



**BRITISH
CHAMBERS
OF COMMERCE**
BUSINESS AWARDS

UK Chamber of the Year



A Centre of Trading Excellence

A Business Manifesto for Growth
in the East Midlands and Beyond



Our ask to Government

This Business Manifesto for Growth outlines East Midlands Chamber's asks of Government to enable our businesses and our region to realise their potential. We ask Government to support us through:

The Big Opportunity

Develop the East Midlands as a Centre of Trading Excellence by focusing on the 'four Is':

- Incentivise longer-term private sector **Investment** at more generous levels
- Support greater levels of **Innovation** through enhanced R&D packages and easier links into universities
- Improve **Infrastructure** by raising the current level of public investment in the region to parity with the national average
- Cut red tape and reduce barriers to **International Trade**, increasing incentives for those looking to grow their international presence or enter new markets for the first time.

Getting the basics right

- A focus on incentives to **invest in people**
- Support certainty for businesses by developing a **long-term approach to business taxation and regulation**
- Ensure we are **digitally and physically connected** locally and with the wider world

Growing our competitiveness the right way

Now is not the time to go back on the commitments we have made as a country to **Sustainability** and the **Net Zero agenda**.


Long-term planning not only allows our businesses to grow sustainably, but also create opportunities for us to be **world leaders in the products and processes** that will drive global growth for decades to come. The link between successful businesses and thriving communities is becoming clearer, and we need Government to **back organisations on their environmental, social and governance (ESG) journeys**.



Growing the UK economy from the East Midlands



Since the Chamber's last Business Manifesto for Growth in 2018, the economic world has changed beyond recognition. The UK has formally left the EU, we have lived through a pandemic and the largest-scale war in almost three decades has broken out in Europe. The combination of these factors has led to **major economic shocks and readjustments**.



With the economy still readjusting and businesses continuing their adaptation, this manifesto outlines **what businesses need now to succeed**.

While much of the support required four years ago remains relevant, other needs have developed and evolved to reflect the realities of doing business today, and the **new opportunities that are emerging**.

By responding to the challenges and opportunities that exist in the East Midlands, which has built a reputation as a Centre of Trading Excellence – a place for making, moving and innovating – we believe the Government can establish a formula that will help to deliver on key goals to **level up, reboot the economy and boost post-Brexit growth in global trade**.

As the UK's largest chamber of commerce, we are in a unique position to provide an insight into a **business community with a significant contribution to our national industrial strengths**.

The Big Opportunity: Supporting the East Midlands' success as a Centre of Trading Excellence

What is a Centre of Trading Excellence?

It's about businesses wanting to trade more, trade differently, trade with new partners, and trade in a way that is cleaner and more effective. In the East Midlands, we are **experts at making things, moving things and innovating in how we do this**.

We have amazing assets in our industrial heritage, universities, location, and the country's largest pure freight airport.



Our previous manifesto called for the creation of a zone of ultra-high growth in logistics and advanced manufacturing, and this has been responded to via confirmation of a new East Midlands Freeport and the East Midlands Development Corporation.

Better focus on – and co-ordination of – our existing strengths is helping to solidify our region's role as a **Centre of Trading Excellence**.

Back the East Midlands to back the UK

To maximise the impact these initiatives can have, Government policy must give us the **levers to drive** growth. Investment for the region must prioritise the cultivation of a **wider business ecosystem geared around supporting success** in those activities.

This will spur more trade that adds to national GDP, create jobs locally and improve people's life outcomes.



The big opportunity: The four Is

Our ask to Government is to cover the four Is:

Investment, Innovation, Infrastructure and International Trade

Investment

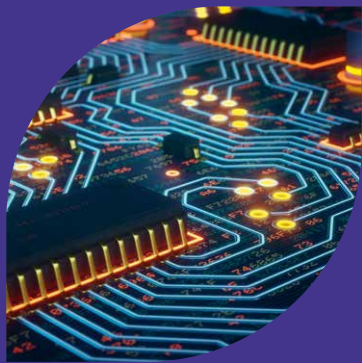
With business investment lagging, our firms need **longer-term financial incentives and tax allowances** to give them the confidence to back their people, plant and machinery.

While maintaining the Annual Investment Allowance at £1m is welcomed, the items that can be claimed against it should be broadened to **support greater investment in people**. Businesses also need to have greater flexibility around how the Apprenticeship Levy is spent.

This will help **develop a skills base fit for 21st century industry** – a vital consideration given the chronic labour shortages being experienced across all sectors but particularly in manufacturing, engineering and construction, where there is a lack of young talent to replace an ageing workforce – and drive forward the technological advancement that will lead to **improved national productivity**.

The super-deduction has been a bold and popular policy but, as it draws to an end in March 2023, it's crucial a long-term replacement that is equally ambitious is announced to **give businesses the confidence to invest**.





Innovation

The world's first factory, DNA fingerprinting and traffic lights are just some of the transformative innovations to have come out of Derbyshire, Leicestershire and Nottinghamshire.

We have the expertise but to develop the products and services of tomorrow, our businesses need more support via a **new R&D tax credits system that broadens the definition of what qualifies as research and development.**

Raising our productivity levels is a national priority and, in the East Midlands, we have specific strengths in areas as diverse as space science and life sciences. New policy that aims to create zones for enhanced investment and growth should have an **explicit emphasis on innovation**, which would also help to avoid the risk of displacing existing economic activity.

Innovation funding made available via Innovate UK and programmes aimed at **subsidising businesses' access to universities**, such as via knowledge transfer partnerships, should be enhanced.

Research by the Chamber shows:

- Nine in 10 (91%) East Midlands businesses innovated in some form over the past two years, with four in five (81%) citing broader opportunities or challenges as a reason for innovation
- For those firms that have innovated, improving workforce efficiency (65%) was the most popular method, followed by creating new products and services (61%), improving IT and technology (55%), and upgrading back-office or support services (45%).
- A lack of appropriate funding was cited as a barrier to innovation by 46% of businesses, followed by a lack of time (40%) and necessary skills (25%)





The big opportunity: The four Is



Infrastructure

The Treasury's most recent public expenditure figures show the East Midlands continues to receive the lowest levels of investment per head for transport, health, education, social protection and economic affairs in England.

Transport infrastructure spending is just 64.7% of the UK average for 2020/21 – a gap worth £1.26bn per year to the East Midlands.

Improving this dramatically by **speeding up plans for major projects such as HS2 and Midland Main Line electrification** must be a priority for Government. For true levelling up to take place, the East Midlands must receive 100% of the UK average.

Our politicians can rest assured they will get a solid return on investment given our GDP growth over the past 20 years was higher than most other regions despite chronic underinvestment

A thread that runs through these topics is the need to have the right political structures in place to maximise the opportunities that come our way. By **putting key decisions in the hands of local people, with businesses given a key role in shaping them**, we can ensure funding is spent effectively to drive economic growth and individual prosperity.





International Trade

As a region of manufacturers – the industry accounts for a tenth of our workforce and one-sixth of our output – we produce goods that are distributed around the world.

While having the UK's busiest pure freight airport on our doorstep is a major asset that will be enhanced by Freeport status, the gridlock many firms have experienced at borders is having a significantly detrimental impact on trading relationships in Europe.

We need to **cut red tape and reduce barriers to trade** with our neighbouring markets, but also make it easier to export to non-EU countries.

There should be **enhanced financial support for businesses looking to enter new overseas markets**, from initial exploration through to establishment.

This should include funding an **expanded trade mission and trade fairs programme**, specifically targeted at SMEs and those looking to export for the first time

We are already doing a great job at what we do best – making, moving and innovating – but with Government backing, we can do even better. Local and national Government must work harder to find the right solution to ensure that our **economic geographies are clearly defined and supported** in order to achieve our potential.





Getting the basics right

For any business to be successful, Government must address the day-to-day barriers that exist. By ensuring the basic building blocks of economic success are in place, businesses will be given the best chance to succeed. These building blocks are broken down into the following areas:

People; Taxation & Regulation; and Connectivity.

People

Government can support our businesses to access the right people for their growth ambitions by:

- Introducing **flexible incentives for businesses that invest in staff training**, similar to how the Annual Investment Allowance operates for capital allowances
- Setting the forthcoming Local Skills Improvement Fund at a level that allows education providers to properly respond to the **priorities of Local Skills Improvement Plans**
- Ensuring an authoritative business voice is fully incorporated into new structures for **local skills accountability**
- Bringing forward the introduction of the Lifelong Loan Entitlement to **support retraining and the retainment of an older workforce**
- Building on the success of the Government's Kickstart Scheme, introducing new funding to support businesses that bring **16 to 24-year-olds into the workforce**
- Introducing greater flexibility in how the **Apprenticeship Levy** can be spent
- Putting a greater emphasis on enrichment activities throughout a young person's time in education, with opportunities to **experience local workplaces embedded in the curriculum**
- Ensuring businesses have **access to the international talent** they need to succeed via an expansion of the Shortage Occupations List





Taxation & Regulation

Government can provide surety around the taxation and regulation system by:

- Committing to **no new business taxation for SMEs** for the remainder of this Parliament
- Confirming **long-term plans** for reliefs to SMEs **facing increased energy and fuel costs** beyond March 2023
- Conducting a **full root-and-branch review of the broken business rates system** so it doesn't penalise businesses that invest and recognises differences in operating models
- Outlining a **long-term vision for business taxation** in all forms, giving businesses the certainty to plan investments
- **Speeding up the planning process** to ensure investment can be applied at pace and opportunities are not lost due to the inefficiencies of the current system
- Keeping the **National Insurance rate** paid by employers at the same level
- Making the **small profits rate for Corporation Tax** more generous
- Giving teeth to the Small Business Commissioner, enabling them to **meaningfully tackle late payments**
- Introducing **more equitable public procurement practices**, ensuring opportunities are accessible to businesses and requirements commensurate with any contract
- Lengthening the repayment terms of all **coronavirus-related support loans for SMEs**

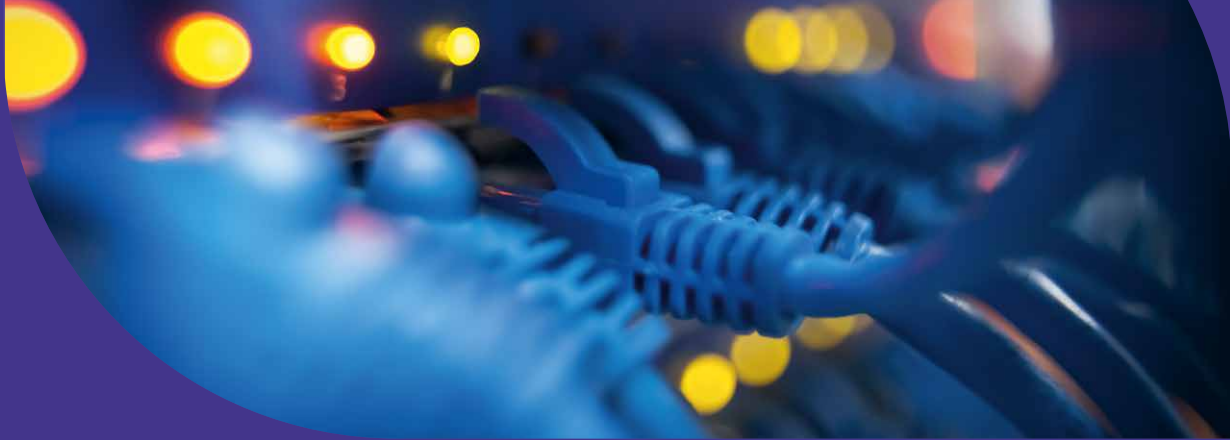


Getting the basics right

Connectivity

Government can better connect our businesses by:

- Speeding up the **rollout of full-fibre broadband**, with a specific focus on the 20% of the country that will require public funding to do this and **prioritising business parks** in each new coverage area
- Tackling mobile connectivity, working with network operators to eradicating the 'not spots' that still exist and **roll out 5G technology nationally**
- Enhancing funding available for businesses looking to invest in, and benefit from, **new digital technologies**
- Doubling the current Potholes Fund available to local authorities for **highways maintenance** and committing to a continuation beyond 2024/25
- **Backing key regional road schemes**, including the A46 growth corridor and A50/A500 corridor
- Ensuring **East Midlands improvements within the Midlands Rail Hub project** aren't watered down and, as part of this, prioritising the **reinstatement of direct rail services** between Coventry, Leicester and Nottingham





How do we do it

Growing our competitiveness the right way

Economic and business growth must be sustainable growth. Our experiences of Covid-19, exacerbated by a cost-of-doing-business crisis, has focused mindsets to **build back stronger, cleaner and greener**.

Net zero and the wider ESG agenda are quickly rising up the priority list for many organisations. This is evident in unique research we have conducted with partners, showing:

- The proportion of East Midlands businesses **selling environmentally-friendly goods and services** almost trebled from 16% in 2015 to 45% in 2022
- There is a **growing trend of diversification into green markets**, with a four-fold increase in firms deriving up to a fifth of turnover from green products
- **Low-carbon growth was integrated into business plans** by under 10% of firms in 2018, but this has more than doubled to 21.5% in 2022

- Two-thirds of our members are involved in corporate social responsibility (CSR) activities as they **want to feel closer to their communities**, where their current and future employees live
- 48% of our region's firms have a dedicated **equality, diversity and inclusion (EDI) strategy** in place, which is helping to recruit and retain the best talent while broadening the labour pool.

Our businesses are committed to doing their bit, whether it's in cutting waste, developing products that help others to reduce their carbon footprint, or offering jobs to people from all walks of life.

We need **policymakers to back them wholeheartedly** with the right messages and incentives so they can continue with this work and **invest in their people, communities and businesses**.



About East Midlands Chamber

With a growing base of more than 4,000 members, the Chamber is the leading voice for business in the East Midlands.

Our membership reflects the broad base of business sectors that can be found in the region, with specific strengths in manufacturing and engineering, transport and logistics, construction and professional services.

As a Chamber, we work constructively with private and public sector partners across the region with a vision to enhance East Midlands businesses and the communities we serve.

In 2022, we were named the UK Chamber of the Year at the British Chambers of Commerce Business Awards.



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