

08 June 2020

Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London
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Dear Prime Minister,

Build back better: CBI proposals for a jobs-rich economic recovery

The last few months have seen a nation rightly and relentlessly focused on health. That will remain the case for some time. The UK will need to adapt to new ways of living with Covid-19, at least until a vaccine is found. But this must not stop the country from implementing an ambitious economic recovery plan.

Amidst all the uncertainty, one thing is clear: the UK will only build back fast and better through a market-driven plan that supports sustainable growth. Dynamic enterprise is the only way to unleash the potential of our country. It is also our opportunity to get ahead.

And while we live with the virus, any renewal plan must continue to prioritise health. The CBI has valued its partnership with BEIS on Safe Workplaces and will now work closely with Dido Harding and her team to support world class test and trace systems. This is the foundation for a UK that is safe to visit, safe to invest in, safe to work in, safe to study in.

But two other priorities stand out: jobs, especially for young people; and investment. Redundancies will rise fast over the autumn as support schemes, especially the JRS, wind down. Past recessions show the impact of joblessness is deeply uneven. Without immediate intervention, pre-crisis inequalities across regions, gender and race will worsen. Long term unemployment leaves generational scars. And investment will need to bounce back fast – business investment was weak before the pandemic and is now at historic lows – so needs stimulating to create the jobs of the future.

Time is of the essence. Dynamic markets will over time create new jobs, but smart fast policy is needed now to accelerate the process and minimise the human cost. Together with our members and in consultation with the unions, the CBI has developed simple, implementable proposals that can be acted on now to create the best possible recovery.

1. Make jobs, skill-building and opportunities for young people the top priority

A fast, inclusive and agile approach to connecting new jobs with the newly unemployed will be essential. This should be led at the local level and build on existing structures. To accelerate the path to work and training, government should work with business to:

- Transform Job Centres into Jobs and Skills Hubs to support young people into new jobs and training: By harnessing the expertise of colleges, universities, unions and businesses, local resources can be directed where they are most needed. Successful recent examples of this local collaboration have been seen in Swindon following the closure of Honda, and across the country in the aftermath of the collapse of Thomas Cook – a proven model where local colleges adapted courses to train for local skill needs. The Jobs and Skills Hubs should have two roles: providing rapid matching of people to new job opportunities; and sourcing high quality training in areas of future demand in the local labour market.

- Back this up with a Future Skills Fund: This should be made available locally to augment the ambition of the National Skills Fund, with additional funding targeted at the skills for tomorrow where there will be greatest future demand, such as digital, low carbon, health, teaching and construction.
- Support job creation through a New Jobs Programme: The *Future Jobs Fund* showed during the last crisis that temporary new jobs subsidies can be the start of long-lasting careers. A new scheme that builds on its success is needed.
- Increase flexibility in the Apprenticeship Levy by enabling it to be used to pay a contribution to wages: Maximise the chances of school and college leavers going into work by adding new government money for apprenticeships. Allow the levy to be used to contribute to salaries and ensure no levy funds expire before the economy has fully restarted. Further unlock business investment in skills by evolving the Apprenticeship Levy into a broader, more flexible skills levy.

2. Invest in the green economy to create new jobs, investment and a more sustainable future

Now is the time to fast forward progress on delivering the UK's world leading net zero target and provide global leadership at the G7, G20 and next year's COP Summit. By investing in green growth – through both proven and new technologies – government can create jobs now and build a sustainable future. The UK can use this moment to identify its areas of global competitive advantage and enable investment behind them. We ask government to work with business to:

- Make every home a green home: roll out a national programme, starting with social housing, to retrofit all homes with a high standard of energy efficiency and lay the foundations for low-carbon heat.
- Accelerate the next generation of green infrastructure: bring forward funds committed towards the electric vehicle charging network and speed up its deployment through fast-track planning. Support further business investment in low carbon infrastructure projects such as renewables, including onshore and offshore wind farms, nuclear and energy from waste sites, and investment in a flexible energy system. Establish global leadership in nascent technology by rapid delivery of the CCS infrastructure fund and a regulatory framework for clean hydrogen production. Take a high-risk, high-reward experimental approach, using ARPA to develop new cutting-edge technologies, and establish an infrastructure bank, through a new arm of the British Business Bank or similar, to crowd in private sector investment.
- Supercharge gigabit broadband roll-out: Embark on a 12-month policy drive to reduce the time and cost of gigabit network rollout, including 5G. Speed up procurement timelines for the £5bn 'Outside-In' programme to prioritise the hardest-to-reach areas. Fast-track regulatory reform to improve the business case for investors and tackle on-the-ground challenges like land access and planning that slow the build.

3. Kick-start demand and unleash competitiveness

Alongside targeted action to set the UK on the path to a brighter, more prosperous future, immediate stimulus will also be needed to kick-start the recovery. To do this, government should:

- Target support at those sectors and places hardest hit by the crisis: Introduce a time-limited scrappage scheme to incentivise the take up of electric vehicles. Extend business rates relief to mid-sized business in all sectors to reduce fixed costs. Provide a more extensive system of grants for SMEs to weather the crisis, businesses to press ahead with paused innovation projects, and support sectors vital to the future of the UK's productive capacity, such as higher education. Accelerate shovel-ready construction projects, including major projects such as HS2 and local road and rail networks.
- Enhance the UK's competitiveness in the key growth industries of the future: Provide a competitiveness boost through an end-to-end review of digital economy regulation and low-carbon roll-out, deliver on long-term reform of business rates and learn lessons on agile public procurement from this crisis to drive forward innovation.

- Capitalise on recent increases in appetite for technology: Use the historic uplift in R&D funding announced at Budget to position the UK as the best place to test, develop and bring to market the new products and technologies of the future, including an internationally competitive, locally delivered, package of support delivered through “Catapult Quarters”.
- Support dynamic scale-ups: Encourage economic dynamism and create a culture of growth investment by providing funding through a ‘new 3i’ fund to back scale-up businesses, so vital for future job creation.

Taken together, this plan will support the recovery in the short-term and lay the foundations for a more competitive and sustainable future for the UK economy. Crucially it addresses the pressing need to address regional inequalities, repositioning the UK as a world leader in the growth industries of tomorrow. Above all, the plan outlines a new, collaborative and innovative way of working between business and government to ensure that the UK truly builds back better.

I would welcome the chance to discuss our proposals and continue to build the partnership between business and your government to deliver them.

All best wishes,



Dame Carolyn Fairbairn
Director-General

CC

Rt Hon Rishi Sunak MP, Chancellor of the Exchequer
Rt Hon Alok Sharma MP, Secretary of State for Business, Energy & Industrial Strategy