CBI

Autumn Budget 2024

Rt Hon Rachel Reeves MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

10 September 2024

Dear Chancellor,

The election of a new government is always a moment of change for the economy. Yet we believe that this moment, even more than previous elections, can be truly decisive to move the economy from the short-term shock absorption of recent years to the long-term, sustainable growth that businesses, communities and people across the UK need. Partnership between government and business will be vital for this.

The CBI and business welcome the momentum you have brought in the first few months since the election, your early steps towards mission-led growth, and your work to bring industry into the design of these policies. While there is much government can do to set the wheels in motion for growth, it is business that will bring the innovation, ideas and investment to make it a reality. And we stand ready to serve and work with government in a new partnership for prosperity.

We recognise the difficulty of the UK's present economic and fiscal situation, but we believe in the importance of hope, vision and laying out a path to prosperity to take us through the difficult decisions needed in this Budget. Confidence is central to investment decisions and above all, we must focus on retaining competitiveness and certainty at the heart of economic policy. A competitive tax regime is the shop window to attract investment, so it is an imperative that certainty is provided through a Business Tax Roadmap, and that Corporation Tax, Full Expensing and R&D tax credits are maintained at the current rate if not improved.

There is immense potential in our economy; to unleash it, we must make long-term, sustainable growth the guiding north star for every government decision and ensure that we have the structures in place to enable partnership between industry and government. Government setting the vision, framework and parameters, and business crowding in the private capital to match that ambition.

Our Mission-Led Programme for Government set out that structured approach with a series of practical and innovative policy solutions for your first 100 days. This Budget submission builds on that work, using the insights and ideas of our members across sectors, regions and nations to lay out business's top priorities in the coming Budget. The CBI has identified 'impact multiplier' actions for each priority, which will deliver benefits across different areas of the economy:

1. **Boosting productivity and business investment**: Businesses can only invest if they have the support of a reliable workforce, equipped with the right skills. And to keep growing, they need to be quick to adopt technology to drive the productivity that will keep them competitive and resilient. The Government can support them by increasing the flexibility of the Apprenticeship Levy while the Growth and Skills Levy is being set up, announcing an ambitious package of non-taxable health support for employees, and by expanding the Made Smarter Programme to all regions and sectors of the economy to promote digital adoption.
2. **Building confidence in the transition to net zero**: Decisive action is needed if the UK is to reach its goal of net zero emissions by 2050. Businesses stand ready to act, but they need the policy certainty and strategic direction to know they are focusing their efforts where they will have the most impact. Linking the UK and EU carbon pricing systems would strengthen decarbonisation incentives and reduce compliance costs, and implementing a package of tax incentives for green investment would channel capital into the technologies we need to reach net zero. Establishing a Net Zero Investment Plan would help crowd-in private finance into sectors receiving public investment.
3. **Optimising the cross-cutting enablers of growth**: Sustainable growth will not be possible without optimising crucial enablers across the economy to attract investment – such as infrastructure, taxation, planning and capital markets. Central to this will be publishing a Business Tax Roadmap and committing to long-term business rates reform. To get the UK building again, the Government can build more capacity within the planning system – and boost capital markets by deploying surplus pensions capital through the pensions reform.

There is no doubt that difficult decisions lie ahead, but the CBI stands ready to provide the industry insights necessary to prioritise and keep us on track to the long-term, sustainable growth we so badly need.

We would welcome the opportunity to meet with you to discuss this, and we look forward to continuing our work together in service of the economy, communities and people of the UK.

Yours sincerely,

Rain Newton-Smith
Chief Executive

Louise Hellem
Chief Economist

Summary table of priority asks

1. Boosting productivity and business investment
Reforming the Apprenticeship Levy by introducing immediate flexibility to use the funds for a broader range of accredited courses, more transparency as to how the funds are allocated, and ensuring that 16–19-year-olds have equal access to apprenticeships by funding them from the education budget.
Supporting workers to remain in employment by delivering on the outcome of the occupational health tax incentives consultation with an ambitious expansion of non-taxable health support.
Expanding the Made Smarter programme to all regions and sectors of the economy, as part of a National Strategy on Technology Adoption.
2. Building confidence in the transition to net zero
Linking the UK and EU carbon pricing systems to improve carbon price stability, increase market liquidity and reduce carbon leakage.
Utilising tax incentives to boost investment in high-growth green technologies, by introducing a new Green Innovation Credit with a 40% headline rate to unlock R&D, a 10% Corporation Tax rate for green profits to accelerate commercialisation, and a green super-deduction capital allowance rate of at least 120% to boost capital investment.
Establishing a Net Zero Investment Plan that outlines the investment requirements for sectors to decarbonise, targets and the delivery plan to scale-up the deployment of net zero technologies, as well as providing consistent tax and regulatory responses to market barriers inhibiting project delivery.
3. Optimising the cross-cutting enablers of growth
Launch a reform of the business rates system by announcing a consultation to move to a progressive slice-based system of taxation, providing a bridging solution to the end of temporary reliefs for sectors most affected and freezing the multiplier until the next revaluation period.

Build capacity in the planning system by ringfencing planning fees and allowing applicants to pay for independent consultants employed by the Local Planning Authority (LPA).
Unlocking access to capital through pensions review and delivery of the Mansion House reforms, considering the implications for a variety of asset classes, from listed to unlisted equities, as well as infrastructure.

1. BOOSTING PRODUCTIVITY AND BUSINESS INVESTMENT

Low, sluggish investment has plagued our economy in recent decades. The UK is consistently at the bottom of the league table for total investment relative to GDP across the G7 and OECD countries[1]. Businesses and the private sector more broadly have been investing less and less as a proportion of their value-add since 2000, an issue that was worsened during the financial crisis and has now stagnated since 2016. Public investment levels are also in the weakest third of OECD countries and the second most volatile[2] – which has made it hard for firms to plan confidently and unlock their full potential.

When asked about the reasons for low investment, businesses often tell us that one of the reasons is their workforce does not have the capacity or the right skills to support investment. Employment costs are rising because of increased competition for workers due to labour shortages. While in ordinary circumstances, this would be a strong incentive for businesses to pursue productivity gains, many businesses are finding it difficult to contain the pace of rising labour costs, leading them to divert their investment budgets to recruitment and pay. When firms are forced to operate with this sort of emergency, short-term mindset, they are far less able to invest in the long-term productivity gains that would fuel growth, underpin new opportunities and improve living standards for workers.

The Employment Rights Bill will add to these pressures, but the extent to which it does so is not clear yet as details were not set out in the manifesto or the Plan to Make Work Pay. Working with business on the design of these details – on questions of how to, not whether to implement the plan – will determine the impact on investment and growth.

In order to reduce employment costs and allow firms to start investing more, we must build capacity by addressing inefficiencies in the labour market and removing barriers to

1 Where is best to invest and what are the risks of lost investment into the UK? | CBI
2 Cutting_the_cuts.pdf (resolutionfoundation.org)

employment and participation. Delivering the current rollout of affordable, accessible and high-quality childcare is a key step to removing barriers to work and will require a comprehensive workforce strategy for the early years sector. Businesses also believe that they have more to do, with support from government, to make workplaces more inclusive so that they can harness the economic potential in diversity. Both employees and employers think that when it works well, Access to Work helps people with disabilities to enter employment, and that it could be improved with some changes: for example, by reducing the delays in accessing support and providing more information to employers about what they can expect from the process. Part of the solution also lies in supporting employers to look after their workforce's health, the CBI has been calling for an ambitious package of non-taxable health support, with the aim of preventing workers from leaving employment due to ill health.

However, our members tell us that the high level of vacancies they are carrying cannot always be met with homegrown talent, and that part of the solution is to have an honest conversation about the role that targeted immigration can play in revitalising the labour market where those pressures are felt most. We welcome the Government's commitment to reforming the Migration Advisory Committee (MAC) and believe it should be transformed into a tripartite body made up of independent experts, workers, and businesses from across the UK, including devolved nations.

Finally, as well as tackling labour supply, we also need a focus on innovation and skills. Businesses would like to see a long-term approach where government considers business needs when designing skills funding programmes, starting with introducing more flexibility to the Apprenticeship Levy as a first step towards the Growth and Skills Levy. Building flexibility and agility in the skills system is more important than ever when many firms are grappling with the adoption of new technologies to increase productivity. For SMEs in particular, there is huge potential to be unlocked by enabling technology adoption and digitalisation. This is why the CBI is calling for an expansion of the Made Smarter programme to all regions and sectors of the UK economy, so all firms can benefit from wrap-around support to adopt technology in their day-to-day operation. Finally, these efforts must be supported by a drive to keep the UK a world-renowned centre for innovation. The Government can signal their intention by setting a target for the UK to lead the G7 on R&D intensity by 2030, alongside clarity on previous commitments to publish a 10-year R&D budget.

From labour market reforms to promoting innovation, the business community looks forward to working closely with the Government to develop solutions to these structural challenges. This reinforces the need to build momentum through swift action and lay the path for long-term changes.

The Government can kickstart change now by:

Reforming the Apprenticeship Levy

The Government can help businesses boost productivity now by announcing an immediate flex of the Apprenticeship Levy as a first step towards the new Growth and Skills Levy, allowing firms to begin to invest the levy on any accredited course, including but not limited to:

- Apprenticeships,
- Individual apprenticeship modules,
- Government Skills for Life programmes to cover costs of engagement,
- Paying for an employee to undertake a Higher Technical Qualification, and
- Covering business costs associated with taking on a T-Level placement.

Alongside this, it should set a timeline for the implementation of the Growth and Skills Levy when the additional flexibility will fully enable access to a list of recognised and accredited courses which businesses can spend their money on as agreed by a collaborative Skills England Board. The Government should commit to making no adverse changes to the levy payment thresholds, or the amounts that eligible levy-paying businesses must contribute to the levy. This will help avoid the extension of the levy's existing flaws to a wider range of businesses or negatively impacting eligible businesses more severely. To give confidence in the use of the levy, the Government should publish annual data on the allocation and spend of levy funds.

In reforming the levy, it is important to also strengthen the apprenticeship system. Every apprentice at or below compulsory school leaving age (including apprentices hosted by levy-paying businesses) should have at least part of their training cost supported by the 16-19 education budget, rather than the levy. This would enable those young people to receive the same guarantee to funding as their peers studying other recognised qualifications and address the impact of discouraging apprenticeships for this age group.[3]

Helping employers support the health of their workforce

Labour market statistics suggest that the UK is grappling with a serious problem with the increase of working-age inactivity, particularly as more and more economically inactive people cite long-term sickness as the reason they are not in work. This poses a considerable challenge for the Government's target to increase the employment rate to 80%. Employers can and want to play a part to curb this trend by prioritising the health of their workforce, and the impact they have can be maximised with support from the Government.

The CBI has been calling for an ambitious expansion of non-taxable health support to make it easier for employers to invest in the health of their workforce. The package should include

[3] We estimate the fiscal cost of this measure to be around £221-267 million annually.
Providing financial support for apprentices at or below compulsory school leaving age publicly would incur a fiscal cost to the Exchequer through money spent on training costs. We used historic apprenticeship participation data as the base of our model, and we also forecasted figure apprenticeship estimates. We also estimated the number of apprentices participating through the levy with the number of starts and broader participation data. To derive the cost to the Exchequer, we used the current national funding rate for 16–19-year-olds, and applied inflation forecasts. As there are two funding rates, we used both, thus creating a costing range. Input data for this modelling, regarding apprenticeship participation and funding rates were sourced from the gov.uk website.

making Employee Assistance Programmes (EAPs) a fully tax-free benefit allowing more employees to access mental health support, relaxing tax rules to enable early and preventative occupational health referrals, enabling employees to claim eye tests on expenses, an exemption for adult vaccinations to prepare for future pandemics, removing the cap for health screening and medical check-ups to support industries such as construction, agriculture and manufacturing where there are greater physical health risks, tax-free private GP consultations and private medical insurance.

The CBI's proposals to make EAPs and early occupational health referrals fully-tax free benefits alone could boost the economy by £2.65bn over the next four years[4]. For every one person prevented from leaving the labour market due to ill health, this will save the public finances £20,000 per year in upheld tax receipts, reduced welfare payments and costs to the NHS.[5]

The Government can chart the course for prosperity by:

Expanding the Made Smarter Programme to all regions and sectors of the economy as a part of a long-term National Technology Adoption Strategy.

Innovation and tech adoption are the key to increasing productivity, driving long-term sustainable growth and increasing living standards. If harnessed well, technology adoption can also help businesses improve resilience in their operations, making them less exposed

[4] We estimate the fiscal cost of these measures to be around £104 million annually (£13 million for EAP, and £91 million for early occupational health referrals).
Extending tax relief and exemptions to all Employee Assistance Programmes (EAP) would incur a fiscal cost to the Exchequer through forgone Income Tax revenue on the employee side, and reductions in Class 1A NICs on the employer side. As businesses can deduct Class 1A NICs from taxable profits, there would be a small gain to the Exchequer via either Corporation Tax for companies, or Income Tax and Class 4 NICs for unincorporated business owners. This marginally offsets tax losses on the employer side. This costing encapsulates the net overall effect of forgone tax revenue on employee and employer sides and operates under the assumption that 18.43% of EAPs are currently treated as taxable benefits, and not subject to exemptions. This figure is taken from data supplied by EAP providers around the proportion of their EAP services that constitute high-level legal or financial advice or cover family and dependents (taxable components of EAPs). Input data for this modelling, regarding EAP coverage, market size and revenue was sourced from the 2023 EAPA report, 'Holding it together'.

Lifting the annual cap of £500 medical treatment tax exemption per employee and the minimum 28-day absence restriction would incur a fiscal cost to the Exchequer through forgone Income Tax revenue on the employee side, and reductions in Class 1A NICs on the employer side. As businesses can deduct Class 1A NICs from taxable profits, there would be a small gain to the Exchequer via either Corporation Tax for companies, or Income Tax and Class 4 NICs for unincorporated business owners. This marginally offsets tax losses on the employer side. This costing encapsulates the net overall effect of forgone tax revenue on employee and employer sides and operates under two assumptions. First, the share of people who have been sick for 28+ days and have OH access and claim the tax relief is 21%. This figure is taken from the 2019 HMRC FOI costing of the policy, the 21% was used as an upper bound. Second, the costs in private medical treatment are equal to the costs incurred by the NHS. This assumption was done due to the lack of sufficient data on medical treatment costs in private healthcare. The effect of the first assumption is hard to tell as we don't know how the share has changed, while the second assumption likely undervalues it.
We also costed four other asks related to supporting workers' health. These are: making private medical insurance tax free for employers who offer it to all staff (£0.7-1.6 billion), removing tax on eye test reimbursements (£44 million), making employee flu vaccinations tax free (£9 million), and relaxing Cycle-to-Work scheme rules (£5-13 million). The analyses of these follow the same methodology as the EAP and the OH referral costings above, only the data were sourced differently.

[5] The estimated fiscal benefit per person prevented from leaving the labour market comes from underlying data in the OBR's Fiscal Risks and Sustainability Report (July 2023) where the cost to the Exchequer per person becoming economically inactive due to ill health is as follows: average increase in Universal Credit awards (£10,000), average Income Tax and National Insurance lost (£5,000), lower other taxes such as VAT and Corporation Tax from a smaller nominal economy due to lower output resulting in lower consumption and business profits (£3,700), an estimated annual average cost to the NHS of each individual moving into health-related inactivity (£900) and an element of debt interest as the OBR confirmed the costs of economic inactivity add to annual borrowing.

to external shocks. Government needs a coordinated strategy on technology adoption to address barriers and policy gaps preventing UK businesses from adopting technologies. The CBI recommends government establish a dedicated team led by the National Technology Advisor and reporting to the Secretary of State. This National Technology Adoption Strategy should aim to understand the structural challenges hindering technology adoption and formulate policy solutions and coordinate government action across departments to unlock productivity and growth through innovation.

Part of the National Technology Adoption strategy should include expanding the Made Smarter programme. This would allow businesses in low-productivity sectors to accelerate their technology adoption journeys while boosting economic growth for the country. Analysis shows that the UK has around 1.4m SMEs who make up 45% of UK GDP and 60% of the country's workforce, however, GDP per hour worked in these businesses is 17% lower than in the US.[6] Following the Government’s announcement to roll out the scheme nationally from 2025 and to all UK nations from 2026, the CBI and its members believe that expanding Made Smarter to all sectors of the economy would allow SMEs across the country to access the full range of support, advice and insight that the scheme provides, driving productivity and helping tackle labour shortages.[7]

A. Implementation Toolkit

As we have made the case, the challenges faced by businesses and the structural issues in the UK economy cannot and will not be solved overnight, the narrative we have set out above provides you with a picture of the CBI members’ focus over the next 12 months and the measures which we believe will deliver ‘multiplier effects’ across the whole economy.

Nonetheless, there are many more ways in which those high-level objectives can be supported and implemented, to stimulate growth amongst businesses of all sectors and sizes. That is why we have included an Implementation Toolkit of measures which can help you deliver on the principles we have outlined, in combination with our top asks.

Boosting productivity and business investment	
Action	**Impact on the economy**
Reforming the Apprenticeship Levy by introducing flexibility on which courses can be funded by the levy, more transparency as to how the funds are allocated, and	This would allow employers to increase productivity by enabling

[6] BPE UK Economy Tables, European Commission Digital Economy and Society Index (DESI), EU KLEMS, Opinium/BtB SME survey, Business Productivity Review and ONS analysis, WE Forum Global Competitiveness Report 2018, McKinsey analysis.
[7] We estimate the fiscal cost of this measure to be around £425 million annually.
Due to a lack of information, it is difficult to determine the exact funding required to roll out a tech adoption scheme like 'Made Smarter' to all UK regions and sectors. This costing is rooted in the Autumn Budget 2023 announcement to roll out the Made Smarter Adoption Scheme to all English regions. This figure has been scaled up in line with the absolute number of SME businesses in of each sector and region (using latest available 2023 ONS GVA data). This approach operates under the assumption that the proportion of eligible SME businesses are constant between sector. The annual figure subtracts the £16m that has already been committed to the manufacturing sector in England.

ensuring that 16-19-year-olds have equal access to apprenticeships by funding them from the Education budget. [3]	them to invest in skills aligned with their business needs.
Support people to remain in employment by delivering on the outcome of the occupational health tax incentives consultation with an ambitious expansion of non-taxable health support. This should include making Employee Assistance Programmes (EAPs) a fully tax-free benefit allowing more employees to access mental health support, relaxing tax rules to enable early occupational health referrals, enabling employees to claim eye tests on expenses, an exemption for adult vaccinations to prepare for future pandemics, removing the cap for health screening and medical check-ups, tax-free private GP consultations and private medical insurance. This would radically simplify the tax system, incentivise employers to invest in the health of their workforce and stem the flow of economic inactivity.[4]	CBI analysis shows that the EAP measure could boost productivity and generate £10 for the economy, for every £1 spent on the policy by the Exchequer. Additionally, relaxing rules on tax relief for employer-funded medical treatment recommended by occupational health specialists could produce £5 for the economy, for every £1 spent on the policy by the Exchequer.
Expanding the Made Smarter programme to all regions and sectors of the economy, as part of a National Strategy on Technology Adoption.[8] Technology adoption has a huge potential to increase productivity and resilience, and its impact can be maximised by a central strategy to support firms to harness it in the most effective way.	An expansion of the Made Smarter Programme would make technology adoption more accessible for firms of all sizes and sectors across the UK, spreading productivity gains and improving resilience in low-productivity firms.
Radically simplify the IR35 regime by introducing a 'Green Card' facility where contractors could apply to HMRC to provide certainty that their services are outside the scope. The Off-Payroll Working rules, also known as the "IR35 regime", continue to impose a significant administrative burden on businesses who hire contractors and engage small suppliers of services.	A 'Green Card' facility would simplify the process, ease pressures on businesses engaging contingent labour and expedite procurement on-boarding processes to enable new supplier contracts to be signed more quickly.
Extend full expensing to cover leased and rented assets. Many smaller businesses and those in sectors like construction, logistics, and aviation find it is more cost effective, less risky and greener to lease or rent assets rather than buy them outright. By excluding these assets from full expensing, the tax system can distort behaviour away from the commercially sensible thing to do. There is	Extending full expensing to cover leased and rented assets would result in a notable increase in business investment, with firms indicating that they would expect to rent and lease more assets if the terms were extended.

no principled reason for the exclusion – indeed, leased assets can be claimed under the Annual Investment Allowance. Government should simplify the system for every business by allowing full expensing of assets which are leased or providing for rental.[9]	
Simplify mileage allowances where employees use their own vehicles for business travel. The current mileage rate for the first 10,000 miles (45p per mile) has been in force since 2011 and the rate for above 10,000 miles (25p per mile) has not been updated since 2002 - fuel prices have increased by 98% since. 1 in 5 employers report incidences of employees objecting to making essential business trips due to being out of pocket from the outdated rates. The tax system should be simplified by having a single, uplifted rate and by merging the different sets of Income Tax and National Insurance rules, to encourage more business travel to boost productivity.[10]	Employers are refraining from paying higher rates due to additional tax and administrative reporting requirements. This is leaving employees out of pocket for making business journeys and in some cases, employees are avoiding travelling – these trips are essential for business operations, and this is a barrier to growth.
Deliver the consultation for a new VAT relief for donations of everyday items. Currently, businesses can donate goods to charities for sale, hire or export without having to be charged VAT. However, goods used by charities or given to people in need are taxed. A new VAT relief would encourage businesses to donate unsold stock - this would reduce carrying costs, improve profitability, free up warehousing space for more innovative inventory and help the civil society sector to grow.[11]	This would be supportive of growth by reducing carrying costs of unsold stock for businesses and provide more resources for the civil society sector to grow. This would also incentivise businesses to support UK households that are continuing to struggle with cost-of-living pressures.

[9] We estimate the fiscal cost of this measure to be around £2.3-3.7 billion annually.

The cost to the Exchequer is borne out from foregone Corporation Tax as a result of the relief. The analysis uses Finance and Leasing Association (FLA) data on the value of leasing and types of leasing in June 2024. This is then adjusted for private business investment growth data to derive the 2025 figures. The range provided is due to data limitations on type of assets that would not be included within the scope of the relief. The lower limit excludes all leasing of vehicles while the upper limit includes it (including those that would not otherwise benefit from access to full expensing such as car leases to private individuals) – we would expect the actual cost to be somewhere between the two.

[10] We estimate the fiscal cost of aligning only (and not increasing) AMAP rates to be £Negligible in 2025.
Aligning the AMAP rates for Income Tax purposes for above 10,000 miles (25p/mi) to the rates for National Insurance (NIC) purposes (45p/mi) would incur a fiscal cost to the Exchequer through forgone Income Tax revenue on the employee side. Alignment only should not result in changes to NIC revenues for the Exchequer, as only the rates for Income Tax would be increased to match the current rates for NIC purposes. Input data for this modelling was sourced from ONS (business and employment data, population forecasts), the Government website (distance travelled by travel mode), and from HMRC data requested under the Freedom of Information Act (distribution of annual mileage above 10,000 miles).

[11] We estimate the fiscal cost of this measure to be around £23 million if it only covers the retail industry, and £91 million if it is extended to the whole economy in 2025.
Making all donations of goods by businesses VAT-free would incur a fiscal cost to the Exchequer through forgone VAT revenue from businesses. This costing encapsulates the net overall effect of forgone tax revenue due to the policy, and operates under the assumption that micro businesses which employ 0-9 people don't donate at all and also excluded some irrelevant sectors. Our analysis is based on our in-house survey results on the share of businesses which donate goods, the value they donate, and the share of donations which have VAT. We also used the most recent ONS business count data which informs us on the number of businesses by industry. Please note that this costing covers goods donated that would be used by charities as well as goods given away by charities, whereas the scope of the Government's planned consultation on a new VAT relief for everyday items only covers goods given away by charities and so the fiscal cost would be lower in this context.

Announce a target for the UK to lead the G7 on R&D intensity by 2030, alongside clarity on previous commitments to publish a 10-year R&D budget. Setting an ambitious objective, backed by a long-term funding commitment, will provide investors with the reassurance that the UK is the best place to invest in R&D.	A strong research and innovation environment will attract investment, create positive spillovers and generate the ideas to improve standards of living for all citizens.

2. BUILDING CONFIDENCE IN THE TRANSITION TO NET ZERO

The UK must strive to reclaim its place as a leader in the transition to net zero and as a global sustainable finance centre. Whether we are able to successfully promote the UK's natural assets, innovation and international leadership will be determined by domestic delivery. And the fact that the UK's green economy grew by 9 per cent last year, at the same time as headline GDP was broadly flat, shows that clean energy can be our national engine of growth.[12]

From establishing Mission Control, Great British Energy and the National Wealth Fund to policy announcements on planning and Allocation Round 6, this government has sent a clear signal of intent, domestically and internationally. This momentum must now also extend to getting projects off the ground with final investment decisions for Sizewell C and Track-1 CCUS Clusters needed this Autumn.

Delivering on commitments made throughout the campaign cannot be achieved by government or business alone. It is well understood that the roll-out of low carbon power technology, as well as the build-out of new energy infrastructure and green exports will require private as well as public investment. To crowd in this private investment at the speed and scale required, investors require policy and regulation clarity as well as transparency on investment levels across the economy. The introduction of a Net Zero Investment Plan can help achieve this.

Businesses have benefitted from public financial institutions for access to finance for green projects. The proposals to rationalise and consolidate these under the National Wealth Fund is a good opportunity to streamline access to finance. This needs to be developed carefully, and in conjunction with businesses, to ensure that it effectively improves the investment environment.

These commitments must now be backed up by policy and institutional design, with clear implementation timelines that ensure strong alignment between sustainable finance regulatory frameworks and real economy policy to drive capital allocation and decarbonisation in tandem. This includes delivering an internationally interoperable Sustainability Disclosure Requirement regime through, amongst other things, endorsement and adoption of ISSB IFRS S1 and S2. Transition planning is emerging as an important policy tool and the Government should work with industry and civil society to further develop

[12] Energy & Climate Intelligence Unit | The UK's net zero economy (eciu.net)

proposals, including by carrying forward the recommendations of the Transition Finance Market Review.

While reforms to improve the flow of capital into green projects will be necessary to develop the right technologies and keep investment in the UK, our net zero goals can only be met if businesses have the right tools and incentives to make the most of that technology and accelerate their decarbonisation efforts. The Government should take stock of all levers available, including business taxation, as part of a comprehensive strategy to make net zero achievable for firms of all sizes and sectors.

However, constantly moving the goalposts undermines the effectiveness of any policy. The Government has made clear that further changes to investment allowances are expected under the Energy Profits Levy and this has generated yet more uncertainty for businesses trying to plan long-term investments. Proceeding without proper consultation with affected businesses risks impacting overall investment and spending on decarbonisation assets, as well as the supply chain, infrastructure and skilled people. Businesses need clarity as soon as possible about what is proposed to rebuild investor confidence.

The Government can kickstart change now by:

Linking the UK and EU carbon pricing systems

As UK industry decarbonises, effective carbon pricing mechanisms play a crucial role to support investment and create new markets in green technologies. In recent years, the creation of a national UK Emissions Trading Scheme (ETS) has presented many challenges, including a reduction in allowances, which resulted in decreased liquidity and increased price volatility. The inefficiencies of the current market have been cited as a significant impediment to investors in the market. Linking the UK and EU ETS would stabilise the carbon price and provide more liquidity, improving the attractiveness of the market and its effectiveness in accelerating decarbonisation. Critically, such linkage would negate the need for carbon borders between the UK and EU, thereby preventing carbon leakage and alleviating the significant challenges that industry is likely to encounter with the implementation of the carbon border taxation mechanism.

Utilising tax incentives to promote high-growth green technologies

The green economy offers unrivalled opportunities to meet our commitment to decarbonise by 2050 and to capture green growth that could deliver a GDP boost of up to £57 billion a year by 2030. Yet, our members tell us that the UK risks falling behind global competition. Both the US and Europe have introduced impressive reform packages to incentivise green investment, using tax credits, subsidies, grants and loans. Outsmarting rather outspending our competitors means making better use of the tax system. In our "Tax and Green Investment" report[13], we recommend a new Green Innovation Credit with a 40% headline rate to unlock R&D, a 10% Corporation Tax rate for green profits to accelerate commercialisation, and a green super-deduction capital allowance rate of at least 120% to boost capital investment. These measures will provide effective and targeted ways to drive the supply of new green products and services and encourage the adoption of green technology.

[13] tax-and-green-investment-report.pdf (cbi.org.uk)

The Government can chart the course for prosperity by:

Establishing a Net Zero Investment Plan

Establishing a Net Zero Investment Plan would ensure that public and private investment flows at the speed and scale required to meet the Climate Change Committee's balanced pathway to net zero by 2050. It should outline the investment requirements for sectors to decarbonise, targets and the delivery plan to scale-up the deployment of net zero technologies and consistent tax and regulatory responses to market barriers inhibiting project delivery. This would crowd-in private investment to maximise growth in sectors receiving public investment. The NZIP should be owned by Mission Control as part of its remit to progress delivery priorities, updated to align with the CCC's five-yearly carbon budget setting cycle or as tax, spend and regulatory commitments are operational.

B. Implementation Toolkit

Building confidence in the transition to net zero	
Action	**Impact on the economy**
Link the UK and EU carbon pricing systems to limit carbon leakage, increase market liquidity and ensure alignment with our largest trading partner. This need for a measure to maintain a level playing field has been accelerated by the Government's plans to phase out free allowances in the UK ETS, which provide vital carbon-leakage mitigation to energy-intensive and trade-exposed industry, and the EU's introduction of its own Carbon Border Adjustment Mechanism (CBAM) from 2026.	Linking the UK and EU carbon pricing systems would converge the price of carbon, leading to a more stable market with more incentives to decarbonise. It would also reduce carbon leakage and prevent UK businesses from costly compliance with the EU CBAM.
Utilise tax incentives to promote high-growth green technologies, as set out in the CBI's report on Tax and Green Investment[8], such as: • **A new Green Innovation Credit (with a headline rate of 40%)** for CCUS technologies, EVs and battery technology, heat pump technology, biofuels and hydrogen production to support R&D in key green growth areas.[14]	These measures would ensure we remain internationally competitive and help unlock private sector R&D and innovation to reach net zero and capture green markets. Particularly, they increase investment in key capital assets

[14] We estimate the fiscal cost of this measure to be around £158 million annually.
Our analysis forecasts R&D using trend forecast. The cost is borne out through losses in corporation tax from spend on EV, heat pumps, alternative fuels, and carbon capture and storage R&D per year. This assumes that all R&D spend will be eligible and claimed from the RDEC scheme. However, the CBI expects this costing to be a significant underestimate of the net cost to government of bringing capital within RDEC as it assumes that the share of turnover in a sector equals share of R&D in a sector (except for EVs) due to the lack of R&D specific data. The analysis estimates what would be the difference in the Exchequer's revenue if they used 40% R&D tax credit instead of the current 20% in these areas. The lower range refers to profit-making companies where the current effect is 15% (20% claim - 25% corporation tax) and the potential policy change

• A **lower Corporation Tax rate of 10%** for profits derived from development, manufacture and sale of batteries required for use in EVs, and commercialisation and sale of heat pumps, biofuels, low carbon hydrogen and associated storage and transportation facilities, and CCUS technologies.[15] • An **enhanced green super-deduction at a rate of at least 120% to support investment** in EVs and battery manufacture, grid improvements, low carbon power, heat pumps and retrofitting, biofuel refining and refuelling, infrastructure for deployment of hydrogen, and CCUS adoption by heavy industry.[16] • Announce VAT reforms on public charging to **reduce the rate of VAT levied on public EV charging from 20% to 5%** which will align it with VAT levied on at-home charging.[17] • **Reduce VAT on installation of energy saving materials from 20% to 0% when they form part of wider refurbishment programmes** which will align it with VAT levied on energy saving materials purchased and installed alone. • **Zero-rate the VAT on residential repairs** and maintenance which reduce a building's carbon footprint e.g. replacing single glazed windows with double glazing (currently 20%) to align with building new homes (0%).	which reduce carbon emissions or improve energy efficiency.
Establish a Net Zero Investment Plan outlining the investment requirements for sectors to decarbonise, targets and the delivery plan to scale-up the deployment of net zero technologies and consistent tax and regulatory responses to market barriers inhibiting project delivery.	This would crowd-in private investment to maximise growth in sectors receiving public investment.

would increase it to 30%, while the upper range assumes all companies are loss-making, where the effects are 16.2% and (assuming the same ratio) 32.4%, respectively.

[15] We estimate the fiscal cost of this measure to be around £238 million annually.
Our analysis uses Low Carbon and Renewable Energy Economy data, as well as Annual Business Survey data, to estimate the value of profits in the specific green sectors. Both a trend forecast, and a GDP deflator forecast were used to estimate the value of profit for 2024-25 from which the cost estimate is applied. The cost is borne out to the Exchequer through a loss in Corporation Tax due to the decreased corporation tax in these areas. This costing is quite uncertain and does not attempt to estimate a behavioural response to the relief. The data itself is from an experimental dataset and so there is a large potential for a margin of error.

[16] We estimate the fiscal cost of this measure to be around £389 million annually.

This analysis uses Low Carbon and Renewable Energy Economy data to estimate the value of qualifying green investments in the UK economy. A trend forecast is used to estimate the value of investment and number of businesses for 2025-29 from which the cost estimate is applied. The cost is borne out to the Exchequer through a loss in potential corporation tax from the relief. This costing is quite uncertain and does not attempt to estimate a behavioural response to the relief. The data itself is from an experimental dataset which suggests investment in green sectors decreases, and so there is a large potential for a margin of error.

[17] We estimate the fiscal cost of this measure to be around £33 million annually.

The analysis is based on the number of Battery Electric Vehicles in the UK as of July 2024 and the weighted average cost of charging via slow, fast, rapid and ultra-rapid charge points. The vast majority of charging takes place at home or at work - a Which? survey showed that 13% of all charging in 2021 was done with public chargers and forms the base of the analysis.

Introduce a Net Zero Test that requires all government departments to assess tax, spend and regulatory changes against the UK's climate and environment commitments. This should include impact assessments of major government budgets and spending reviews, published in coordination with the Office for Budget Responsibility.	Doing so would give investors confidence that all government policy-decisions are aligned to deliver the Climate Change Committee's balanced pathway to net zero by 2050.
Outline, and act on, a **clear timeline to deliver on commitments included in the Green Finance Strategy** and Labour's 'Financing Growth' plan, including consulting and engaging meaningfully with business to ensure that measures are proportionate and achieve their stated objectives.	This would reestablish market confidence and minimise market distortions via appropriate sequencing of policy, regulatory, and reporting changes.
Recommit to the timeline outlined in 'Sustainability Disclosure Requirements: **Implementation Update 2024'**, appropriately sequencing novel disclosure requirements in consultation with business where necessary.	A timeline would enable firms to plan and implement operational changes to support new disclosure requirements, while minimising disruptions.
Fully endorse, and subsequently **adopt, the International Sustainability Standards Board (ISSB) standards**, without substantive changes. Any required transitional and proportionality measures should employ the ISSB's relief measures.	The standards would reduce compliance burdens for firms reporting in multiple jurisdictions, while improving the comparability of sustainability- and climate-related data across jurisdictions.
Ensure that **ISSB-aligned disclosure requirements should be mandatory for a wide-set of non-financial firms**, and that implementation of requirements is appropriately sequenced between financial and non-financial firms.	This would avoid unintended consequences because of inappropriate sequencing, e.g. constraints on financing of SMEs due to information asymmetries.
Clarify proposals on **transition planning,** acknowledging the need for transition planning to apply to a wide-set of non-financial firms, and consult on transition planning for large businesses.	Clarity would ensure policy design of transition plans is effective as a tool for supporting long-term planning, as well as firm and investor engagement.
Retain the Network Charging Compensation (NCC) scheme. Electricity network charges continue to be one of the highest in Europe, which financially disadvantage Energy Intensive Industries in the UK.	Relief on high network costs will support the international competitiveness of Energy Intensive Industries and support those businesses/sectors seeking to decarbonise through electrification.
Re-establish the UK's leadership in Carbon Capture and Storage (CCS) with firm commitments and a progressive timetable for deployment. Business and investors need to have confidence that the timing of the Track 1 projects for Final Investment Decision (FID) will be safeguarded, and that clear timelines are	Sticking to target dates and providing a clear timeline for subsequent CCS deployment opportunities will underpin investor confidence and supply chain development in the decarbonisation

issued for Track 1 Expansion and Track 2 projects, and an outline for industrial clusters beyond Track 2.	of UK industry and minimise deindustrialisation.
Maintain and accelerate the award of electrolytic ("green") hydrogen projects through the Hydrogen Allocation Rounds (HAR) process. As part of this commit to set out a vision for an initial core hydrogen pipeline network, as recommended by the National Infrastructure Commission to provide investors and business with clarity on identification of key sites and routes. In addition, establish similar progress with the development of steam methane-CCS ("blue") hydrogen production, so that investment in hydrogen storage and large-scale hydrogen production can be realised.	Development of hydrogen production (both green and blue) are essential as part of the energy mix to decarbonise UK Energy Intensive Industries and to provide potential opportunities for the decarbonisation of heavy transport. The UK needs to accelerate hydrogen production to meet its 2030 10 GW target.

3. OPTIMISING THE CROSS-CUTTING ENABLERS OF GROWTH

To achieve long-term sustainable growth, government must focus on investing in the foundational building blocks of the economy that impact firms of all sectors and sizes. This means leveraging key enablers such as taxation, regulation, infrastructure, and capital markets, which in turn can help boost trade and investment.

Businesses have told us that it is these fundamentals in the economy, like the planning system, which are holding back domestic investment. The Chancellor's focus on planning and the announcement of the Planning and Infrastructure Bill are welcome developments. If implemented correctly, these initiatives can unlock the delivery of essential housing and infrastructure, which are key enablers for economic growth. Moreover, simplifying the regulatory framework could help reduce duplication and inconsistencies, leading to faster decision-making, lower compliance costs, and a reduced burden on businesses, allowing them to focus on innovation and investment, contributing to a more dynamic economy.

Building on these regulatory improvements, businesses are calling for investment in national infrastructure to boost connectivity and productivity and meet our net zero objectives. Speeding up grid connections for renewable energy projects and modern infrastructure like datacentres is critical. Recent government announcements to support the development of infrastructure, through revisions to the National Planning Policy Framework (NPPF), as well as reversing the onshore wind ban and expanding the Nationally Significant Infrastructure Project (NSIP) regime are positive steps in this direction. Optimising infrastructure as an enabler means keeping a laser focus on capital investment and taking a long-term view to prioritise critical projects which crowd-in private finance and help boost productivity in the long run.

To fully realise the potential of these initiatives, business leaders are eager to work in partnership with the Government to contribute their expertise and accelerate delivery. For complex initiatives such as the nationalisation of railways and major infrastructure projects, this means creating stability through long-term planning, and taking a collaborative approach to policy, funding, procurement and delivery, to establish a sound public-private partnership. This will allow businesses to plan effectively and act with certainty, which is essential to deliver an industrial strategy that enables economic growth.

A core pillar of this strategy should be maintaining the UK's reputation as an attractive investment destination. This will not be possible if the corporate tax environment becomes uncompetitive and unstable. The Chancellor must take a long-term approach to tax policy and make decisions through the lens of certainty and competitiveness, starting with the publication of a Business Tax Roadmap. The roadmap should cover the main taxes administered by businesses to deliver a simpler, more digitised and proportionate tax system, following the principles set out in the CBI's Business Tax Roadmap.[18] This would provide clarity and direction, giving businesses the confidence to invest and plan effectively. The Government's pledge not to increase Corporation Tax, VAT or National Insurance, and their promise to reform business rates and retain key investment reliefs such as Full Expensing and R&D tax credits is a welcome first signal. A commitment to no further sector-specific taxes – windfall or otherwise – and an assurance to businesses that no rises in National Insurance also applies to employers as well as workers, would help to restore the UK's reputation as a stable investment destination.

Complementing a competitive tax regime, reforms in capital markets are crucial. The last 25 years have seen a significant decline in UK capital markets' liquidity, raising concerns about their international competitiveness and ability to support the UK economy. It is vital that the Government continues to work with investors and industry to reverse this trend, improve the competitiveness of our regulatory framework, and reset the relationship between boards and investors to support high-quality engagement. A vibrant listed equity market is crucial not only for listed businesses but also for unlisted, high-growth firms as they mature. The government's ongoing capital market reforms, Pensions Investment Review, and Stewardship Code review are welcome steps, and it's important that listed equities remain central to these discussions. Alongside these developments, the CBI would like to see the Government deliver on its commitment to explore reforms that will make the British Business Bank even more effective in fulfilling its remit, by moving away from programmatic budgets and introducing a permanent capital base. This will enable quicker decisions and more appropriate access to capital for businesses looking to scale up.

Finally, delivering an industrial strategy will require a secure and resilient economy. The rise of geopolitical tensions, increasing protectionist trends, and the higher number of cyber-attacks demonstrate how external events influence UK competitiveness. Entrenching resilience across the economy is a priority both for the Government and businesses, who want to see this recognised in a central strategy to kick-off an effective partnership between the private and public sector to assess and manage risks more effectively.

[18] Business Tax Roadmap: A roadmap for 2024 and beyond | CBI

The Government can kickstart change now by:

Launching a comprehensive reform of the business rates system

Businesses from all regions of England told the CBI that the current business rates system is too complex, unpredictable and unfair – factors that dampen productivity and economic growth. The Government has already committed to reforming the rates regime but insists that overall revenue must remain the same, which makes root and branch reform almost impossible and risks simply creating new and different imbalances. The CBI is calling for the Government to take bold action and announce a consultation to move to a progressive slice-based system, which would remove cliff-edges and disincentives to invest. Until this change can be implemented, Government should look to freeze both the standard and small business multipliers until the next revaluation as well as provide bridging support for sectors most affected by the transition. This will help businesses operate with more certainty and invest with confidence. This additional stability would provide better conditions for investment and boost economic growth.[19]

Reforming the planning system

The current planning system in the UK has long been perceived as a significant barrier to economic growth. Its slow and cumbersome processes have stifled progress, impacting the delivery of essential housing, infrastructure, and decarbonisation initiatives. Inconsistencies and variations in planning practices, often influenced by local politics, have eroded investor and contractor confidence, leading to delays in critical projects. Following the reform to the National Planning Policy Framework (NPPF), the Government should take steps to build capacity within the planning system by ensuring any planning fee increases are ringfenced. Government should also allow applicants to pay for independent consultants employed by the Local Planning Authority (LPA), as well as piloting the use of Planning Hubs as recommended in the CBI's 'Planning for Growth'[20] report. This would help build capacity within LPAs and result in faster approvals for businesses and better outcomes for communities.

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[19] We estimate the fiscal cost of this measure to be around £477 million in 2025/26.
Resetting the multiplier to a lower rate would incur a fiscal cost to the Exchequer through forgone business rates revenue on the employer side. This 2025/26 fiscal cost reflects forgone revenue from freezing business rates, as opposed to uprating them in line with September 2024 CPI inflation. Thereafter, our costing draws from the CPI forecast from the OBR's March 2024 Economic and Fiscal Outlook. This costing assumes that the reliefs will also scale based on inflation forecasts and the gross payable value. It also operates under the simplifying assumptions that all businesses are subject to the higher UBR, and total rateable value is constant throughout the costing period. The costing applies to England only as devolved institutions are responsible for non-domestic rates in Scotland, Wales and Northern Ireland.

[20] Driving investment: Planning for growth | CBI

The Government can chart the course for prosperity by:

Increasing access to capital through pensions reform

Boosting business investment and improving the depth and liquidity of capital markets are vital to the success of the Government's industrial strategy. The Government's upcoming review of pension policy is a good opportunity to establish if there are further policy levers that could be pulled to ensure pensions capital is deployed more productively. This should include a variety of asset classes, from listed to unlisted equities, as well as infrastructure.

While historically pensions capital has bolstered UK business, some parts of the sector have withdrawn from productive investment in recent decades. Reflecting the sector's maturity, £199.7 billion is now held in aggregate surplus across 3,163 Defined Benefit (DB) schemes, while the aggregate portion of DB schemes' assets invested in equities has fallen from 61% in 2006 to 18% last year.[21] Introducing a requirement in law that trustees return excess surpluses following a request from the sponsor would allow for this idle capital to be put to better use by employers. With a 25% tax levied on surplus refunds, there is also a significant upside for the Treasury. If only 10% of the aggregate surplus above full buy-out level were returned, that would mean approximately £15bn back in the investment budgets of employers and £5bn for public-services.

Similarly removing the legislative requirements that mean the Pension Protection Fund (PPF) has to charge a levy it does not need could return approximately £100m a year to employers' investment budgets.

C. Implementation Toolkit

Optimising the cross-cutting enablers of growth	
Action	**Impact on the economy**
Launch a reform of the business rates system as set out in our 2024 Business Rates Reform Report[22] by: • Announcing a consultation to move to a progressive slice-based system of taxation. • Freezing standard and small business multipliers at current levels until the 2026 revaluation. • Providing a bridge for businesses facing a cliff-edge in support, such as retail, hospitality and leisure. • Reforming improvement relief to better incentivise investment. • Delaying the introduction of duty to notify to the 2028/29 financial year. • Implementing annual revaluations from April 2029.	A thorough reform of the business rates system with interim support would provide more certainty for businesses whilst the Government works to build a fairer and more competitive system which can attract and promote more business investment.

[21] The purple Book 2023 (ppf.co.uk)

[22] The path to business rates reform | CBI

Continue reform of the planning system with increased capacity. Ensure any fee increases are ringfenced to genuinely improve the planning system. Allow applications to pay for independent consultants to be employed by the LPA, as well as piloting the use of Local Planning Hubs, as recommended in the CBI's Planning for Growth report.	The planning system currently is slow and riddled with delays. Reforms to improve the capacity of LPAs can help speed up the approval of applications, supporting business investment .
Increase access to capital through pensions reform . A total of £199.7 billion is now held in aggregate surplus across 3,163 Defined Benefit (DB) schemes. Introducing a requirement in law that trustees return excess surpluses following a request from the sponsor would allow for this idle capital to be put to better use by employers.	Enabling DB schemes to return surpluses where benefits are secured can help drive higher investment.
Publish a plan for a long-term UK tax roadmap to be co-designed with business. To be truly effective, any long-term business tax framework must cover more than just Corporation Tax and consider all taxes administered by businesses including business rates, employment taxes and VAT. It should be guided by key principles: • **Certainty**: The Government should provide a coherent vision for the business tax system with clear timelines and realistic lead-in times, giving businesses the stability and certainty to plan long-term. • **Simplicity**: Simplification should be prioritised in all tax reforms and new measures. Impractical or burdensome areas should be identified and designed out to make it easier for businesses to pay the right amount of tax – this should be expedited through a streamlined ministerial approval process, and budget justifications should not hold back reforms with minimal fiscal impact. • **Digitalisation**: Accelerate HMRC's transformation from an analogue to a digital department. Overseas tax authorities using digital processes can achieve in minutes what takes HMRC weeks or months. • **Proportionality**: Tax policy should ensure compliance costs are proportionate to the revenue raised. • **Agility**: The tax system must keep pace with a dynamic economy and future challenges. Outdated rules still clash with modern working practices 4 years on from the pandemic. The OECD's global minimum tax regime warrants a de-cluttering of the UK's tax rulebook. • **Competitiveness**: Tax is a key factor in multinationals' decision-making of where to invest.	A world-class, efficient tax system can enhance the ease of doing business in the UK. **Certainty** and knowing the return on investment will boost business confidence. **Simplicity** and tax code cuts can be as impactful as reductions in headline rates of tax. **Digitalisation** should make life easier for businesses dealing with the tax system rather than increasing data reporting for HMRC. Appreciating true compliance costs in tax policymaking, including internal resources and external fees, means these key cost components are **proportionate** when businesses consider investment cases. An **agile** tax system will ensure the rulebook always has its fingers on the pulse of today's fast-moving economy. A moratorium on unpredictable windfall or sector-specific taxes would restore the UK as a reliable investment destination that is open to all business and keep our tax system **competitive**.

The Government should act if the UK falls behind our competitors.	
Ensure the UK remains attractive to globally mobile innovative companies by expanding R&D tax credits to include capital expenditure. This would create a simple, competitive offer that encourages investment in facilities and people in the UK, in line with our competitors in France and Ireland. Currently, the inability to claim for capital spending related to R&D affects businesses' decisions to base long-term innovation projects in the UK. Although first-year capital allowances are available, they provide no immediate benefit to loss-making businesses, which often include the most innovative startups. This change would help anchor investment in the UK, fostering a more sustainable and innovative business environment.[23]	Expanding the R&D tax credit regime to include capital expenditure would create an incentive that is more effective at impacting marginal R&D investment decisions. It would also help to increase the commercial viability of investing in capital for R&D purposes, which in turn would drive further investment and bring the UK in line with international competitors.
Outline plans to consult on the creation of the proposed ten-year infrastructure strategy and give clarity around the creation of National Infrastructure Service Transformation Authority (NISTA). The infrastructure strategy will be crucial in giving the private sector long-term policy certainty in infrastructure delivery, after confidence was hit following the reversal of Phase 2 of HS2. It is essential there is clear visibility over the future pipeline of projects within the strategy, especially in areas like rail.	This gives businesses the time to plan and encourages private investment into infrastructure projects. NISTA will be key in delivering on the Government's infrastructure ambitions. Businesses want to see clarity and timescales on the formation of NISTA, ensuring the body proactively works with industry in developing its plans.
Set out a strategy on National Resilience that explores: • The role of government in addressing systemic risk and how to bring businesses more effectively into discussions on foreign policy priorities; • Actions to harness collective efforts with business both by building the engagement architecture and leveraging the expertise of the private sector; and • Policy that will help businesses build their own operational resilience including through information provision.	A clear strategy on national resilience will give businesses more information and clarity as to the tools available to build their resilience, cumulatively helping to build a more secure and resilient UK economy.

[23] We estimate the fiscal cost of this measure to be around £830 million annually.

This analysis forecasts capital expenditure for R&D using UK Private Business Investment spend from Oxford Economics' Global Economic Model. The cost is borne out through losses in Corporation Tax from the associated business capital spend on R&D per year. This assumes that all capital-related R&D spend will be eligible and claimed from the RDEC scheme. However, the CBI expects this costing to be a significant overestimate of the net cost to government of bringing capital within RDEC as it does not take into account an expected reduction in claims for the current R&D first year capital allowance (RDAs). As the maximum cost to government of RDAs is 25% of the value of the investment made (being the Corporation Tax that is not paid by companies which claim the RDA), and the net cost of tax credits under the combined R&D scheme is 15% of the investment (up to a maximum of 16.2% for loss making companies, where credits will be net of Corporation Tax at 19%), it is possible that the entire cost of bringing capital spending within R&D tax credits could be negated – leading to an increase overall in government revenue.