28th September 2018

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

Dear Chancellor,

AUTUMN BUDGET 2018: SUBMISSION FROM THE BRITISH CHAMBERS OF COMMERCE

I write today on behalf of the 53 accredited Chambers of Commerce across the UK, together representing tens of thousands of business members of all shapes and sizes, which collectively employ nearly six million people across the UK.

Context

Chamber business communities understand that the Government faces pressure to act on a wide range of priorities, including the funding of the National Health Service. However, there is widespread concern amongst businesses that political commitments to huge, unfunded current spending promises will come at the expense of vital measures to boost growth and productivity – or more ominously, in the form of tax rises that make UK companies less likely to invest here at home, and less likely to compete successfully around the globe.

At a time when businesses and communities face unprecedented economic change, a Budget that fails to prioritise competitiveness and investment would severely undermine the UK's long-term economic growth prospects during this period of heightened uncertainty.

The Economy

Despite strong performances by some firms, there are signs that economic conditions are becoming more challenging. Our own Quarterly Economic Survey – UK's largest and most authoritative private-sector business survey, and a lead indicator for UK GDP growth – suggests that UK economic conditions remain sluggish. The retail sector continues to report tougher trading conditions with real-world impacts on high streets across the UK. Businesses across the country continue to report significant difficulties in trying to access skills. Both manufacturing and services firms say they are under pressure, particularly from rising input costs, which is squeezing margins and weakening business growth.

The BCC's latest economic forecast suggests that the UK economy will remain locked onto a low growth trajectory unless decisive action is taken. We are currently forecasting UK GDP growth of 1.1% for this year, which if realised would be the weakest since at the height of the financial crisis in 2009.

Brexit

With just six months to go until the UK leaves the EU, firms are losing patience as their pragmatic concerns continue to be drowned out by political noise. UK businesses need answers to plan for the future with confidence. Brexit uncertainty continues to weigh heavily on many firms and the lack of precision on the nature of the UK's future relationship with the EU is lowering expectations for both business investment and export growth, and worryingly this effect is most pronounced amongst our largest and most internationally active firms. Our evidence clearly shows that the current drag effect on business investment and net trade is likely to intensify in the event of a disorderly Brexit **(see Annex A)**.

While we are pleased that the government responded to our campaign to avoid a cash flow 'time bomb' for traders by introducing postponed accounting for import VAT, the BCC's Brexit Risk Register highlights many more areas where the lack of clarity on Brexit is having a direct impact on business operations and decision-making, including workforce issues, supply chain delays, and difficulties agreeing long-term contracts. Uncertainty on the UK's future approach to industrial standards and regulation are also areas where businesses are facing obstacles and tough choices.

As Brexit talks continue, businesses across the UK want negotiators on both sides to knuckle down and deliver tangible results that enable them to plan for the future. Firms need clarity, precision, and answers to their real-world, practical questions – and they need them fast. There is no time to lose. People's livelihoods, major investments in our towns and cities and business confidence are all at stake.

2018 Autumn Budget

The diverse array of businesses that make up the membership of Chambers across the UK believe that while getting a good Brexit deal is vital, it is not the only challenge facing the UK economy. Indeed, many of the biggest challenges and opportunities facing the UK economy have little or nothing to do with the UK's departure from the European Union. The best Brexit deal imaginable won't sustain our competitiveness if the fundamentals for growth aren't right here at home. Productivity, skills, and connectivity – all long-standing challenges for the UK – must be improved to enable businesses to drive our success through Brexit and beyond.

In addition to the costs associated with preparing for Brexit, companies continue to face unacceptably high input costs, which weigh heavily no matter the stage of the economic cycle, company performance or ability to pay. In addition to high business rates, a higher National Living Wage, Immigration Skills Charge and the shortcomings of the Apprenticeship Levy, firms above the VAT threshold are facing significant additional investment in the race to become compliant ahead of the introduction of Making Tax Digital next year.

Such costs are causing many firms to implement cost reduction measures, and weigh down on firms' ability to invest, recruit and grow their business, particularly during this time of heightened uncertainty.

The 'business as usual' approach which has characterised recent fiscal events is no longer sufficient in the face of a sluggish economy and continued Brexit uncertainty. Crucially, with most of the economic impacts of Brexit yet to come, the process for getting the UK economy ready for a post-Brexit world must start now.

Therefore, the BCC believes that the focus of the Autumn Budget 2018 must be on radical measures to bolster business investment, competitiveness and productivity in the face of Brexit headwinds – without which business communities across the UK will be ill-equipped to overcome the significant period of change that lies ahead.

The British Chambers of Commerce therefore proposes action in seven key areas:

- **An exceptional 'Brexit Investment Incentive' –** with the Annual Investment Allowance boosted to £1m to 'crowd in' both domestic and international investment – and stem the weakening in business investment in the face of Brexit uncertainty.
- **Introduce a Business Rates Investment Incentive –** ease the drag effect of this uniquely iniquitous business tax on investment by providing a 12-month delay before rates are increased when an existing property is expanded or improved and also before rates apply to a new build property.
- **A commitment to no new taxes or costs on businesses for the remainder of this parliament** - giving businesses the headroom to adjust to Brexit and to invest, recruit and grow.
- **Deliver real UK-wide reform to the apprenticeship levy and drop SME co-funding for apprenticeships in England –** to ensure that the training system works for everyone and eases the UK's chronic skills shortage.
- **Delay the roll-out of Making Tax Digital for all businesses by one year** – to provide HMRC and businesses with the headroom to prepare for this major change to the way tax is collected.
- **Abandon the uprating of business rates for the next two financial years for all businesses on the high street in town and city centres** - to ease the financial burden on struggling businesses as they go through significant structural changes.
- **Provide the funding needed to achieve full mobile coverage along transport corridors (road and rail)** – a crucial step to improving digital connectivity and productivity for businesses that need to communicate with new and existing customers, suppliers and employees.

We have purposely focused on targeted, affordable change which if delivered would drive greater investment in people, property, infrastructure and capital, lifting both UK growth and productivity.

Attached to this letter are three documents that outline the BCC's view on current UK economic conditions, our proposals and their estimated cost. I look forward to meeting soon to discuss our proposals in greater detail – and cannot emphasise enough the need for a bold, pro-enterprise Budget at this critical time.

Meantime, if you have any queries regarding these proposals please contact Chloe Bukata, Public Affairs Manager at the BCC, in the first instance on 020 7654 5819 or c.bukata@britishchambers.org.uk

Yours sincerely,

Dr Adam Marshall
Director General

CC: **Rt Hon Greg Clark MP, Secretary of State for Business, Energy and Industrial Strategy**
Rt Hon Damian Hinds MP, Secretary of State for Education
Rt Hon James Brokenshire MP, Secretary of State for Communities and Local Government
Rt Hon Margot James MP, Minister of State for the Department for Digital, Culture, Media and Sport
Rt Hon Elizabeth Truss MP, Chief Secretary to the Treasury
Rt Hon Mel Stride MP, Financial Secretary to the Treasury

ANNEX A: BCC VIEW ON CURRENT UK ECONOMIC CONTEXT

UK ECONOMIC GROWTH PROSPECTS

The latest official data revealed that the UK economy grew by 0.4% in the second quarter of 2018, up significantly from the growth of 0.1% recorded in Q1. However, the figures for Q2 were flattered by a very weak first quarter, and so do little to alter the UK's lacklustre growth trajectory. Indeed, UK quarterly GDP growth has been below its historic average of 0.6% for six successive quarters, the longest period of below average growth since the 2008/09 recession.

This is mirrored by the BCC's Quarterly Economic Survey – UK's largest and most authoritative private-sector business survey, and a lead indicator for UK GDP growth – which suggests that UK economic conditions remained sluggish in the third quarter of 2018. Businesses across the country continue to report significant difficulties in trying to access skills. In the service sector, the percentage of firms attempting to hire new staff fell to its lowest level since 1993. Both manufacturing and services firms say they are under pressure, particularly from rising input costs, which is squeezing margins and weakening business growth.

The BCC recently downgraded its growth expectations for the UK economy, forecasting GDP growth for 2018 at just 1.1% (down from 1.3%), which if realised would be the weakest since at the height of the financial crisis in 2009. The BCC has also downgraded its GDP growth forecast for 2019 from 1.4% to 1.3%. Our latest forecast implies that by 2020 the UK economy will have experienced its second weakest decade of average annual GDP growth on record.

UK INVESTMENT

Business investment fell by 0.7% in Q2, the second successive quarterly decline. The BCC's latest Quarterly Economic Survey revealed that the number of businesses reporting that they are intending to invest fell for the second successive quarter in Q3, and business confidence for both sectors also fell again. The UK economy remains far too reliant on consumer spending, which currently accounts for around two-thirds of UK GDP, seven times higher than the share of UK GDP accounted for by business investment. The UK also has the lowest average total investment as a percentage of GDP in the G7 over the last twenty-five years:

Table 1: Average total investment as a percentage of GDP

G7	25 year average (%)
Japan	25.5
Canada	22.1
France	21.9
US	21.1
Germany	21.0
Italy	19.7
UK	**17.3**

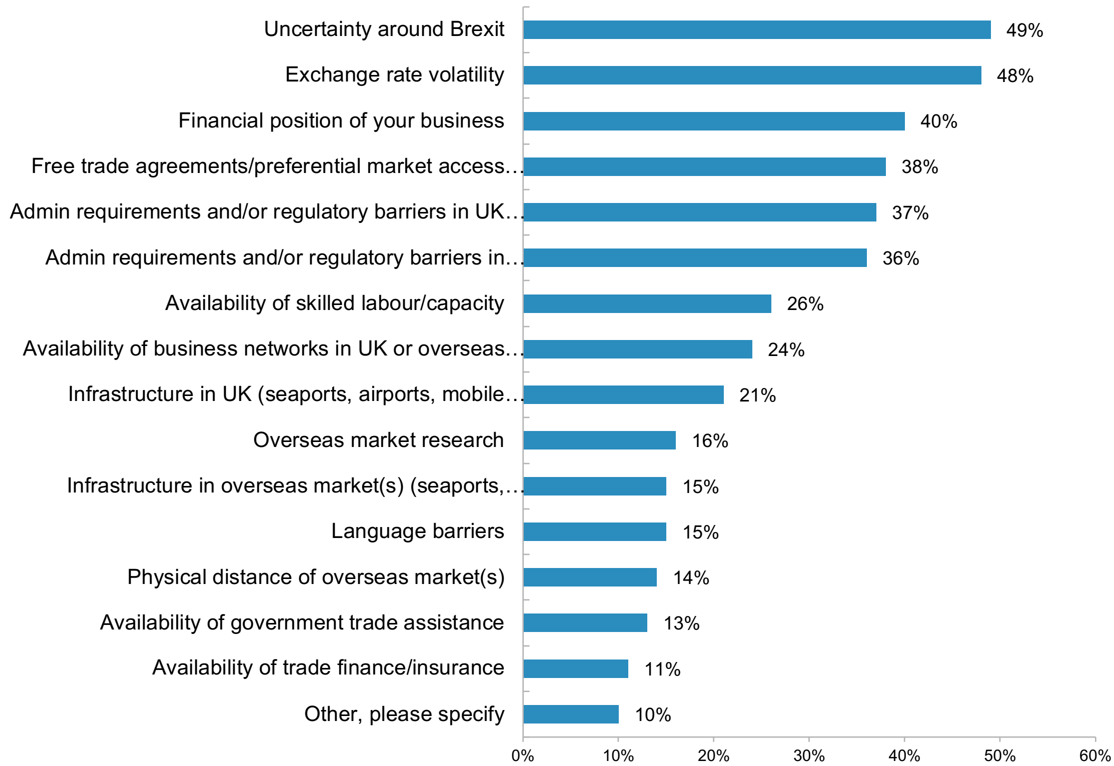
Source: IMF

As a consequence, our latest outlook for investment is more subdued than in our previous forecast with persistent economic and political uncertainty expected to increasingly weigh on investment intentions. The BCC currently expects that UK business investment will grow by just by 1.0% in 2018, 1.2% in 2019 and 1.4% in 2020, below the historic average. The high upfront cost of doing business in the UK and the ongoing uncertainty over the UK's future relationship with the EU are expected to continue to stifle business investment.

BREXIT

Brexit uncertainty continues to weigh heavily on many firms, and the lack of precision on the nature of the UK's future relationship with the EU is lowering expectations for both business investment and export growth. Our evidence shows that the current drag effect on business investment and net trade is likely to intensify in the event of a disorderly Brexit. The BCC's 2018 Trade and Brexit Survey of over 2,500 businesses found that 'uncertainty around Brexit' is now the top factor for businesses when making decisions about trading internationally:

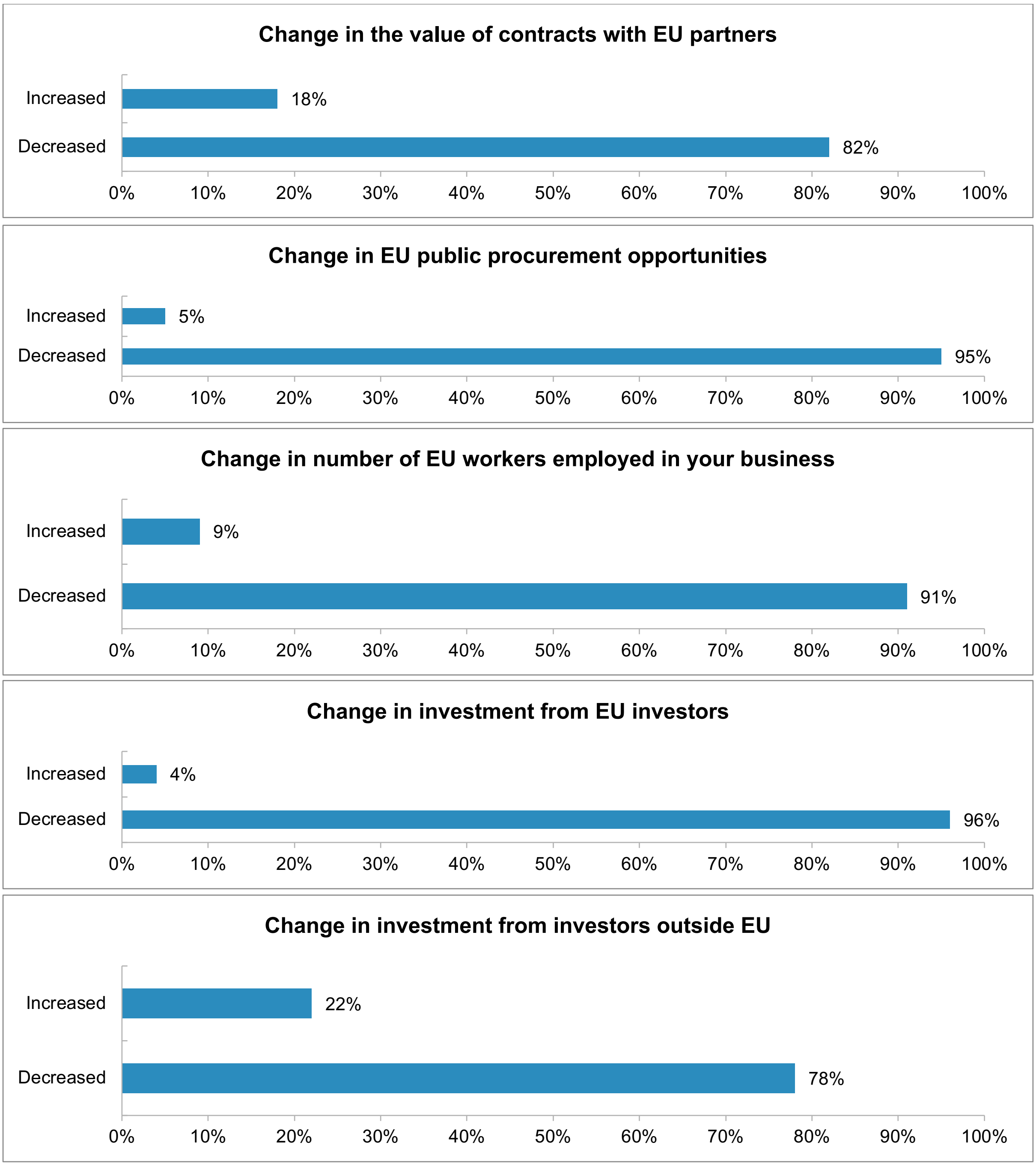
Chart 1: Which of the following factors are important to your business when making decisions about whether (or how much) you import or export?



Source: BCC 2018 Trade and Brexit Survey

Our research also shows that while only a minority of businesses have experienced Brexit linked changes, the impact on those firms has been overwhelmingly negative **(See Chart 2)**.

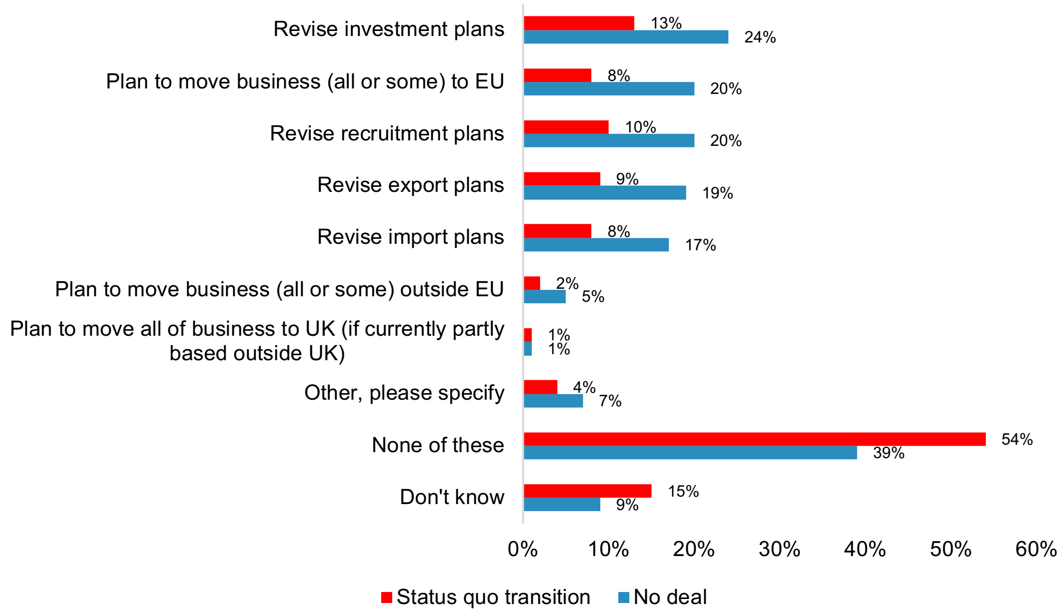
Chart 2: If you have experienced the following over the past twelve months. What was the direction of travel?



Source: BCC 2018 Trade and Brexit Survey

Firms remain deeply concerned about the possibility of the UK leaving the EU without a negotiated settlement and the potential impact on their ability to trade and grow. The BCC's 2018 Brexit and Trade Survey found that around one-fifth of firms will make changes in the event of a no-deal compared to one-in-ten if there is a status quo transition **(see Chart 3)**.

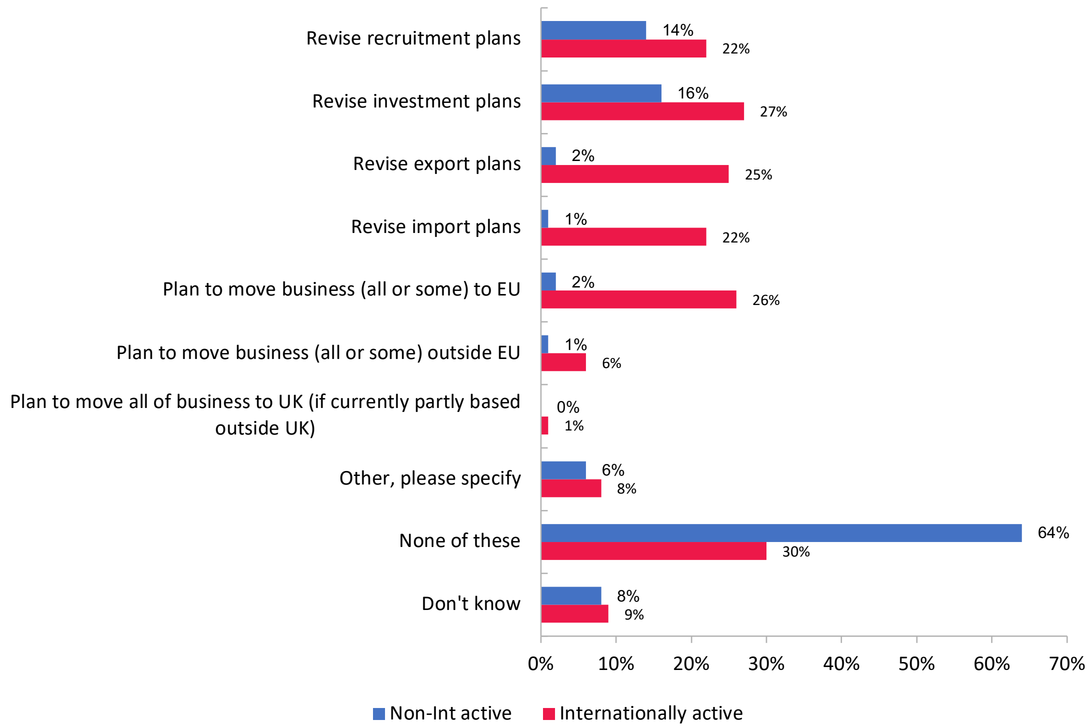
Chart 3: If the UK and EU agree a status quo transition period after 29 March 2019, will your business do any of the following?



Source: BCC 2018 Trade and Brexit Survey

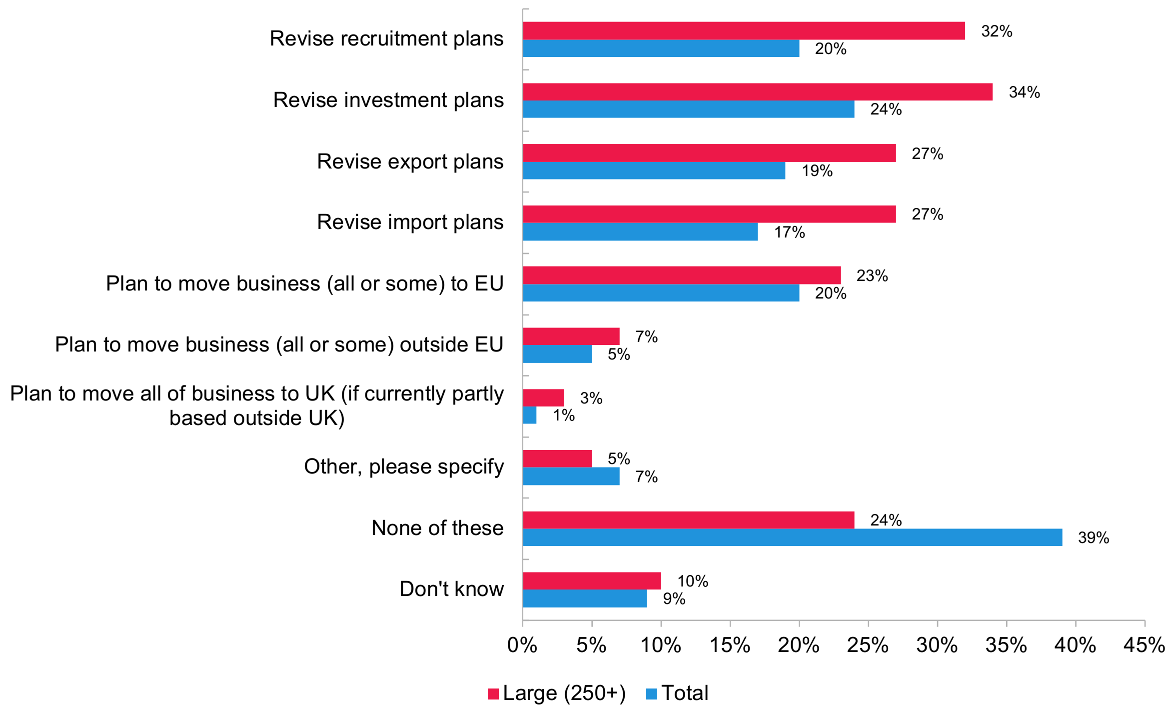
Worryingly this effect is most pronounced amongst our most internationally active firms (**see Charts 4a and 4b**).

Chart 4a: In the event of a 'no deal' Brexit, will your business do any of the following? (internationally active vs. non-internationally active)



Source: BCC 2018 Trade and Brexit Survey

Chart 4b: In the event of a 'no deal' Brexit, will your business do any of the following? (Large businesses)



Source: BCC 2018 Trade and Brexit Survey

IMPLICATIONS FOR AUTUMN BUDGET 2018

The 'business as usual' approach which has characterised recent fiscal events is no longer sufficient in the face of a sluggish economy and continued Brexit uncertainty. Crucially, with most of the economic impacts of Brexit yet to come, the process for getting the UK economy ready for a post-Brexit world must start now. Therefore, the BCC believes that the focus of the Autumn Budget 2018 must be on radical measures to bolster business investment, competitiveness and productivity in the face of Brexit headwinds – without which business communities across the UK will be ill-equipped to overcome the significant period of change that lies ahead.

ANNEX B: MEASURES FOR BOOSTING BUSINESS INVESTMENT

BREXIT INVESTMENT INCENTIVE

Brexit uncertainty continues to weigh heavily on many firms, and the lack of precision on the nature of the UK's future relationship with the EU is lowering expectations for both business investment and export growth. The drag effect on business investment and trade is likely to intensify in the event of a disorderly Brexit. In addition, the escalating burden of up-front taxes and costs are impeding the ability of firms to invest, recruit and grow their business. As a consequence, the BCC currently expects that UK business investment will grow by just by 1.0% in 2018, 1.2% in 2019 and 1.4% in 2020, stifling both productivity and growth.

The BCC has long campaigned for an Annual Investment Allowance that better incentivises business investment, so we were strongly supportive of the Government's decision in the 2015 Summer Budget to introduce a permanent, £200,000 Annual Investment Allowance (AIA). However, more needs to be done to incentivise business investment during this period of economic and political uncertainty - now is not the time to allow concerns over 'deadweight' to hinder urgently needed incentives to crowd in investment.

<u>The BCC therefore calls on the government to support business investment through the Brexit process by introducing an exceptional Brexit Investment Incentive</u> which would see a temporary increase in the annual investment allowance (AIA) from £200,000 to £1 million, and expanded to include investment in training. This would provide a major incentive for firms to crowd in investment, with firms continuing to report that AIA is a crucial tool which gives them the confidence to push ahead with investments. The newly-enhanced AIA should be tapered over the next ten years so that it materially boosts investment during this critical period for the UK economy **(see Table 1)**.

Table 1: Brexit Investment Incentive, January 2019 -March 2029

Companies	AIA
1 January 2016- 31 December 2018	£200,000
1 January 2019- 31 March 2020	**£1,000,000**
1 April 2020 - 31 March 2021	**£1,000,000**
1 April 2021 - 31 March 2022	**£1,000,000**
1 April 2022 - 31 March 2023	**£750,000**
1 April 2023 - 31 March 2024	**£750,000**
1 April 2024 - 31 March 2025	**£750,000**
1 April 2025 - 31 March 2026	**£500,000**
1 April 2026 - 31 March 2027	**£500,000**
1 April 2028 - 31 March 2029	**£500,000**
1 April 2029 -	£200,000

DIRECT EXCHEQUER COST: Total of £3.4 billion (2019/20 - 2021/22)

INTRODUCE THE BUSINESS RATES INVESTMENT INCENTIVE

In its current form, the business rates system continues to be a drag anchor on investment, creating a number of perverse incentives for business location, property improvement, and plant and machinery investment.

Under the current system, as soon as a new property is built or an improvement/ expansion of an existing property takes place, the rateable value (and therefore rates bill) increases. A large number of ratepayers, of all sizes and across both the public and private sectors, claimed that this provided a disincentive and barrier to investment – and penalises ratepayers who make environmental improvement, face requirements to improve their properties as a result of regulation or invest in plant and machinery. This allows no time for the ratepayer to recoup any capital investments they have made before their higher rates bill applies.

The BCC therefore call for the introduction of a 'business rates investment incentive' to England and Wales, which would provide a 12-month delay before rates are increased when an existing property is expanded or improved, and also before rates apply to a new build property. Following the 12-month delay, the increase in business rates would be phased in over the next two years where 50% of the increase applied in year two and a 75% of the increase applied in year three.

We believe that this can be achieved as part of a wider simplification of the procedures for arriving at a rateable value through the Dutch system of floor space, use class and benchmark properties. Chambers of Commerce across the UK stand ready to help develop this proposal further, alongside other key stakeholders. HM Treasury must work with all three devolved governments, which are also in the process of reforming rates, to ensure that businesses benefit wherever they are in the UK.

	2019-20 (£m)	2020-21 (£m)	2021-22 (£m)	Average for period (£m)
Impact on uprating other relief	-37	0	-1	-12.6
Business rates investment incentive	547	549	547	547
Net Cost of business rates investment incentive	510	549	546	535

DIRECT EXCHEQUER COST: Total of £1.6 billion (2019/20 - 2021/22)

A COMMITMENT TO NO NEW TAXES OR COSTS ON BUSINESSES FOR THE REMAINDER OF THIS PARLIAMENT

In addition to the costs associated with preparing for Brexit, companies continue to face unacceptably high input costs, which weigh heavily no matter the stage of the economic cycle, company performance or ability to pay. In addition to unacceptably high business rates, a higher National Living Wage, Immigration Skills Charge and the shortcomings of the Apprenticeship Levy, firms above the VAT threshold are facing significant additional investment in the race to become compliant ahead of the introduction of Making Tax Digital next year. Such costs are causing many firms to implement cost reduction measures, and weigh down on firms' ability to invest, recruit and grow their business, particularly during this time of heightened uncertainty. There is also widespread concern that business communities will face further tax hikes to fund politically popular issues such as the NHS. Such an approach would severely undermine the UK's long-term economic growth prospects.

The BCC therefore calls on the government to give businesses the headroom needed to invest, recruit and grow by making a commitment over the remainder of this parliament to:

- No new business taxes
- No new business costs
- No new significant regulatory costs
- No rises in business taxes or costs to pay for increased current spending (whether NHS or elsewhere)
- Protect incentives for business growth and enterprise, including Entrepreneurs Relief, EIS and SEIS

NO DIRECT EXCHEQUER COST

DELIVER REAL APPRENTICESHIP LEVY REFORM AND HALT DECLINE IN SME APPRENTICESHIPS

Businesses across the UK are facing significant skills shortages, with our own Quarterly Economic Survey consistently showing recruitment difficulties at near record highs. Apprenticeships are a great opportunity for young people to develop their skills while learning on the job. But while the aim of the Apprenticeship Levy is laudable, its structure and implementation are obstacles to training the talent of tomorrow. For many levy payers it feels like a tax, or redirects funds set aside for other forms of workplace training. A 2017 BCC survey found that a fifth (20%) of businesses have seen costs increase from the introduction of the Apprenticeship Levy. At the other end of the spectrum, the funding rules mean that SMEs are facing higher recruitment costs and are unsure how and where to access quality training providers. The BCC therefore calls on the government to fundamentally reform the Apprenticeship Levy so that it is fit for purpose by:

- **Increase the flexibility of the Apprenticeship Levy** - allow employers to access Levy fund for other forms of accredited training. Restricting the Levy fund to apprenticeships has displaced budgets for other essential forms of workplace training and this could impact on business productivity. It is essential to resolve the existing problems with the Apprenticeship Levy policy before any proposals to increase or extend the Levy are considered.

- **Scrap the 10% co-investment apprenticeship contribution rule –** thereby removing an important barrier to SMEs recruiting and training apprentices aged up to 24 years. The biggest drop in apprenticeship starts is among SMEs who have seen their recruitment and training costs increase as a result of the policy. It is important to recognise the additional costs of mentoring and supporting apprentices, particularly younger apprentices, which can be difficult for small firms to absorb.

- **Allow transferring Apprenticeship Funds to boost supply chain productivity -** The facility for Levy paying firms to transfer unused funds to other businesses in their supply chain is supported. However, the 10% cap on transferrable funds is a disincentive for Levy payers as in many cases the amount is insufficient to meet the cost of an apprenticeship. We recommend that the percentage of unspent levy funds that Levy payers can transfer to their supply chain be increased from 10% to 50% over time. As well as boosting apprenticeship take up among SMEs, it could also improve supply chain productivity by encouraging larger firms to develop a closer relationship with SMEs, and support them with a wide range of innovation and workforce development issues. Transfers could be targeted to firms employing over 25s to help offset the co-investment requirement.

- **Allow levy payers to retain funds until the apprenticeship standards are in place** - The sunsetting of levy funds after 24 months penalises Levy paying firms who are unable to recruit and train an apprentice where the Institute for Apprenticeships has not yet approved the Apprenticeship Standard. Levy payers should be able to reserve levy funds until such time as the Standards are ready, even if this takes longer than two years. This could be accommodated by the Digital Apprenticeship Service system.

- **Double the funding for the Institute for Apprenticeships -** Many of the delays in the system sit with the IFA and so it needs to be sufficiently resourced to do its job properly.

DIRECT EXCHEQUER COST: Total of £855 million (Additional IFA funding + cost of scrapping the 10% co-investment apprenticeship contribution rule)

DELAY ROLL-OUT OF MAKING TAX DIGITAL FOR ALL BUSINESSES BY ONE YEAR

With less than a year ahead of its planned introduction, an alarmingly high proportion of UK businesses have little or no awareness of HM Revenue and Customs' flagship Making Tax Digital project. A recent BCC survey, in partnership with Avalara, found that with less than a year to go until the government plans to roll out Making Tax Digital (MTD), there is a widespread lack of awareness among business communities about the switch to a digitised tax system. A quarter (24%) of firms have never heard of it, and two-thirds (66%) know it only by name or some details about it. Of those that are aware of the change, just a quarter (25%) have made no preparations at all. This is a concern that MTD will be a more complex process for businesses than the current online process of manual completion of VAT returns. Business are also reporting that they are facing a huge expense to upgrade to MTD compatible software – unacceptable at a time when firms are facing a myriad of upfront taxes and costs.

The BCC is therefore calling for the introduction of Making Tax Digital to be delayed for <u>all</u> businesses until the start of the 2020/21 financial year. This would give HMRC the breathing space to engage effectively with businesses, ensure that the necessary software is in place, and raise levels of awareness about the impending changes. While steps have been taken to free-up capacity, businesses remain concerned that HMRC may still lack the resources to deliver MTD at the same time as supporting firms through the Brexit process (particularly given the level of uncertainty over the final customs arrangement), as well as day-to-day compliance issues. The delay to this initiative would also provide HMRC with the extra headroom that may be needed to support business on these vital issues.

DIRECT EXCHEQUER COST: Total of £435 million

ABANDON THE UPRATING OF BUSINESS RATES FOR THE NEXT TWO FINANCIAL YEARS FOR ALL HIGH STREET BUSINESSES IN TOWN AND CITY CENTRES

In its current form, the business rates system continues to create a number of perverse incentives for business location, property improvement, and plant and machinery investment. These unchecked increases severely aggravate already uncertain business cashflow and impose hefty new costs.

BCC remains ready to support government in successfully delivering a fundamentally reformed business rates system that:

- lowers the overall impact on business
- abolishes annual uprating and the Treasury's ability to pre-determine revenue
- delivers a significantly lighter-touch and more frequent (annual) revaluation system
- reduces the complexity of reliefs, granting them automatically where possible
- permanently applies small business rate relief, or an equivalent threshold, below which no rates apply
- is more responsive to both local economic conditions and the wider economic cycle
- removes disincentives to invest by excluding plant and machinery from valuations

We will return to many of these themes in the coming months. Of immediate concern is the rapid deterioration of the high street in town and city centres across the UK with an alarmingly high number of businesses, both large and small, closing or being earmarked for closure. This deterioration has cost thousands of jobs since the start of 2018. While there are long-term structural changes taking place, including changing consumer habits, it is unacceptable that the tipping point for many of these firms have been the unnecessarily large burden that business rates places on them. The fundamental unfairness of business rates system does not make allowances for significant structural changes that have taken place.

The BCC therefore calls on the government to abandon the up-rating of business rates for the next two financial years for all high street businesses in town and city centres to ease the financial burden on struggling businesses as they go through significant structural changes. HM Treasury should work with all three devolved governments to ensure the freeze is UK-wide. Safeguards would be needed to protect against mis-use.

The exchequer impact of freezing business rates is hard to gauge because of the complex interaction of reliefs, future inflation and economic growth. However, there are likely to be positive exchequer impacts from higher business survival rates, growth and investment, and for the wider tax base as a consequence of a freeze in business rates.

Assuming future up-ratings follow the course of predicted CPI inflation (September outturns), we can break down year-to-year increases in total revenues between the effects of up-rating and structural changes in the tax base (changes to reliefs, deferrals and the effects of economic growth):

	2019-20 (£bn)	**2020-21 (£bn)**	**Total for period (£bn)**
OBR Forecast for business rate revenue	4.7	4.8	9.5
Increase on previous year	0.1	0.1	0.2
of which CPI up-rating*	0.1 1.8%	0.1 2.0%	0.2
of which growth in tax base	0.0	0.0	0.0

Without up-rating (equivalently, assuming the outturn for September CPI is 0% in each year), we get:

	2019-20 (£bn)	**2020-21 (£bn)**	**Total for period (£bn)**
Forecast for business rate revenue	4.7	4.7	9.4
Change in revenue	-0.1	-0.1	-0.2
Cumulative change	-0.1	-0.2	-0.3

DIRECT EXCHEQUER COST: Total of £267 million (2019/20 - 2020/21)

PROVIDE THE FUNDING NEEDED TO ACHIEVE FULL MOBILE COVERAGE ALONG TRANSPORT CORRIDORS (ROAD AND RAIL)

A 2017 survey by the BCC found that 70% of UK firms experience 'not spots', areas of no mobile coverage by any operator, or 'partial not spots', where there is some coverage but not from all networks, in their local area. The reasons for patchy coverage are many and varied: from building and vehicle design to the number and location of masts and cells; from the topography of the built and natural landscapes to the technologies in phones.

To address this vital issue, the BCC launched the No More Not Spots campaign to end not spots for voice coverage for UK phone users where they live, work, travel or play. Since its launch earlier this year, the BCC's No More Not Spots campaign has identified 1,450 mobile not spots across the UK. Not spots generate understandable frustration and undermine firms' productivity and their ability to connect with customers, suppliers and employees.

Even in dense road and rail corridors access issues, the built environment, and the economics of new infrastructure can combine to weaken coverage and frustrate network rollout, impeding productivity and growth. Despite welcome progress in the rollout of mobile coverage, businesses across the country still report problems with unreliable mobile coverage with a fifth (21%) of firms saying that the UK mobile phone network doesn't meet their needs in accessing new and existing customers, suppliers and employees.

The BCC therefore calls for the government to commit the funding needed to achieve full mobile coverage along transport corridors (road and rail). This should involve match funding what was available to take superfast broadband to the most remote and hard to reach places in the UK. The government should also use the design of the upcoming spectrum auctions for mobile to ensure some of the resources committed by the operators are ring-fenced for network rollout and 'gap-busting'. The recently announced 'root and branch' review of the UK rail system should look at how full mobile coverage can be achieved across the rail network.

DIRECT EXCHEQUER COST: Total of £645 million

ANNEX C: POLICY PROPOSALS SUMMARY

Policy Proposal	2019/20	2020/21	2021/22	Total (£bn)	Average per annum (£bn)
Brexit Investment Incentive	1.1	1.1	1.2	3.4	1.1
Business Rates Investment Incentive	0.5	0.5	0.5	1.6	0.5
A commitment to no new taxes or costs on businesses for the remainder of this parliament	0	0	0	0	0
Deliver real UK-wide reform to the apprenticeship levy and drop SME co-funding for apprenticeships in England	0.29	0.29	0.29	0.9	0.3
Delay the roll-out of Making Tax Digital for all businesses by one year	0.4	0.0	0.0	0.4	0.1
Abandon the uprating of business rates for the next two financial years for all businesses on the high street	0.1	0.2	0.0	0.3	0.1
Provide the funding needed to achieve full mobile coverage along transport corridors (road and rail)	0.2	0.2	0.2	0.6	0.2
Total (£bn)	**2.7**	**2.4**	**2.2**	**7.2**	**2.4**
% of UK GDP	**0.1%**	**0.1%**	**0.1%**	**0.3%**	**0.1%**
% of Total public sector current expenditure	**0.4%**	**0.3%**	**0.3%**	**0.3%**	**0.3%**