for inflationary effects). This compares to growth of 23% over the previous 3 years (June 2020-June 2023).[xviii]

Beneath that there is a story of long-term divergence - with exports in goods fairly flat, while exports in services are faring much better. UK goods exports have fallen by 10% over the last 3 years (correcting for inflationary effects), while services exports have risen by 15%.[xix] While the data can fluctuate quarter on quarter, performance over the last three years does not look good on goods, and could arguably be even better on services.

In this environment, and in the context of the Government's ambition to reindustrialise, exporters need consistent, practical support. Yet support has been cut back significantly since

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2021, when Government centralised export support in England. Chambers of Commerce, which understand their local economies and business communities, were at the heart of a local, devolved offer through International Trade Advisor (ITA) contracts. Export support outside Mayoral Combined Authorities in England now consists largely of a government website. This is clearly sub-optimal - with the results to be seen in the data on overall UK export volumes.

Exporters need better support to trade

Government now has the opportunity to reverse this trend by supporting firms to make the most of the trade agreements negotiated and by helping them navigate increasing regulatory complexity.

The BCC is calling for UK government to plug the gaps in existing export support. This makes good economic sense. Academic research suggests the direct cost of export promotion for small firms adds three times as much value as it costs.[xx] Business West's Heart of the South West Export Trade Development Programme's 2021 evaluation found a net additional GVA of £4.17 for every £1 of public money invested.[xxi] Between 2017 and 2025, businesses which participated in core export support programmes supported by the Welsh Government reported export deals worth £455m, representing a ratio of gross export values to direct costs of 20.5.[xxii]

The previous Chamber export support contract was worth £18 million in 2021, so, adjusting for CPI inflation, we estimate the cost of an England-wide export service delivered through Chambers today would be just over £22 million. Accounting for existing spend in MCAs,[xxiii] we expect the cost of such support to be between £18-19 million additional spend in today's money. If better export support helped boost export volumes by even just 0.5% this would boost UK GDP by around 0.15%. Academic estimates suggest this could lead to a maximum additional tax take of £1.85bn over the years.[xxiv] In the immediate term, it is estimated to uplift tax take by around £75m.[xxv] This would more than pay for the cost of the intervention, while also boosting growth and supporting the Government's ambitions to reindustrialise.

The mechanisms to bring about this change in fortunes do exist. In the last year, three local Chambers of Commerce (Coventry & Warwickshire, Greater Birmingham and Black Country) have come together with the West Midlands Combined Authority to fund and deliver a comprehensive export support package. The total cost of this regional export support package was £1.65m, over the 20 months to June 2026. Together, they supported nearly 300 SMEs and micro-businesses in the region. They recorded 590 outcomes across 285 businesses, including:

- 171 businesses increasing productivity
- 76 businesses adopting new technologies or processes
- 57 businesses entering new markets
- 53 businesses increasing profitability
- 46 businesses introducing new or improved products/services
- 45 businesses increasing export orders and volumes
- 40 businesses safeguarding jobs
- 26 businesses winning new orders as a direct result of the programme.

We need to take the examples of great projects, delivered and funded locally, with the benefits returned to the local community, and build these out across England.

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What	Export support to grow the volume and value of UK business exports
Why	• Exports drive growth and productivity improvements, but the UK is not realising its full exporting potential. A 2% increase in exports would have added 0.6% to UK GDP last year.
How	• Through tailored local export support, delivered by trusted partners such as Chambers of Commerce, helping businesses make the most of market opportunities and helping them navigate regulatory complexity
Cost	• £19 million in total additional spend
Return	• Return of 3 - 4 times money invested • A 0.5% boost in exports volumes could result in an immediate uplift in tax take of £75m, with the longer-term return to the Exchequer estimated at up to £1.85bn

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SECTION 2: MID-LONG TERM MEASURES TO GET THE UK ECONOMY BACK ON TRACK

The three measures set out above are immediate interventions businesses urge Government to take now to reduce the cost of doing business, support young people into work and unlock the benefits of trade.

They are a start, but deeper reform is needed if the UK is to raise productivity, give businesses and people across the UK breathing space and strengthen the fiscal position over time. Our medium- to longer-term measures aim to help the UK get there.

They centre on three key areas:

- Investing in people to deliver skills and productivity benefits
- Providing greater certainty on the delivery and outcomes from public sector investment
- Creating a tax reduction roadmap to encourage private sector investment

Taken together, these measures are designed to address current structural constraints on growth: weak skills investment, an unpredictable and rising business tax burden, slow infrastructure delivery and weak local incentives to pursue growth. Each requires discipline but they offer a route to stronger private sector investment and higher long-term tax receipts.

In the final section of this submission, we also set out the BCC's position on how greater fiscal devolution can underpin growth in every postcode (see Appendix). This section of our submission should be read in parallel with the BCC's forthcoming fiscal devolution paper.

2.1 Invest in people for the longer term - to drive productivity benefits

Skills shortages are now a direct constraint on growth. Businesses cannot find the skills they need, while young people are out of work, economic inactivity remains high and adult participation in learning is low. A more stable, employer-led skills system is essential to improving productivity and supporting higher employment.

There is a significant productivity prize from getting skills investment right. Nearly 7 in every 10 UK firms (67%) have told the BCC that better access to skills would support growth in their organisation.

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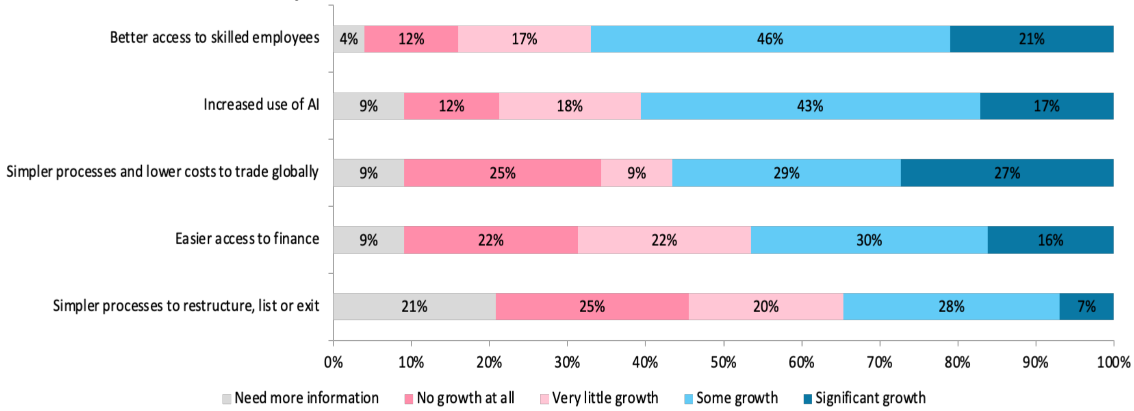
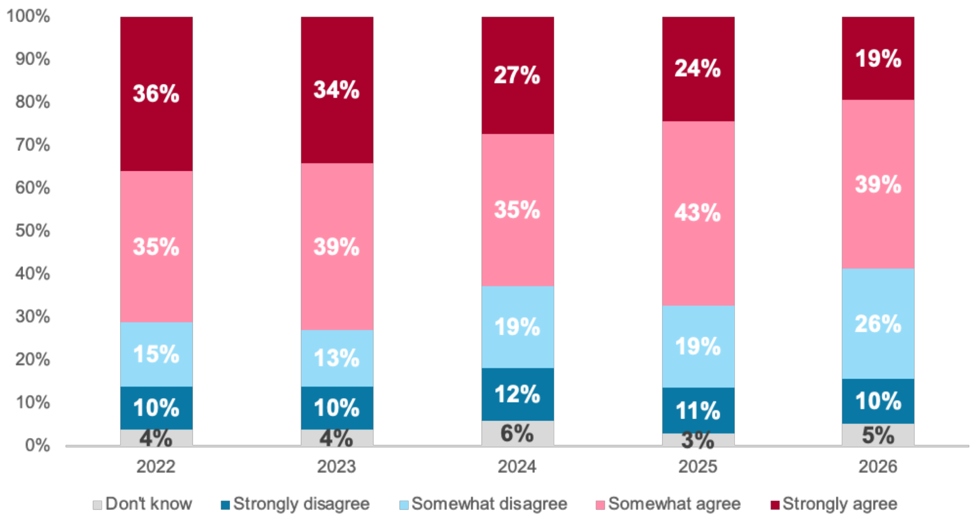
Over the next three years, which of the following would support growth in your organisation?
Source: BCC Workforce survey 2026



58% of UK firms report difficulties in sourcing people with the right skills for their roles in 2026, while 16.4% of 16–24-year-olds are unemployed[xxvi] and only 21% of adults are participating in learning.[xxvii]

To what extent do you agree or disagree that your organisation is currently experiencing skills shortage(s)?
Source:BCC Workforce survey 2026



The skills system needs stable long-term funding to deliver training that boosts productivity

The foundations of a more responsive skills system already exist. In England, 39 Local Skills Improvement Plans bring together employers and skills providers to align training with local economic need. In Essex alone, 2,425 learners have benefitted from new courses and facilities created by the LSIP against an initial forecast of 380 learners. In Glasgow, the Developing the Young Workforce programme has worked with more than 1,500 businesses and a quarter of a million young people. These are practical delivery models that can be strengthened through stable long-term funding, rather than rebuilt from scratch.

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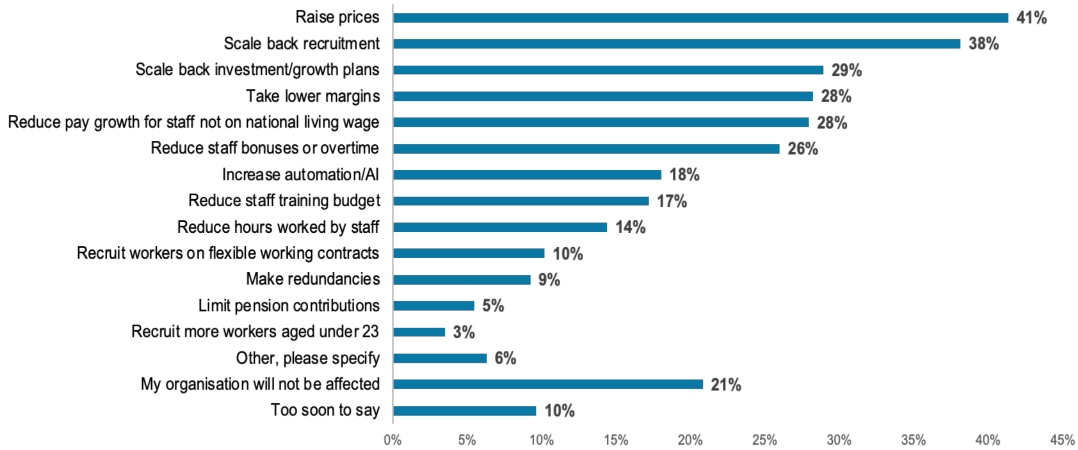
The benefits of these schemes could be maximised further, as we set out in our recent report on careers and lifelong learning. Treasury can also drive better returns from skills programmes by establishing which initiatives deliver the strongest economic impact and placing them on a stable long-term funding pathway. For LSIPs in England, where we have been gathering evidence of their impact over the last four years, we estimate this would cost £33.2 million over the next five years, up to financial year 2031/32.[xxviii]

Employer investment in skills could be boosted through the tax system

Employer investment in training has fallen sharply, with training spend per employee now 29.5% below 2011 levels[xxix], while BCC data shows 58% of firms report skills shortages. Cost pressures are causing some firms to cut training rather than expand it. In the BCC's 2026 Workforce Survey, 17% of firms said they had reduced their staff training budget as a result of April's rise in the National Living Wage.[xxx] This reinforces the case for reducing the employment costs of taking on young people.

In April 2026, the National Living Wage (NLW) increased to £12.71 per hour (from £12.21 per hour) for people aged 21 and over. Did this change (or will it) specifically cause your organisation to do any of the following?
Source:BCC Workforce survey 2026



A targeted 'Skills Tax Credit' for SMEs across the UK, worth 20% of accredited training expenditure and capped at £5,000 per employer, would provide a clear incentive for businesses to invest in skills. The same proportion of businesses experiencing skills shortages also told us (58%) that a tax credit would incentivise them to invest more in skills.

Based on Department for Education training expenditure data on external providers, we estimate the annual Exchequer cost of a 20% skills tax credit capped at £5,000 for SMEs would be between £350m and £430 million, depending on how it is administered.[xxxi] The lower boundary represents a corporation tax skills credit, the upper boundary a skills tax credit administered through a variety of avenues (including single trader tax returns).

Using HMRC's evaluation of the additionality of R&D tax credits as a guide, we estimate such a skills tax credit could unlock between £680m and £830m[xxxii] in additional skills investment among SMEs each year, supporting productivity, workforce resilience and economic growth. International evidence suggests that simple, SME-focused training tax credits achieve the

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strongest take-up and deliver wider fiscal benefits through higher earnings, productivity and tax receipts.

Employer control of the Growth and Skills Levy is also crucial

We recognise that employer investment in training needs to rise.

In England, a path to achieve this includes ensuring the Growth and Skills Levy is used for its intended purpose: employer investment in skills. The levy is estimated to collect £4.7bn from employers in FY 2027/28 and £4.8bn in FY 2028/29. However, DWP's most recent accounts, published in July, suggest that Treasury is expected to retain £1bn and £1.14bn respectively in FY 2027/28 and 2028/29.[xxxiii]

If Treasury retains £2.14bn over the next two financial years, that represents funding raised from employers but not spent directly on the skills employers need. In a labour market facing persistent skills shortages, that weakens the levy's credibility and reduces its potential productivity return.

Core recommendation: Invest in people to drive productivity benefits		
Measure proposed	**Cost**	**Return**
Put LSIPs onto a long-term sustainable funding model as a commitment to devolution and growth in every postcode	£33.2 million - for the next 5 years (until FY 2031/32)	• 65,000 employers have been engaged in LSIPs to date. • Over 26,000 learners have completed training created through LSIPs across 17 reporting areas in England.
Investigate the potential for a skills tax credit to encourage greater employer investment in skills	Between £350m (corporation tax skills tax credit) and £430m (wider tax deduction) per year	• £680m (corporation tax route) -£830m (wider tax deduction) additional employer investment in skills annually, supporting productivity growth.
Make the entire Growth and Skills Levy collected available to employers for skills funding	£2.14 billion over the next two financial years.	• Would unlock capacity for just under 240,000 apprenticeship starts in England (based on a central assumption of £9,000 average training cost). • Around 56,000 starts could involve people moving directly from education or unemployment into an apprenticeship, based on the latest available DfE learner-survey evidence[xxxiv]

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2.2 Improve certainty and speed in public sector investment delivery

High-quality infrastructure is a pre-condition for growth. Transport connects firms to workers and markets, digital infrastructure underpins productivity and AI adoption, and reliable energy infrastructure is essential for investment and resilience. The issue is not only the level of public investment, but the certainty and speed with which agreed projects are delivered.

That distinction matters to the public finances as well as to business. At Spring Statement 2025, the OBR judged that planning reform alone would raise real GDP by 0.2% by 2029-30, worth £6.8bn; the largest positive growth effect it had reflected in its forecast for a policy with no fiscal cost.[xxxv] Faster delivery is not simply good administration, it shows up in the forecast.

Progress needs to be made to improve delivery certainty and speed

The UK's record on major infrastructure delivery is patchy, and on the measure that matters most to business – the time taken to get from decision to delivery – it falls behind OECD comparisons.[xxxvi] Planning capacity is constrained, approved infrastructure can take too long to deliver, the energy transition is slow, and too many businesses still lack the connectivity they need. AI is an opportunity to be realised but it also depends on these fundamentals.

Importantly, opportunities to use public sector procurement strategically to boost local economies are often missed. These challenges affect UK productivity, living standards and growth. Uncertainty is the enemy of investment. Businesses are asking for greater certainty and faster delivery, so public investment can unlock private investment rather than leave firms waiting for the infrastructure they need.

Focus on delivering the Infrastructure Plan and regionally important upgrades

On infrastructure, the UK has a clear 10-year plan, setting out priorities - and this received widespread business support. Government now needs to get on and deliver on these promises.

Importantly, expected cutbacks in the Department for Transport budget must not lead to delays.

On ports, business want to see progress in expanding the UK's airport capacity and expansion of seaports for logistics and offshore wind. That means advancing Heathrow's third runway; it also means progressing Gatwick's northern runway, alongside access improvements such as the Western Rail Link to Heathrow, and making the most of both regional seaports and air hubs, such as Doncaster Sheffield Airport. While we support additional hub capacity at Heathrow, this is not support for capacity at any price. Any expansion must be deliverable, affordable and supported by appropriate surface access.

On rail, businesses want to see delivery of Northern Powerhouse Rail and critical network capacity enhancements, such as the long-awaited Ely Area improvements and Haughley Junction upgrades. On roads, the Lower Thames Crossing remains a priority, alongside accelerating improvements to the strategically important A50/A500 corridor.

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Deliver the energy transition in a way that protects jobs

On energy, businesses want to see Government deliver the energy transition. This will require much greater investment in grid connections to ensure green energy can be fed into the grid.

Recent commitments to prioritise grid connections for businesses delivering clean energy and critical infrastructure are welcome, as is the Industrial Strategy pledge to accelerate connection timelines for major investment projects. But delivery is still too slow. The fact that many businesses who have tried to install onsite renewable energy generation - to reduce their own dependency on the grid - but have been given connection dates into the mid-2030s, is unacceptable. This Government must now turn these commitments into faster approvals, clearer timelines and practical support for firms ready to invest in the energy transition.

The North Sea energy transition is essential for jobs, businesses, investment, and economic growth across the whole of the UK. The BCC is concerned about job losses in the UK linked to a fall in confidence in the future of the North Sea and the fiscal and policy frameworks in the UK. The BCC supports increased domestic production of oil and gas, for as long as the UK remains reliant on imports. The Government must replace the Energy Profits Levy with the Oil and Gas Revenue Levy by April 2027, instead of the planned date of 2030. This is critical to protecting jobs and businesses, and in enabling the transition towards renewable energy.

The industry has estimated that the right regulatory and tax framework for the North Sea, including through bringing forward the Oil and Gas Revenue Levy to April 2027, would increase capital investment by £26 billion over the next decade, boost tax receipts by over £13 billion, and support tens of thousands of jobs.[xxxvii]

Greater capacity in planning departments needs to be prioritised to underpin speedy delivery

On planning, we need greater capacity to enable better and faster decision-making in local planning authorities. Capacity is the reform that makes every other reform work.

The Home Builders Federation puts a number on this capacity shortfall. Against the Government's commitment to recruit 1,400 additional planners, it found that 80% of local planning authorities are operating below full capacity, with an estimated 2,200 additional planning officers needed across England and Wales.[xxxviii]

This capacity did not erode by accident. Local authority spending on planning fell by 58% in real terms per person between 2010-11 and 2019-20, one of the heaviest cuts to any council service.[xxxix] A quarter of public sector planners left between 2013 and 2020, with the private sector planning workforce growing by 80% over the same period.[xl] Government's own survey found 91% of planning departments still had difficulty recruiting in 2023.[xli]

The BCC is calling on Government to raise its target to 2,200 planners, some 800 above the current commitment, underpinned by a fully funded, multi-year workforce plan. This would combine a dedicated funding settlement, a protected pipeline of new planners and a credible strategy to retain experienced ones. The BCC and RTPI Planning Skills Fund, a business-funded scholarship programme already delivering planning qualifications for up to 100 students, shows industry is willing to help close this gap, but cannot substitute for investment at scale.[xlii]

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The money to close most of this gap is already being spent. In 2023/24, 60% of local planning authorities used agency staff to fill vacancies, around four per authority for 141 days each, equivalent to 7% of the planning workforce, at an average cost of £200,000 per council, or some £64m across England and Wales.[xliii] The cost of inaction, meanwhile, is measurable. In the first quarter of 2026, just 19% of major applications and 38% of minor applications were decided within the statutory deadline, with 77% of major decisions relying on an agreed extension.[xliv] Major housing schemes now take over 300 days to decide, in comparison to 181 days in 2011 – a 75% increase. [xlv]

Uprated for CPI inflation, an average local authority starting salary of £29,500 in 2025 is worth around £30,400 in 2026.[xlvi] Funding 800 additional planners' wages costs £24.3m a year, which is between £31m and £33.5m including employer National Insurance and pension contributions. That remains well below the £64m councils spent on agency cover in 2023/24.. This is substitution rather than new money. [xlvii]

Supercharge productivity improvements by investing in digital connectivity

Digital infrastructure is equally important to growth. Over recent decades it has become more important - from facilitating remote working, to enabling digital trade. With AI adoption on the rise, digital connectivity provides the foundation for future improvements in productivity. There is a significant growth prize from getting this right.

Unfortunately, there are still significant differences in broadband connectivity across the UK with many rural areas being left behind. BCC research from 2023 found that 82% of SMEs in urban areas agreed they had reliable broadband, which fell to just 56% of SMEs in rural areas.[xlviii] To ensure no area is left behind and to enable economic growth in every postcode, we argued ahead of last year's Autumn Budget that it is important that Government provides the long-term funding arrangements to ensure full gigabit coverage for the UK through its updated target of 2032. That need has become even greater over the last year.

Support local areas to pilot new funding mechanisms for infrastructure delivery

Well-placed infrastructure investments can unlock growth, remove local growth constraints and increase future tax receipts. This means some infrastructure assets have the potential to pay for themselves over time. In a tight fiscal environment, Government should explore mechanisms that make it easier for local areas to finance growth-enabling infrastructure against future revenue streams from devolved and project income.

Fiscal devolution is central to this by giving local areas revenue streams they can borrow against. Other measures, such as re-aligning UK public finance accounting rules with ESA 2010 or supporting local areas to obtain credit ratings, would also help give local areas a genuine lever to improve their local economies through issuing local bonds.

Government should also seriously consider allowing public development corporations to issue bonds against future income streams, a mechanism of funding infrastructure that is commonplace in countries like Germany, France and the Netherlands – countries with much better local infrastructure. Several UK financial institutions have expressed interest in this type of investment product, particularly in higher demand parts of the UK with strong economic

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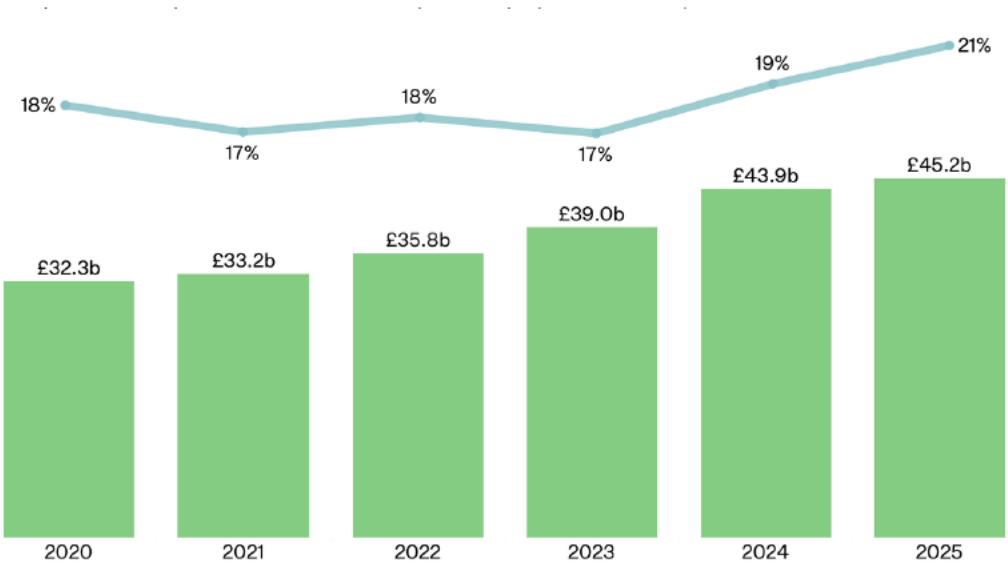
fundamentals, creating a win-win of private sector investment to help unlock economic growth. Importantly these changes come at no additional cost to the Treasury.

Ensure government procurement supports local economic growth

Public procurement is both a delivery mechanism and a growth lever. In 2025/26, private sector Government procurement was worth £45.2bn in England, yet SMEs received only 21% of public procurement spend despite making up 99% of UK businesses.

Below: Direct public sector spend with SMEs and SME spend as a proportion of total spend, 2020-2025.



Source: Tussell & the British Chambers of Commerce's 2026 SME Procurement Tracker, data for England only

Increasing SME access to procurement would support local growth, strengthen supply chains and improve the economic return from existing public spending. Every £1 spent locally generates £1.76 in economic value, so the social value of investing in local SMEs through public procurement should be better reflected in public decision-making frameworks. This should also be a focus of public finance institutions such as the National Wealth Fund, Great British Energy and the Business Bank.

Core recommendation: Improve certainty and speed in delivering public sector investments to generate growth		
Measure proposed	**Cost**	**Return**
Deliver the National Infrastructure Plan, Project Gigabit and the energy transition in a way that protects jobs, boosts SME access to government procurement and delivers greater economic security	£0 in new spending – delivery of existing commitments	• Grid connections reform alone unlocks an estimated £40bn of investment a year (NESO)[xlix] • Every £1 spent locally generates £1.76 in economic value

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Raise the Government's planner recruitment target from 1,400 to 2,200 by funding 800 additional planners over two years, speeding up planning decisions and unlocking investment	Average starting salary in a local authority for a one-year period: £30,400 800 planners over two years = £48.6m Fully loaded with employer costs: c.£62-67m	Current annual council spend on temporary agency staff: £64m OBR scored planning reform at 0.2% of GDP (£6.8bn) by 2029-30 at no fiscal cost[l]
Allow local areas to borrow against future revenue streams and public development corporations to issue bonds to fund infrastructure investment at no additional cost to the Treasury	£0 - a permissive change only	Greater investment into local infrastructure projects that unlock growth

2.3 Design a tax reduction roadmap that encourages higher levels of private sector investment

The business tax burden has become both too high and too unpredictable.

Over recent years and as illustrated by our Cost Stack Calculator, firms have faced successive policy-driven cost increases, often with limited time to plan. This has weakened margins, reduced investment headroom and made it harder for businesses to commit to recruitment, training and expansion.

Over the last decade, businesses have faced repeated policy changes, from GDPR to pensions and national minimum wage rates. The 2024 Budget announcement on ENICs had a particularly immediate and aggressive impact, with many firms feeling the change in thresholds more sharply than the percentage increase itself.[li]

Further cost pressures are also coming down the track, including from the Employment Rights Act. Recent Government analysis on zero-hours contracts alone highlights significant future additional costs for businesses. Meanwhile, changes to Business Property Relief and Agricultural Property Relief have reduced incentives to grow a business for the benefit of the next generation. Firms are also understandably concerned about the impact of any changes to capital gains tax, increases in auto-enrolment contributions and the increasing risk of nationalisation in certain sectors of the economy.

Fewer firms now feel able to invest, hampering growth

This has created an environment that is not conducive to investment, as can be seen clearly in the BCC's data.

The proportion of firms reporting increased investment has declined and now stands at just 17%. Internationally, the UK now ranks 32nd among the 38 OECD countries in the 2025

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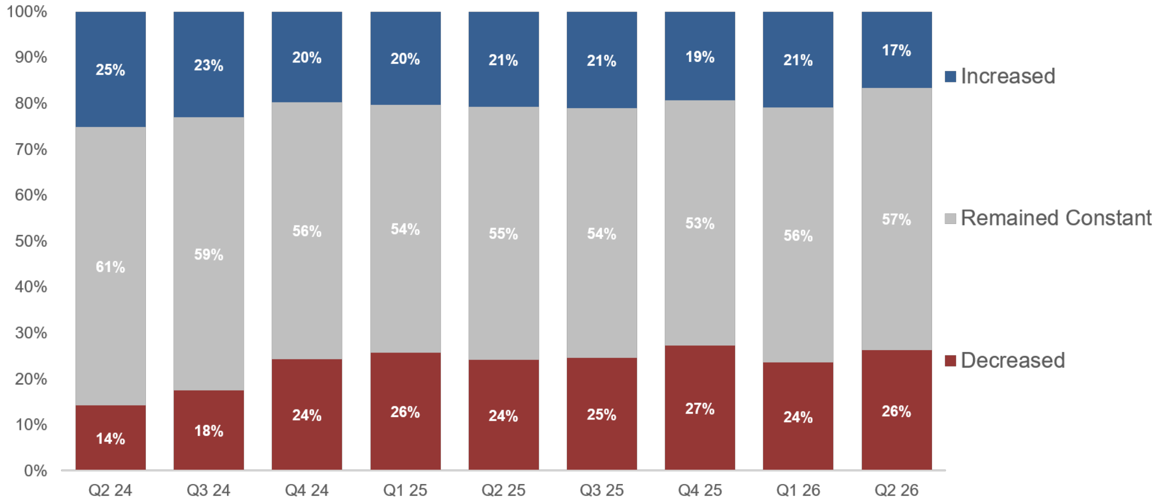
International Tax Competitiveness Index.[lii] To create growth in every postcode, we need to turn the tide.

Over the past 3 months, investment plans for plant, machinery, tech, or equipment have...
Source: BCC Quarterly Economic Survey



A new tax roadmap will unlock investment by reducing costs and increasing certainty

Our members tell us that they need:

- a reduction in the overall tax burden
- a tax system that encourages business growth and investment, and
- certainty on the tax burden in the years ahead so they can plan.

Alongside the £3.8bn immediate tax reduction package proposed in Section 1.2, Government should set out and stick to a business tax roadmap.

This should aim to reduce costs, encourage business investment and growth, and build on the success of the corporation tax roadmap, which has provided greater certainty over a five-year horizon.

But first and foremost – it should commit to no more increases in the tax take on business.

Any new burdens on business at this stage in the economic cycle would risk weakening jobs, investment and growth. The tax reduction roadmap should set out a clear pathway to reducing the average firm's tax burden over time. It should cover a minimum five-year horizon and, ideally, provide certainty over 10 years.

Reform business rates – once and for all

The roadmap should start with our proposals in section 1 of this submission. On business rates, the BCC is calling for Government to work towards a single multiplier for all businesses of 40p. We estimate this would cost £5.59bn compared to the current business rates system.[liii] This would be the fairest and most transparent system. But we also stand ready to work with Government on the more fundamental reform to business rates that has long been promised.

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Business rates can discourage firms from investing where upgrades are likely to increase their rates bill. In touring the country to visit Chambers and their members, we will often hear of businesses deciding not to extend their premises or invest in renewable energy alternatives because the knock-on business rates costs make this prohibitive. Reform should therefore create a tax system that encourages investment, rather than penalising it.

System reform should also reflect the modern UK economy, support high streets and provide stronger incentives for growth. Whatever system we end up with, it should start with the objective of reducing costs, as the real property tax burden in the UK is among the highest in the OECD.[liv]

Address VAT thresholds to encourage business growth, not stop it

The tax system should be refocused to better encourage business growth.

The VAT registration threshold is a prime example of this, with clear evidence it acts as a disincentive for smaller businesses to grow. We highlighted the 2022 evidence from Warwick University in our submission to last year's budget – which found *"robust evidence that annual growth in turnover slows by up to 2 percentage points when firm turnover gets close to the threshold – and weaker evidence of higher growth when the threshold is passed."*[lv]

We also highlighted the 2017 OTS report which noted *"significant 'bunching' of businesses whose turnover is just below the threshold."*[lvi] The cost of the VAT threshold is lost turnover and, as a result, lost tax receipts. Back in March 2023, the OBR estimated lost turnover, as a result of the threshold, to be £350million.[lvii] That figure is likely to have risen since. A smoothing mechanism is urgently needed, either via raising the current threshold or by introducing a lower VAT band for those firms with turnover just above the £90k threshold.

In the absence of more detailed HMRC data we have produced some rough estimates of the cost of different options. An estimate of the annual cost of uprating the threshold with CPI inflation to £95k is around £200m. Raising the threshold to £110k would cost around £800m, with the cost of a VAT threshold of £100k sitting in the middle between these two options at around £400m. To reduce the current cliff edge, as well as help businesses scale – something the UK is notoriously bad at compared to other countries - a VAT threshold of £100k should seriously be considered.

An alternative to raising the £90k registration threshold would be to introduce a lower VAT rate of 10% for turnover above it. We estimate that doing so for businesses with a turnover of £90k-100k would cost around £200m, while introducing it for a wider band between £90k-110k would cost around £400m. This would likely reduce the current cliff-edge somewhat but would introduce further complexity by introducing another VAT rate and may therefore be judged less achievable.[lviii]

Incentivise investment through the tax system

It is equally important to ensure the UK's tax system maintains, if not improves, existing investment incentives. This means retaining R&D tax credits and raising awareness of them. It also means expanding capital allowances - a strength of the UK's tax system compared to other OECD countries [lix] - to allowing full expensing of leased assets.

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Incentives to invest, such as Business Asset Disposal Relief (BADR), Investors Relief (IR) and Business Property Relief (BPR), have been significantly eroded over recent years and rumours the Government may be looking to make further changes to the capital gains tax system are not helping. Capital gains taxes in the UK are already above the OECD average of 20%.[lx] This makes it harder for those that invest to see any benefit from making that investment and it sends a signal that stymies investment and growth. Equally, talk of wealth taxes does not signal to investors that the UK welcomes wealth creation and economic growth.

Core recommendation: Take a long-term approach to tax that encourages greater levels of private sector investment		
Measure proposed	**Cost**	**Return**
Fundamental business rates reform	• Introducing a universal 40p multiplier for all businesses would cost £5.59bn per year (Cost of more fundamental reform would depend on final shape)	• A more resilient high street • A fairer business rates system • Reduced cost burden for firms
Smoothing the VAT threshold	We have modelled two options here, raising the current VAT threshold, or introducing a lower 10% rate above it: • **Raising the current VAT threshold –** cost between around £200m (£95k) and around £800m (£110k). • **Introducing a smoothing mechanism** by introducing a 10% VAT rate above the current 90k threshold – cost between around £200m (10% VAT for £90-100k turnover) and around £400m (10% VAT for £90-110k turnover)	• Current VAT threshold results in lower growth in turnover below the registration threshold. • Raising the threshold or introducing smoothing mechanism would increase growth in turnover, leading to higher tax receipts for HMT in future years. • Immediate potential additional turnover from removing £90k threshold according to 2023 OBR estimate: £350m.

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Incentivise investment through R&D tax credits and maintaining BADR, full expensing of leased assets, and revised IR and BPR. Rule out any reduction in these investment incentives.	• No additional cost to Exchequer for keeping R&D tax credits in place • Keeping BADR – no additional cost to HMT • Expansion of full expensing to leased assets - annual cost up to £1.8bn[lxi] • Reinstating IR to its previous level of £10m (from the current £1m) - HMT itself estimates the cost of this measure to be negligible[lxii] • Reversing the BPR 2024 budget measures – OBR estimate of the cost of APR and BPR changes from FY2027/28 is £500m/year[lxiii]	• Certainty on incentives will encourage greater investment in R&D and capital – increasing productivity and as a result tax receipts. • Full expensing of leased assets leading to greater investment in capital among SMEs, improving growth and productivity • UK attractiveness as a place to start, or grow a business maintained
Do not introduce any new tax on business for at least the term of this Parliament	No cost to the Exchequer	Increased business confidence to invest and create jobs.

CONTACT US TO DISCUSS FURTHER

Lena Levy
Deputy Director of Policy
07932591910
l.levy@britishchambers.org.uk

Kate Shoesmith
Director of Policy and Insight
07545 205153
k.shoesmith@britishchambers.org.uk

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Appendix: BCC's core principles for fiscal devolution

The UK is one of the most fiscally and politically centralised economies in the G7. Only around 5% of tax revenue stays with Mayors and only 19% of local government revenue comes from local taxes, the lowest in the G7.[lxiv] This weakens local incentives to pursue growth and limits the ability of places to invest in the infrastructure, skills and business support their economies need.

Devolution offers the opportunity to change this and give local areas real power and incentives to drive growth locally.

Decisions made closer to home are often better – local areas know where the challenges are that need to be addressed as well as where the opportunities lie.

Businesses support the principle of fiscal devolution. They are looking to Government to create a fiscal environment that drives growth across the UK. This needs to balance certainty and the need to leave no place behind with sufficient incentives to make pursuing growth attractive.

It also needs to ensure business voices are at the heart of devolution. Only if we get this balance right will the Government's vision of growth in every postcode become a reality.

The BCC is publishing a more detailed position paper on fiscal devolution. This should be read alongside this submission. But in summary, we have developed eight core principles that should guide the development of fiscal devolution.

Principle 1: Devolution's aim must be greater growth and prosperity, to give local people breathing room

Businesses want the transfers of power from Westminster to the nations and regions to be clearly tied to delivering economic growth and prosperity, not purely political expediency. Devolution must be a mechanism to drive inclusive economic growth to support business growth and give local people breathing room. The Government's new devolution framework prioritises strategic authorities, especially mayoral authorities, with key growth powers over spatial planning, housing, transport, and economic development. This is a welcome step in the right direction but ensures a need for all areas to be in a position to benefit from such deals if growth in all postcodes is to become a reality.

Principle 2: Devolution must lead to long-term investment and funding certainty

Certainty is key for business investment. The introduction of Integrated Settlements and long-term investment funds is a positive step in this sense. The BCC wants to see predictable, multi-year funding for local growth priorities, including infrastructure, digital connectivity, and workforce development through Local Skills Improvement Plans (LSIPs).

Principle 3: Devolution must ensure places benefit from going for growth

The goal of any transfer of powers to regions and local areas of course has to be to increase place-based growth. For this to happen, fiscal and policy powers must be structured so that the areas

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exercising them capture a meaningful and sustained share of the economic benefit that is generated.

Therefore, the future devolution of any tax raising powers should have mechanisms built in that actively incentivise strategic authorities to invest in growth driving measures. This means supporting and facilitating private sector business investment decisions and acting as partner in risk sharing models where appropriate, as seen with recent National Wealth Fund investments. It similarly means the public sector becoming more comfortable with longer term investment horizons, something that longer term integrated settlements should make easier. This is as much about behavioural alignment and shift as it is about the policy architecture. Absent any meaningful safeguard of revenue retention, the incentive to properly invest and go for growth collapses.

Principle 4: By putting business at the heart of local decision making, growth can be delivered

Local businesses must be active partners in shaping devolved strategies. Chambers of Commerce, as the representatives of business in place, should be formally included in governance structures such as Local Growth Plans, Business Boards and Mayoral Councils to ensure business needs are reflected in policy and investment decisions. This will ensure decisions are made that support local economic growth. There are examples of this already happening well across the Chamber network including on the North East Business and Economy Board, where the Chamber sits on the Board.

Principle 5: Economic development funding must be ringfenced

Too many councils use 'un-ringfenced' monies intended for economic development to plug holes in their statutory budgets. In doing this, businesses are often seeing their ever-increasing business rates being spent on things that in no way benefit the business community. Business will not support greater devolution of spending unless money granted for the purpose of local growth is actually spent on local growth. Devolved spending needs to be transparent to businesses and residents so that local taxpayers know how their resources are ultimately spent.

Principle 6: Devolution must work for all areas

The Devolution White Paper introduced a default devolution framework, moving away from bespoke deals. The BCC supports this standardisation but urges a degree of flexibility to accommodate local economic contexts. Non-mayoral arrangements should remain viable where appropriate. What is clear is that no area can or should be left behind on the devolution journey. Local Government Reorganisation (LGR) must be completed as quickly as possible to enable further devolution to take place. The benefits of devolution should be reaped no matter whether you live in Kent, Inverness, Edinburgh or Manchester.

Principle 7: Devolution should give local areas the ability to support local firms

Devolution should give local areas more power to support local businesses. All local government procurement frameworks should prioritise local SMEs when it comes to accessing public sector contract supply chains. Latest data from the BCC and Tussell's *SME Procurement Tracker* for

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England shows that only 21% of all public sector procurement was with SMEs in 2025.[lxv] Local government is actually the success story here. English local authorities spent £21.9bn with SMEs in 2025 whilst also increasing growth in SME spending year-on-year since 2020, in complete contrast to central government and the NHS.

Principle 8: Devolution needs to sit alongside a coherent national policy framework

Whilst local autonomy is rightly a driving force behind any devolution settlement, there will always remain a need for national consistency in areas such as regulation, trade, immigration and major infrastructure. Proper devolution should not fragment the UK's internal market or create barriers to business.

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End notes and sources

[i]https://www.ons.gov.uk/employmentandlabourmarket/peoplenotinwork/unemployment/bulletins/youngpeoplenotineducationemploymentortrainingneet/august2026
[ii] BCC Business Outlook Survey 2025
[iii] https://www.gov.uk/government/consultations/make-work-pay-ending-one-sided-flexibility-reforms-of-zero-hours-and-similar-contracts
[iv] https://publications.parliament.uk/pa/cm5902/cmselect/cmworpen/180/report.html
[v] https://www.resolutionfoundation.org/publications/take-a-chance-on-me/
[vi] https://www.impetus.org.uk/news-and-views/new-youth-jobs-gap-research-july-2026
[vii] BCC modelling using this range of lifelong scarring costs of a NEET and multiplying it by 37,500 NEETs. 37,500 represents a 0.5 percentage point reduction in the January-to March 2026 NEET rate January-March, the data the Resolution Foundation uses.
[viii] Public Expenditure Statistical Analysis 2026, Table 6.4
[ix] BCC modelling. The saving in 2027/28 would be £1.63bn and £1.66bn in 2028/29, adding up to £3.3bn in total over the two years.
[x] 2025 ASHE data and https://www.ons.gov.uk/aboutus/transparencyandgovernance/freedomofinformationfoi/averageannualsalaryofindividualsbyagegroup
[xi] https://www.energy-uk.org.uk/publications/reducing-non-domestic-electricity-policy-costs-to-drive-economic-growth/
[xii] https://www.cornwall-insight.com/press-releases/business-energy-bills-climb-25-since-february/
[xiii] The Renewables Obligation accounts for roughly 12-17% of a business electricity bill with the Feed in Tariff levy adding around 3-4% to a business total electricity bill. Applying that ratio to the £4.8bn average costs suggests funding 100% of the Renewables Obligation would cost around £3.6bn, with 75% of the Renewables Obligation being funded costing an average of £2.7bn. Applying those ratios to the £4.8bn average costs suggests funding 100% of the Renewables Obligation would cost around £3.6bn and £4.08bn, with 75% of the Renewables Obligation being funded costing an average between £2.7bn and £3.06bn.
[xiv] BCC Business Outlook Survey 2025
[xv] BCC Quarterly Economic Survey Q1 2026
[xvi] BCC modelling of a 1p reduction in each RV multiplier using ONS National non-domestic rates collected by Councils in England: forecast 2026 to 2027 data. Analysis compares changes in tax take between the current multipliers and multipliers that would each be 1p lower.
[xvii] BCC analysis, updated August 2026. To illustrate the importance of exports to the UK economy we have created a hypothetical scenario, adjusting the individual components of official ONS growth data. By assuming no other changes to other components of GDP, if the UK's exports had been 2% higher in 2025, this would have added at least 0.6 percentage points to GDP, boosting it to 1.9%.
[xviii] https://www.ons.gov.uk/economy/nationalaccounts/balanceofpayments/bulletins/uktrade/june2026, Monthly CVM data
[xix] ibid
[xx] See J Munch & G Schaur, "The Effect of Export Promotion on Firm-Level Performance," American Economic Journal: Economic Policy, American Economic Association (February 2018), vol. 10(1), pages 357-387
[xxi] https://www.businesswest.co.uk/media/h5zja5kf/hosw_etdp_summative_assessment_final_report_-_october_2021.pdf
[xxii] https://www.gov.wales/welsh-government-export-support-programmes-impact-evaluation
[xxiii] Comparators among MCAs are non-uniform, given differing schemes in place. For example, York and North Yorkshire MCA recently had £900,000 awarded as part of the Get Exporting Grant programme and the East Midlands MCA has received a £1.8m allocation for increasing exports. Greater Lincolnshire has a £1.5m Growth Development fund – albeit export support is just one of a number of aspects the fund delivers. Generally, figures are either not available or are rolled into wider business support numbers.
[xxiv] In 2025, UK GDP (seasonally adjusted at market prices) was £3,033,866 million, see: https://www.ons.gov.uk/economy/grossdomesticproductgdp/timeseries/ybha/qna. A 2% rise in exports that resulted in a 0.6% rise in GDP would therefore boost GDP by £18,203.2 million. The UK's tax take and GDP generally move hand in hand over the longer term, with an elasticity of 1 (and a tax to GDP ratio of currently 40%). This means a 0.6% rise in GDP would lead to and increased tax take of £7.3bn (in 2025/26 the UK government raised £1,232 billion in taxes, see: https://commonslibrary.parliament.uk/research-briefings/cbp-8513/). The figures used here take a

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more cautionary approach, assuming exports only improved by 0.5% leading to a rise in GDP of 0.15%. This would translate to an increased tax take of £1.85bn.

[xxv] This shorter term return estimate uses the OBR's ready reckoner to model a 1% change in GDP on tax take and then apportions this to a 0.15% increase in GDP. https://obr.uk/ready-reckoner/

[xxvi] Office for National Statistics (2026), Employment in the UK: July 2026, Table 12, Labour Force Survey, UK, March–May 2026. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/july2026

[xxvii] Phipps, B. et al. (2025), The Workforce Learning Slowdown? Adult Participation in Learning Survey 2025, Learning and Work Institute, November 2025. https://learningandwork.org.uk/resources/research-and-reports/adult-participation-in-learning-survey-2025/

[xxviii] Currently each of the 39 LSIPs receive an average £160,000 funding. Making this funding available over the next 5 years from FY 2027-FY 2032 would therefore cost the following by LSIP per year: £163,680 in FY 2027/28 (using the BCC's 2027 CPI inflation forecast on 2.3%), £166,954 in FY 2028/29 (again using the BCC's 2028 CPI inflation forecast of 2%), £170,293 in FY 2029/30, £173,699 in FY 2030/31 and £177,172 in FY 2031/32. From FY 2029/30 CPI inflation is assumed at 2%. Multiplying each year's cost by 39 LSIPs and adding the annual cost together results in a 5-year funding figure of £33.2million.

[xxix] Department for Education (2024), Employer Skills Survey 2024.

[xxx] BCC Workforce survey 2026

[xxxi] BCC modelling using ONS Business population estimates for the UK and regions 2025 data on the number and percentage of businesses and other organisations in the whole economy, private sector, central and local government, and non-profit organisations with associated employment and turnover at the start of 2025, DfE Employer Skills Survey 2024 data and HMRC Corporation Tax Data Tables 2025 (Number of companies by size category). Average training spend by employee is £1,700 with 7% of that spent on external training (£121/employee). Upper estimate calculates cost to Exchequer based on whole economy SME tax credit (reclaimable via corporation tax or tax returns), lower estimate is for corporation tax skills tax credit only.

[xxxii] BCC modelling using HMRC's Evaluation of the Research and Development Tax Credit's additionality midpoint (HMRC's estimate is that every £1 tax foregone led to £1.53-£2.35 of R&D expenditure stimulated – the midpoint of that range which we use for our analysis is £1.94). https://assets.publishing.service.gov.uk/media/5a7f536ded915d74e33f5bef/HMRC_WorkingPaper_17_R_D_Evaluation_Final.pdf

[xxxiii] https://feweek.co.uk/dwp-swerved-apprenticeship-overspend-with-mid-year-cash-boost/

[xxxiv] https://www.gov.uk/government/publications/apprenticeship-evaluation-2023-learner-non-completer-and-employer-surveys. This shows that 48% of apprenticeship starts were new recruits and of those 49% were moving into an apprenticeship from school or college (41%) or unemployment (8%).

[xxxv] Office for Budget Responsibility – Economic effects of policy changes

[xxxvi] Boston Consulting Group – Reshaping British Infrastructure: Global Lessons to Improve Project Delivery

[xxxvii] OEUK analysis, 20 July 2026, https://oeuk.org.uk/new-government-can-revitalise-north-sea-energy-industry-with-policy-reset/

[xxxviii] Home Builders Federation – Planning on Empty. Staffing struggles in local planning authorities

[xxxix] Institute for Fiscal Studies – How have English councils' funding and spending changed? 2010 to 2024

[xl] Royal Town Planning Institute – State of the Profession 2023

[xli] Ministry of Housing, Communities & Local Government – Local Authority Planning Capacity and Skills Survey 2023

[xlii] British Chambers of Commerce – Planning Skills Fund

[xliii] Home Builders Federation – Planning on Empty. Staffing struggles in local planning authorities

[xliv] Ministry of Housing, Communities & Local Government – Planning applications in England: January to March 2026 – statistical release

[xlv] Searchland - Planning delays for major housing schemes have surged by over 75% in a decade

[xlvi] Royal Town Planning Institute – Autumn Budget submission 2025

[xlviii] BCC Research, 2023 https://www.britishchambers.org.uk/news/2023/03/public-infrastructure-and-access-to-labour-splits-uk-small-businesses-down-rural-urban-divide/

[xlix] National Energy System Operator – Connections Reform

[l] Office for Budget Responsibility – Economic effects of policy changes

[li] BCC research ahead of the NICs rise in February 2025 showed that 82% of businesses were going to change their plans due to the rise in NICs. Since April, the impacts are clear: BCC research carried out from 24 April to 14 May showed that 13% of respondents had already made redundancies due to NICs. Source: BCC Workforce Survey 2025

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65 Petty France
London, SW1H 9EU
United Kingdom

[lii] https://taxfoundation.org/location/united-kingdom/
[liii] BCC modelling using ONS National non-domestic rates collected by Councils in England: forecast 2026 to 2027 data and modelling changes in tax take comparing forecast tax take with tax take under a universal 40p multiplier.
[liv] Tax Foundation. 2025 International Tax Competitiveness Index
[lv] Small Firm Growth and VAT Threshold: Evidence for the UK, 631/2022, Li Liu, Ben Lockwood & Eddy Tam. Warwick University
[lvi] OTS, Value added tax: routes to simplification. November 2017
[lvii] https://obr.uk/box/the-impact-of-the-frozen-vat-registration-threshold/
[lviii] BCC calculation using HMRC Annual UK VAT Statistics for 2024/25. Calculation uses VAT take in the £90-150k turnover band and apportions it equally between 10k bands to produce a rough estimate of the cost of raising the VAT threshold or introducing a 10% VAT rate above the current threshold.
[lix] Tax Foundation, 2025 International Tax Competitiveness Index
[lx] Tax Foundation 2025 International Tax Competitiveness Index
[lxi] BCC modelling using data from the Finance and Leasing Association. Modelling uses FLA finance and operating leasing data, scaled down to exclude car finance, international assets and receivable purchases and then scales it up to account for the FLA's 34% market share in this area. Cost to HMT calculated based on an assumed average corporation tax rate of 22% among firms that lease.
[lxii] https://www.gov.uk/government/publications/capital-gains-tax-investors-relief-lifetime-limit-reduction/capital-gains-tax-investors-relief-reduction-in-the-lifetime-limit
[lxiii] https://obr.uk/docs/dlm_uploads/OBR_Economic_and_fiscal_outlook_Oct_2024.pdf
[lxiv] https://www.centreforcities.org/blog/england-needs-fiscal-devolution-here-is-how-to-design-it-for-growth-and-fairness/
[lxv] BCC SME Procurement Tracker 2026, https://www.britishchambers.org.uk/news/2026/05/procurement-spend-with-smes-hits-six-year-high/