



LIBERAL DEMOCRAT
BUSINESS &
ECONOMIC COUNCIL

BUSINESS
PRIORITIES
2023-2024

Liberal Democrat Business
& Economic Council

BUSINESS PRIORITIES 2023-2024

This document is the view of the Liberal Democrat Business & Economic Council (LDBEC) on the **Strategic Business Priorities** we believe the Liberal Democrats should adopt to demonstrate that they are the natural party of business. The document is for consultation with business, business groups and the Liberal Democrats to help establish the priorities that best support business and economic growth. LDBEC was established by leader of the Liberal Democrats, Sir Ed Davey in 2020 in response to the Covid crisis. LDBEC is a diverse business advisory board with a wealth of experience convened to provide independent advice to the party's leadership on business issues.



ENABLING BUSINESS TO ACHIEVE PROSPERITY FOR ALL

Foreword by Sir Ed Davey

Working with business leaders and entrepreneurs, I set up LDBEC in 2020 as part of the Liberal Democrats' response to Covid. Bringing together leaders and fresh thinkers from business helped me keep my finger on the pulse of what business needed - and how Liberal Democrats could champion that - to get through the unprecedented choppy waters of the pandemic.

And today's economic challenges combined remain as unprecedented as Covid was. So the need for regular advice from business leaders remains just as strong today.

From soaring energy bills and skyrocketing overheads, to the many challenges brought by Brexit and the uncertainties surrounding Government policies, too many businesses are struggling to keep their doors open - even after weathering Covid's storm.

For the Conservative Government has just made things worse. Their chaos and incompetence has meant more inflation, more red tape and more uncertainty. The lack of staff - both skilled and unskilled - is a real drag on many firms' growth, yet it has simply not been addressed. Unsurprisingly, businesses tell us they feel ignored and forgotten by Government.

But Liberal Democrats are listening - and I'm particularly grateful to Juergen Maier and the LDBEC team for their advice, hard work and great ideas in this business consultation paper. We know that business has a central role to play in turning around our country. We know that businesses are key to creating the jobs of the future, so people have real opportunities, wherever they live. And we want to fight for a fair deal for business so they can plan those roles - a positive alternative to the Government's incompetence and indifference.

This document can play a key role in shaping that positive alternative. Although not official party policy, it takes forward the conversation on how to better support business and where our priorities should lie in the coming years.

So I very much hope that you will join this conversation. I want the Liberal Democrats to be seen as and be the natural party of business - so please help us deepen our engagement with business leaders and entrepreneurs, to show how.

LDBEC MEMBERS



PROF. JUERGEN MAIER CBE, FRS, FEng, FIET, FCGI

Juergen Maier is Chair of the Digital Catapult, co-founder of voCL – a platform for responsible business voices, and Vice-Chair of the Northern Powerhouse Partnership.

Juergen is the former Chief Executive of Siemens UK - a position he held from July 2014 to December 2019. Over his 33 year career with Siemens, he held a number of senior roles

in the UK and Germany.

Juergen is Honorary Professor at Nottingham Trent University, at the University of Manchester and at Manchester Metropolitan University. He became a Fellow of the Royal Society in May 2022 and a Fellow of the Royal Academy of Engineering in September 2017. Juergen has also received honorary doctorates for his services to UK Science and Engineering from the Universities of Lincoln, Nottingham Trent, Salford Manchester, Cranfield, Sheffield, Hull, Lancaster and Manchester Metropolitan. Juergen was awarded a Fellowship of the City & Guilds Institute in 2020, in recognition of skills development support for technical apprenticeships and workplace upskilling for 4th Industrial Revolution technologies. He was awarded a CBE in the New Year's Honours list 2019.



ED COOKE, Managing Partner, Conexus Law

Ed is a lawyer and the managing partner of a fast-growing international boutique law firm advising clients working at the intersection of the built environment, technology and people. The firm helps clients to unlock innovation in the built environment and digital world, with creative legal and commercial advice to benefit its clients, its communities and the wider world.

Ed has been an equity partner in two top 20 international law firms, and was a lead lawyer on the London 2012 Olympic Park. He has worked on other major projects in the UK, across Europe, Asia and the Americas in property, digital infrastructure, rail, energy, defence, regeneration and housing.



MARK PETTERSON CEng FRSA, Co Founder, Executive Director, Warwick Energy Limited

Mark has over 40 years experience in the energy industry. He spent 10 years with BP and led teams for Total and Independent Energy before co-founding Warwick Energy Limited in 2000. He has played major roles in the liberalisation of the UK energy markets before becoming a pioneer in the renewables sector.

Mark is Project Director for all of Warwick's offshore wind farms and with three successful projects to date, totalling around 8% of the UK's capacity, he is the UK's leading independent developer in this sector. In the last ten years he has also found time to increase his involvement with the Lib Dems, social enterprises and youth homelessness charities.



HELEN CROSS

Helen is a business woman who specialises in Automation, AI and the future of work, focusing on applying new technologies such as RPA, cognitive and A.I. to help organisations to improve services to end users and increase productivity. She has worked over the last 15 years across a range of sectors including utilities, mission critical government departments and arm's length bodies.

Helen has authored market leading thinking on the impact of automation on diversity and inclusion in the public sector. For the Liberal Democrats, Helen is an elected member of the Federal Policy Committee, Chair of Liberal Democrat Women and has stood as a parliamentary candidate for Brentford and Isleworth.

JOHN MACKENZIE, Solicitor Advocate

An experienced Solicitor Advocate, John deals with a range of commercial litigation and has particular expertise in intellectual property and IT matters. He has rights of audience before the Scottish and English courts, appearing regularly before the Court of Session and the Scottish Appeal Court, and is one of the few Solicitor Advocates to have appeared before the General Court of the Court of Justice of the European Union.

John advises clients from a variety of sectors, UK-wide, including energy and utilities, banking, IT and manufacturing. He has considerable experience in leading and managing high value claims backed by third party litigation funders.





VICKY PRYCE, Chief Economic Adviser and board member at the Centre for Economics and Business Research (CEBR)

Vicky was previously Director General for Economics at the Department for Business, Innovation and Skills (BIS) and Joint Head of the UK Government Economic Service. Before that she was Partner at the accounting and consulting firm KPMG after senior economic positions in banking and the oil sector. She holds a number of academic posts and is a Fellow and Council member of the UK Academy for Social Sciences, a Fellow of the Society of Professional Economists and a Companion of the British Academy of Management.

Vicky is co-founder of GoodCorporation, set up to advise on corporate social responsibility, a patron of Pro Bono Economics and a member of the Advisory Board of the central banking think-tank OMFIF.

EMMA DEGG FRSA, Chief Executive of the North West Business Leadership Team (NWBLT)

The NWBLT brings together leaders of national and international businesses with substantial commitments and interests in the North West of England. The Team works to exert its collective influence for the long-term good of the region, economically, environmentally, culturally and socially.

She is currently a member of the independent House of Lords UK2070 Commission, Board member of Net Zero NW, Made Smarter NW, and a Trustee of 'We Mind the Gap' and Best for Britain.



JULES WHITTAKER, Project Manager for the Liberal Democrats Business and Economic Council

Over the last seven years, Jules has worked as a communications and business consultant in health and education start-ups. Before this role, she worked with a communications agency with global clients, including Novo Nordisk and Astra Zeneca. Jules worked for Ashoka UK leading communications and award-winning corporate partnerships with the Arthur Guinness Fund and Boehringer Ingelheim.

She has been a school governor for 15 years at an inner-city school that went from special measures to good during her tenure.

HENRY MCMORROW, Senior Business Development Lead

Henry manages the Liberal Democrat Business Network, having worked for the party for a number of years. Henry started his career as an intern in an MEP's office, becoming Chief of Staff for teams in Brussels and the UK. Henry was formerly the party's Head of National Campaigns and co-led the party's stop Brexit campaign. He has headed up Leader's advanced tour teams and literature operations in successive general elections.



SIR MIKE RAKE (FCA, FCGI)

Mike is currently chairman of Wireless logic ltd, Newday ltd, Phoenix Global Resources plc and Majid Al Futaim holdings llc (UAE). He is also chairman of Great Ormond Street Hospital and a Vice President of the RNIB. He is a senior advisor to Citi and is a director of Trust Payments ltd.

He has previously been Chairman of BT plc, Worldpay plc, EasyJet plc, KPMG (UK and International) deputy chairman of Barclays Bank plc and a director of the Financial Reporting Council (FRC). He has been a director of Global inc and lead director of Worldpay inc (now FIS). In addition to holding advisory positions in a number of major US, UK and European companies he has been a senior advisor to Chatham House, a member of the Oxford University Global Board for Business Reputation and a William Pitt Fellow at Pembroke College, Cambridge.

Mike has been president of the CBI, a member of Prime Minister David Cameron's Business Advisory council and Chairman of the International Chamber of Commerce (UK). He was a member of Prime Minister Gordon Brown's National Security Forum, the first Chairman of the Commission for Employment and Skills and the first Chairman of the Private Equity Oversight Group Guidelines Monitoring Committee. He has also been chairman of Business in the Community (BITC), Blueprint for Better Business and a Director of the Prince's Charitable Foundation. He was also chairman of the governors and Vice President of Wellington College.



OUR VALUES

Liberal Democrats are economic liberals who recognise that business is the principal engine of growth and prosperity in the UK. We believe in an open economy driven by free trade and fair competition. And we and our predecessor parties have consistently championed these beliefs and values over decades.

Liberal Democrats understand that policy and smart regulation can play important roles in stimulating growth in ways that are also responsive to the needs of people, our environment and communities across the UK - and we demonstrated that in Government.

During the Coalition government between 2010-2015 Liberal Democrat Ministers often led the way in championing the needs of business when Conservatives were less enthusiastic - often with great policy innovation. From Vince Cable's British Business Bank that has supported regional economic growth to the work of Ed Davey in creating a renewable energy policy framework that led the UK to become the world leader in offshore wind power, the Liberal Democrats have shown how innovation around public-private partnerships models can drive the fairer, greener economy the UK needs. They often did this in the teeth of opposition from Conservative Ministers.

As we head to the next General election, the Liberal Democrats want to develop new ideas for future partnership

working with business, to maximise opportunities for jobs and growth, especially in green technologies and across all the nations and regions of the UK. This document is key to that process.

The rapid changes in the global economy and the dramatic and unprecedented challenges of recent years demand a fresh approach - one that the Conservatives have shown themselves singly incapable of providing. From the Covid-19 pandemic to the impact of Russia's invasion of Ukraine, many of the headwinds are not unique to the UK. Yet the Conservatives' mismanagement of the UK economy has meant the UK has been battered harder, and is seeing much slower growth. So the UK desperately needs a party that both truly believes in a liberal economy and a party that is open to fresh thinking.

So in this spirit of openness, we are keen to get your feedback on the proposals in this document. They have been widely tested within the business community that already supports the Liberal Democrats. They are built on Liberal Democrat values and the party's commitment to liberal economics. Now we want to "road test" them with many more businesses up and down the UK. Let us know what you like, what you don't like and what we've missed. Share with us your ideas. Together, let's build a business agenda that can get our great country back on course again.

POLICY EXECUTIVE SUMMARY

Our proposals for eight business areas for action are split into four key business priorities and four key enablers:

THE FOUR KEY BUSINESS PRIORITIES

1 Creating a business climate to drive investment and growth.

Liberal Democrats believe that basic principles of stability, pragmatism and integrity are essential for business confidence - and so does LDBEC. We believe that stable economic policy, led by evidence and not ideology, and where corrupt practices are not tolerated, are essential for boosting investment and driving up the UK's productivity.

We argue that a focus on creating a new, stable business-friendly climate is long overdue.

2 Supercharging the technology-enabled green economy.

Technology investment and innovation must be at the heart of a new economic approach and LDBEC recommends a target of boosting Research & Development spending to 3% of GDP. Within that shift, we strongly believe in the need to focus industrial strategies on the green economy, especially new technologies and sectors like the hydrogen economy, cabling manufacture and storage technologies.

These industrial strategies can focus on regional innovation clusters to drive prosperity and jobs in less prosperous communities in the UK's nations and regions. We recommend focusing on scaling-up key green technology and infrastructure - partnering especially with energy intensive sectors and SMEs to deliver net zero industrial and commercial investment. For lower energy bills for consumers, a new long term strategy for home insulation, retrofit and home-based renewable energy generation is urgent. We propose establishing an independent Net Zero Delivery Authority to oversee the implementation of such a long-term, stable approach to our new green industrial strategy.

3 Empowering small businesses to create prosperity in local communities.

The Liberal Democrat commitment to competition and enterprise is particularly demonstrated in their long-held support for small business and self-employed people. We believe the party's traditional strength here needs to be developed further, with a specific focus on communities, high streets and technology. We recommend a new strategy to place small businesses and entrepreneurs at the centre of reinvented, vibrant high streets and communities, with a new network of community business exchanges. The strong Liberal Democrat local Government presence could help trial a network of business exchanges, working in partnership with their local SME communities. We strongly support Liberal Democrat proposals to replace business rates with a fairer commercial landowner levy, as a key way of reviving the high streets. The successful Regional Growth Fund introduced by the Liberal Democrats in Government should be revived, with a focus on turbocharging local business support services. We would also use the new subsidy legislation to co-invest with SMEs to enable them to grow.

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**“LDBEC BELIEVES
BUSINESS AND
GOVERNMENT
SHOULD WORK IN
PARTNERSHIP”**

4 Restoring the UK’s reputation as a reliable trading partner with the EU and globally.

The damage to the UK’s trading performance and reputation since Brexit has been a serious blow to many businesses, and the Liberal Democrats were right to vote against the disastrous Trade Deal signed by Boris Johnson. So we endorse the Party’s policy of rebuilding trust and cooperation with our European partners through a four-step process, starting with repairing the damage caused by the Conservatives, and ultimately applying for membership of the single market, after the trading relationship has been deepened.

We strongly believe that a closer trading relationship with our European neighbours is key to helping the UK’s economy return to sustainable growth. The UK must work rapidly to reverse the explosion of red tape that has resulted from the disastrous and non-business friendly Brexit.

THE FOUR KEY ENABLING PRIORITIES

1 Enabling the workforce of tomorrow.

The skills, training and employment agenda has never been more important. We should better prepare young people to take part in the exciting growth sectors of our economy and we urgently need to tackle the UK’s staff shortages in specific skills and specific sectors. We must see a boost in apprenticeships, and ensure that they are available to all young people who wish to start one. LDBEC wants to work in partnership with business to restructure and refocus the apprenticeship levy to support the achievement of this goal. We recommend providing a reskilling grant of £10,000 for every adult who wants to upskill to enable greater participation in higher technology, higher skilled and higher salaried parts of the economy. We need to work with employers to encourage the new flexible practices that will assist recruitment and retention.

2 Investing in key infrastructure fit for 2050.

The Government must undertake an ambitious investment programme to support a thriving and interconnected green and digital revolution. In 2019 the Liberal Democrats recognised the scale of this challenge, proposing a £130bn capital infrastructure budget. LDBEC believes that an investment of key importance will be the completion of our rail connectivity, South-North & East-West – including the Eastern leg of HS2 to Leeds and Northern Powerhouse Rail. We propose the adoption of a full infrastructure investment plan, through to 2050, with an independent body responsible for keeping it up to date and holding Governments to account on its delivery. Our proposal for a Net Zero Delivery Authority will be key to that delivery.

3 Scaling the UK’s digital innovation ecosystem and boosting technology adoption.

We recommend significantly boosting innovation activities in core digital technologies that enhance productivity and enable the green economy, such as industrial 5G, AI, quantum computing, big data and data analytics for improved integrated and sustainable supply chains. These productivity-boosting technologies, which impact all sectors of the economy, will lead to rising wages and will support the decarbonisation of industrial processes.

4 Financial markets to support UK business and the green industrial strategy

LDBEC recommends working to restore credibility in fiscal policy, to complement





the monetary policy and financial stability remit of the Bank of England. The damage to the UK's reputation during this Government's watch resulted in a massive cost to the Treasury and the country, which still endures. A focus on repairing that reputational damage, not least to the UK's commitment to the rule of law, is a central task for the next Government.

We recommend the regulatory framework for pension funds is reviewed to encourage a shift from gilts to UK corporate investment. We support new climate-friendly regulation to enable the City to become the world leader in green finance, supporting our proposed green industrial strategy.

Our responsible and prosperous business partnership

LDBEC believes business and government should work in partnership - which is why we believe the Government should ask businesses to commit to a business partnership charter covering skills, equality, the health and wellbeing of employees, good governance and support for local communities. Larger businesses should document in their annual accounts how they have considered environmental, social and governance (ESG) factors in making business decisions.

POLICIES IN MORE DETAIL

Our [eight business priorities](#) for action are described in more detail below, and are split into [four key business priorities](#) and [four key enablers](#):

THE FOUR KEY BUSINESS PRIORITIES

1 Creating a business climate to drive investment and growth

Business investment and productivity has stagnated under the Conservative Government and especially since the Brexit referendum in 2016.

The renowned journalist and economist David Smith commented in *The Times*²⁾ that the UK economy has lost 5 per cent GDP growth because of Brexit – equivalent to a quarterly GDP loss of £31 billion, or an annual loss of more than £120 billion.

The UK has done worse than equivalent economies on business investment, which is 13.7 percent lower, and the trade in goods which is down 13.6 percent.

Some of this can be blamed on the significant challenges business, like society, has had to face over recent times: the covid pandemic; spiralling energy costs and broader inflation; Brexit trade barriers and chronic labour shortages.

Much of the low business investment level is, however, due to the business climate driven by the Conservative Government, leaving business lurching from crisis to crisis and without any consistent policy support.

Policy support to help businesses navigate challenges has mostly been last minute, short term and inconsistent. Even the most positive policy, furlough, was extended twice, but only at very short notice and after significant pressure from the business community. Like businesses, the government must plan for crises. **We recommend working with the business community to define such plans and the clear criteria for implementation**, to enable businesses to better respond to future crises and periods of economic downturn.

On Brexit, trade and access to skilled labour, dogma has led to the destruction of business opportunities. The Liberal Democrats will work with business to combine the principles and high standards with pragmatism to allow every business to flourish. **This will mean re-establishing a closer trading relationship with the EU, ultimately aiming to re-join the EU Single Market when the opportunity presents itself.**

We support existing Liberal Democrat calls to remove salary thresholds for visa applications, and we recognise the urgent economic need for businesses to gain access to the staff they need.

The culture of secrecy and cronyism, which destroys confidence in public

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“ADHERING TO THESE BASIC PRINCIPLES OF HONESTY, INTEGRITY AND STABILITY, WILL RESTORE TRUST WITH THE LOCAL BUSINESS COMMUNITY AND OUR TRADING PARTNERS, AND WILL ALLOW US TO BUILD THE NEW PARTNERSHIPS WE NEED”

procurement, should be reversed, and the basic principles of honesty, integrity and stability must be restored to domestic business and international trade.

Adhering to these basic principles of honesty, integrity and stability, will restore trust with the local business community and our trading partners, and will allow us to build the new partnerships we need. This allows us to set the medium and long-term policies outlined in priorities two to eight below, that will once again drive investment and productivity levels across all of business in the UK.

It is this return of business confidence, trust and longer-term policies that will once again set our economy on a sustained path for growth.

2 Supercharging the technology enabled green economy

For consumers, it is critical that the government works with business to bring down energy costs while at the same time enabling the UK to achieve its sustainability and net-zero objectives. There are significant global opportunities for UK businesses if innovation and investment is focused on the green economy. It is necessary to take risks and co-invest in new and emerging technologies with the private sector, like the Liberal Democrats did in support of the offshore wind sector which has been a success, for both decarbonisation and regional prosperity.

LDBEC wish to see the Government work with other key green industrial sectors like the hydrogen economy for energy generation, onshore wind, storage and transport to create focused industrial strategies that will drive a green industries and infrastructure revolution. These industrial strategies will be supported by regional innovation clusters that will drive prosperity and jobs, especially in our left behind regions across the UK. Such innovation clusters will be focused on technologies that enable the green economy such as: building retrofit low carbon energy efficient technologies; sustainable advanced materials; energy storage; electric vehicle technologies; hydrogen vehicle technologies and the many digital technologies like AI and quantum computing that help decarbonise industrial processes.

We need to see ambitious public investment to scale key green technology and infrastructure, and to support industrial strategies including home insulation and retrofitting low carbon energy efficient technologies, in order to make green growth a reality.

Given the significant pain felt by consumers due to rising energy costs, we support adopting a much more ambitious, **long-term approach to support consumers to insulate their homes and retrofit low carbon energy efficiency technologies** such as improved insulation, solar, and heat pumps. **The Government should incentivise the installation of such technologies through generous grants and investment relief schemes, with a particular focus on social housing providers.** We will need businesses to help deliver this policy, and as part of our commitment to the skills revolution, we recommend creating a focused training scheme for people to work in and enable this growth sector.

We support existing Liberal Democrat policy to boost R&D spending to 3% of GDP, via an interim target of 2.4% by 2027, which will drive this technology and innovation revolution. LDBEC recommends that **50% of the uplift should be spent in regions outside of London and the southeast**, to support the regional innovation clusters as described above. As part of the strategy to rebuild EU relations, we believe the Government should ensure the UK is fully re-engaged in the £90bn EU Horizon R&D programme, as many of the green technologies in focus are best driven in collaboration.

To ensure that we significantly improve on the innovation and scaling up of technology into commercial enterprise, **LDBEC recommends committing to**

doubling the public sector investment on our Catapult innovation programmes as part of this rise in R&D spending, as long as this is matched by private sector investment.

To ensure a much stronger focus on the delivery of our key green economy priorities, we believe a Net Zero Delivery Authority should be established, responsible both to the Chancellor and Parliament directly. Such an independent body could help co-create the UK's green industrial strategy with Ministers, but with the focus on delivery.

These plans will give businesses the confidence to invest in the latest technology and innovation, help them drive up productivity and transition from high carbon to low carbon technologies at a faster pace, supporting the creation of new low carbon sectors, which create many well-paid jobs and exciting new careers.

3 Empowering small business to drive prosperity in our local communities

The vast majority of the UK's business - 99.9% according to the business department - is made up of small to medium sized enterprises (SMEs). They operate in many different sectors, in different locations and many operate, or would have operated, on our high streets. The way in which we shop, buy services and engage with our local communities has changed, and nowhere is this more evident than our local high streets. We need a new approach to our local communities and SMEs have a critical role to play.

LDBEC commits to using the increasingly strong Liberal Democrat local Government presence to work in partnership with local SME businesses, to come up with proposals that will place them at the centre of reinvented and vibrant high streets and local communities fit for the future.

We believe in the need to create wealth locally and encourage the development of **community business exchanges in local high streets**: a set of flexible, easily accessible, high quality workspaces, available to all local residents who might need them for professional purposes and remote working; a place that, on the one hand, facilitates focused work, and on the other, provides communal relaxation and networking zones; a vibrant and inclusive place that breathes life into local high streets and communities. These exchanges will especially support younger people who often can't easily work from home, and those who need to work closer to home to help with, for example, childcare or caring responsibilities.

These community business exchanges would breathe life back into our local high streets and communities, and with careful locating, would crucially attract greater footfall to encourage the wider reinvigoration of the high street. In addition to workspaces, they will be centres from which existing and new providers can serve the local community: post offices, pharmacies, cafes, libraries and nurseries.

We recommend that more is invested in support of business investment and business growth schemes. We would use this money to properly fund and improve local business support services, which are currently very patchy in scale and effectiveness across our regions. We would like to see combined schemes that duplicate local business support; we would learn from and build on where best practice exists in - for example - some regional local authority business growth hubs. And we would **invest in targeted and effective private sector-led business support schemes like Made Smarter and Be the Business.**

We also recommend using the new subsidy legislation to deliver tailored business support and to help with investment where SME businesses are willing to co-invest and grow. We recommend encouraging and developing all of the nation's entrepreneurs, but we would like to see a focus on projects that develop green

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technology, are looking to grow headcount, or are improving community services. We will also ensure that people from under-represented backgrounds are given encouragement and guidance to allow them to take advantage of this support.

We support Liberal Democrat proposals to replace business rates with a fair Commercial Landowner Levy. And we wish to see real investment in local business services, whilst using new subsidy legislation to co-invest with SMEs to enable them to grow.

Businesses benefit by being at the centre of rejuvenated high streets and local communities. A virtuous circle is created as the community benefits from thriving businesses. We recommend community business exchanges to leverage business presence on the high street for the community's better economic health.

Our recommendations for boosted local business investment and growth schemes would create wealth locally. Business would be able to join an exciting co-investment partnership to invest in net-zero enhancing technologies and drive productivity. Society would benefit through business creating more jobs and paying higher wages, as well as receiving better local services; also from business paying more taxes in the medium term to support our public services.

4 Restoring the UK's reputation as a reliable trading partner with the EU and globally.

The Liberal Democrats would implement a four-step plan to rebuild trust with our European partners supported by mechanisms that ease trade and ultimately lead to us re-joining the single market as the final step. The four steps are:

- (i) Immediate UK initiatives to repair the UK–EU relationship – starting with a declaration of a fundamental change in the UK's approach, and including extending mobility schemes, improving channels for foreign policy cooperation and granting full Settled Status to all EU citizens and their families who were living in the UK on 31 December 2020.
- (ii) Rebuilding confidence – through seeking to agree partnerships or associations with EU agencies and programmes such as the European Aviation Safety Agency, Erasmus Plus, scientific programmes like Horizon, climate environment initiatives, and cooperation on crime and security.
- (iii) Deepening the trading relationship – including critical steps for the British economy, such as aiming to negotiate a veterinary agreement for trade in food and livestock, mutual recognition agreements, and reciprocal deals with the EU on low-cost, fast-tracked work visas.
- (iv) Applying to join the Single Market. We accept the argument that this may take some time to bring about, due to the catastrophic damage to UK-EU relations caused by the Conservatives. However, once the ties of trust and friendship have been renewed, and the damage the Conservatives have caused to trade between the UK and EU has begun to be repaired, the opportunity should arise to remove remaining trade barriers and to restore Britain's economy to health by applying to join the Single Market.

We firmly believe that by rebuilding our trade relationship - and ultimately re-joining the single market - the UK can reverse the stalling in business investment we have seen since 2016 and return our economy to a more sustainable path to growth. The above approach will also help us reverse the explosion of red tape that has resulted from the implementation of a disastrous and non-business-friendly Brexit, largely in customs procedures. We would commit to working with business to ensure this is achieved, re-establishing the principle of business all working within a market regulated in a responsible manner. This also means that we disagree with

the wholesale scrapping of EU regulations, as this comes with a high risk of lowering good regulation for protecting the environment and workers rights, that business support and that help create an international level playing field.

Following this step-by-step approach to rebuilding trust with the EU, LDBEC supports bringing together our nation that is divided on this issue. Being a part of the key mechanisms that enable frictionless and responsible trade, culture and technological research brings significant opportunities for our businesses and workforce, but we must recognise entrenched positions will only change once tangible benefits have been secured. The repair of our EU relationship will also improve our standing on the global stage.

THE FOUR KEY ENABLING PRIORITIES

1 Enabling the workforce of tomorrow

We recommend working in partnership with business and the further education sector to create a much more meaningful, demand-based and lifelong approach to skills.

This approach will better prepare young people to take part in the exciting, often technology-led, green growth sectors of our economy, that pay higher wages. This will involve a new partnership between the further education sector, government, and employers **to create a boost in high value and desirable apprenticeships, ensuring they are available to all young people who wish to do one.**

This would take us closer to the experience in a number of European countries such as Italy, Austria, Denmark and Germany. LDBEC believes the Government should work in partnership with business to **restructure and refocus the apprenticeship levy** to support the achievement of this goal. We recommend working in partnership with business **to create a national and much more scaled work-placement programme for pupils at school, to give them an earlier taste of the exciting job opportunities available.**

We recognise that many people in the workforce are concerned about higher carbon industries going into decline and being replaced by jobs in low carbon sectors. There are also fears about digital technologies like AI and robotics replacing existing jobs. We believe the best way to address these fears is to help provide the skills for people to transition to the new economy jobs, of which there will be plenty, and most will be able to pay higher wages than the jobs left behind.

To enable this transition, **existing Liberal Democrat policy commits to providing a reskilling grant for every adult of £10,000**, to enable upskilling to support workers transitioning and to allow participation in higher technology, higher skilled and higher salaried parts of the economy.

We believe that a special focus should be placed on supporting women as part of the re-skilling grant, many of whom, especially those aged 50 or above, left the workforce during the Covid pandemic.

This will provide businesses with the highly skilled workforce they will need to achieve our other policy objectives. It will also support the upskilling of existing workers, especially in those sectors transitioning from high to low carbon and from lower to higher technology. It will allow workers to participate in those sectors that pay higher wages. Creating attractive and desirable apprenticeships will allow every young person entering the workforce to choose a more vocational and highly rewarding career if they wish.

“WE RECOMMEND WORKING IN PARTNERSHIP WITH BUSINESS AND THE FURTHER EDUCATION SECTOR TO CREATE A MUCH MORE MEANINGFUL, DEMAND-BASED AND LIFELONG APPROACH TO SKILLS.”

“ WE WILL BE ABLE TO ACCELERATE PRODUCTIVITY ACROSS ALL SECTORS OF THE ECONOMY THAT ULTIMATELY ALLOWS FOR RISING WAGES AND SUPPORTS THE DECARBONISATION OF INDUSTRIAL PROCESSES”

2 Investing in key infrastructure fit for 2050.

The Government must undertake an ambitious investment programme to support a thriving and interconnected green and digital revolution. In 2019 the Liberal Democrats recognised the scale of this challenge, proposing a £130bn capital infrastructure budget. LDBEC believes that an investment of key importance will be the completion of our rail connectivity, South-North & East-West – including the Eastern leg of HS2 to Leeds and Northern Powerhouse Rail.

We recommend producing a full infrastructure investment plan through to 2050, and ultimately making an independent body responsible for keeping this refreshed and holding Governments to account for its delivery. We also envision a major infrastructure project delivery unit to ensure projects are delivered on time and to cost. This unit will be cross departmental and will ensure industry-standard best practice in project management and enable learning from project to project.

This much more strategic and longer-term approach to planning and delivering key infrastructure will better serve business and society, better connect our key urban and rural areas, and support greater labour mobility.

3 Scaling the UK’s digital innovation ecosystem and boosting technology adoption

As part of our ambition to boost R&D spending to 3% of GDP and our commitment to our Catapult innovation programmes, LDBEC would like to see a significant increase in innovation activities in core digital technologies that enhance productivity and the green economy. Such technologies are industrial 5G, AI; quantum computing, big data and data analytics for improved integrated and sustainable supply chains and several more.

LDBEC wants to see a commitment to significantly scaling national testbeds in these technology areas and to placing a relentless focus on the faster adoption of these deep technologies.

We recommend ensuring that these focused technologies, their scale-up and faster adoption is weaved into our various sectoral industrial strategies.

Technologies should be developed and scaled, working with industry to set the right standards on ethics and inclusion and ensuring that citizens are protected by way of cyber security and data protection.

As part of the skills programme defined in section 1 above, digital apprenticeships and upskilling programmes will be a key part of that. This ensures a digital skills revolution that underpins and drives our economic growth and productivity.

Through our boosted innovation and adoption of key industrial technologies, we will be able to accelerate productivity across all sectors of the economy that ultimately allows for rising wages and supports the decarbonisation of industrial processes.

4 Financial markets that work for all business

Political chaos has real world consequences. The uncertainty and confusion created by the mini budget in September 2022 caused turmoil in the financial markets, created serious problems for the pensions industry, and was threatening the supply of funds to businesses and individuals. Access to the corporate bond market for the largest firms would have been badly affected if the Bank of England hadn’t intervened. For smaller firms interest rates charged by banks increased, while for individuals mortgage and other loan rates were climbing to levels not seen in decades. The reputation of the City as an international financial centre came under threat.

The mismanagement of the economy we have been witnessing over the last few months and years is bad for growth and productivity. The flow of funds to businesses and individuals needs to continue during a period of need and during periods of expansion.

Our proposed focus on greater UK investment and a green industrial strategy requires linked reforms in the financial sector. In our view, the UK's regulation of pensions funds has led to too many pension fund assets being forced to be held in gilts, reducing the capital available for UK corporate investment: this must be reviewed. We also would turbo-charge the regulation of investments away from the fossil fuel economy into the Net Zero economy we need.

LDBEC believes we must encourage and support the entrepreneurial spirit and innovation which SMEs bring to local areas, cities and regions . We must also ensure a properly functioning local and regional venture capital market working in partnership with the government so that innovation is properly funded and allowed to develop to scale.

Money needs to flow to deserving firms – and individuals that need it at the local, regional and national level, at affordable rates, without the type of market volatility and uncertainty that Conservative policies have created. Having one of the world's main financial centres should work for the UK economy as a whole, not just for multinational firms. LDBEC suggests working to make the banking system perform for the benefit of individuals, the self-employed and businesses, large and small, not just for bank shareholders. We would also aim to reverse the move of banking and financial decision making to an increasingly centralised and anonymous approach, bringing it back closer to localities and regions.

The eight policies above are all interconnected, as we need businesses to invest and grow, we need a skilled workforce to power the green economy, and we need small businesses to thrive to create the global enterprises of the future. But none of this matters if we do not have honesty, integrity and stability.



OUR ASK OF BUSINESS

As part of LDBEC's vision of a new public-private partnership to invest in our economy and create more equal prosperity across the country, we believe the Government should ask all companies to sign up to a business partnership charter which covers business responsibility for investing in skills, for equality, health and wellbeing of employees, and a commitment to practise good governance and support for local communities.

For larger business, LDBEC believes that the Government should legislate to require them to document in their annual accounts how they have considered environmental, social and governance (ESG) factors in making business decisions. Companies engaging with large Government contracts should give back to society. This could be done through a clause in Government contracts requiring them to invest 1% of the contract's profits into community activities. We also recommend reversing the chronic under-resourcing of our regulatory bodies (ofGem, OfCom etc) and reviewing enforcement processes. This is to ensure that these bodies can act fully independently and hold companies to account who are not competing fairly and in accordance with the law.

OUR COMMITMENT TO BUSINESS

To develop this partnership, we propose prioritising work with business in partnership to develop our eight policy priorities and to create the most consistent and stable environment to support business investment. We would work to ensure that the benefits created deliver a positive and more equal impact on prosperity creation across our country. We would also work to uphold the highest standards of governance and transparency as we develop these policies to ensure everyone has an equal and fair chance to be part of this country's new journey and economic success.

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