

LABOUR'S 20 PLEDGES TO BUSINESS

FOREWORD

In 2017 I was appointed Shadow Secretary of State for Business, Energy and Industrial Strategy. Since then I have met with businesses and their employees from across the UK and across industries, from tech start-ups to global manufacturers. I understand that the majority of businesses succeed when they are supported to thrive, from financial support through to access to the skilled workforce they need.

The Conservatives have failed to act on some of the biggest issues facing business: old and inadequate infrastructure both physical and digital, skills shortages, disparate access to finance, an outdated business rates system and chronic late payments. Instead of investing in the things necessary for companies to thrive in their early years, the Conservatives have prioritised cuts to the headline rates of tax in a race to the bottom.

We know that the majority of businesses play by the rules; they are happy to pay their taxes, they pay their employees a fair wage, they pay their suppliers on time, they treat customers fairly and they operate with respect for the environment and local communities. As Business Secretary, I will be committed to creating an economy that works for the many, not the few. These 20 pledges to the business community will ensure that is true for businesses too.

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Strategy

LABOUR'S 20 PLEDGES TO BUSINESS

1. Negotiate a Brexit deal that protects businesses

The Conservatives' incompetence means we are hurtling towards no-deal at the end of 2020 with devastating consequences for British businesses, jobs and living standards. A Labour government will negotiate a sensible deal within three months of being elected, securing a new customs union, a close single market relationship and guarantees of rights and protections. Within six months of being elected, we will put that deal to a public vote, alongside Remain. Labour will then carry out whatever the people decide.

2. Undertake a transformational upgrade of infrastructure

The UK is the 5th richest country in the world but ranks 11th in the world for transport infrastructure, behind competitors like the US and France. Poor infrastructure increases the cost of doing business. Labour's National Transformation Fund Unit, based in the north of England, will oversee a large-scale programme of public investment over a decade to upgrade our country's infrastructure and bring investment levels up to OECD average. This will include a £250 billion Green Transformation Fund to invest in the infrastructure and technologies of the future over ten years and a Social Transformation Fund of £150 billion over five years to rebuild our public service infrastructure.

3. Set up a £250 billion UK National Investment Bank and network of Regional and National Development Banks to give small businesses and the industries of the future the funding they need

The National Investment Bank and Regional Development Banks will have three arms: one focussing on SME, one on upgrading our infrastructure in every region and nation, and one with an innovation focus to develop world-leading industries of the future.

4. Establish a Post Bank to provide relationship banking with SMEs

Access to finance is a persistent barrier to micro, small and medium sized enterprises, many of which are more akin to consumers than businesses. Labour's publicly owned Post Bank, run through the post office network, will ensure every business has easy access to face-to-face, relationship banking. With up to 3,600 branches, the Post Bank would have the largest branch network of all UK banks and would unite important banking, business and community services under one roof.

5. Create a new Business Development Agency to act as a 'one-stop-shop' for business support

The Federation of Small Businesses has said that "the business support landscape is complex, with a patchwork of public and private sector initiatives at both local and national levels. A lack of joined-up thinking

by policy makers at a national level means there's little understanding of whether business support is working or not."

To combat this, Labour will establish a Business Development Agency (BDA): a one-stop shop for business support that also champions SMEs across Government. The BDA will have a network of business advisors operating out of Post Bank branches, through which SME finance will be available. As well as face-to-face support, a central, online portal, similar to both the Australian Small Business and Family Enterprise Ombudsman and the US's Small Business Administration will be established. This will ensure that all SMEs across England and Wales can be directed to a single, accessible location as a first port of call for support. Like the US equivalent, the BDA will also promote SMEs in government procurement and support small businesses to access government contracts.

6. Stamp out late payments that hit smaller businesses

Small businesses are owed £26 billion in late payments. This means they struggle to cover costs and invest, and may even be at risk of going bust. FSB research has shown that 37% of small businesses have run into cash flow difficulties as a result of late payment, 30% have been forced to use an overdraft and 20% cite a slowdown in profit growth.

The Government has been weak in tackling this issue, failing to enforce the 30 day payment terms required of government contractors, as the collapse of Carillion highlighted so clearly.

Labour understands the irreversible damage late payments can do to a business. We will end this scourge by:

- Using government procurement to ensure that anyone bidding for a government contract pays its own suppliers within 30 days.
- Developing a version of the Australian system of binding arbitration and fines for persistent late-payers for the private and public sectors.

7. Provide free full fibre broadband to every business premises

94% of small business owners rate a reliable broadband connection as critical to the success of their business and the CBI says that over 90% of businesses believe that digital technologies are a crucial driver of increased productivity. Labour will provide free full fibre broadband to every business and household by 2030. We will roll out the remaining 90% of the full-fibre network across the country and acquire the necessary access rights to those parts already in place. This network will be publicly owned and co-ordinated through a new public provider, British Broadband, formed by bringing relevant parts of BT into public ownership.

8. Give businesses more flexibility over how they use the Apprenticeship Levy

The Apprenticeship Levy has been beset by problems, leaving employers paying into a training budget they are unable to spend. Labour will make it easier for employers to spend the levy by:

- Allowing it to be spent on all accredited training, not just apprenticeships

- Increasing the amount of time employers have to spend their levy funds for longer apprenticeships such as engineering
- Reviewing funding bands to ensure upper bands reflect the true cost of the most expensive apprenticeships
- Increasing the amount of an employer's levy funds that can be transferred to non-levy paying employers to 50% and introduce a matching service on the digital platform
- Give employers a role in designing qualifications to make sure training is equipping learners with the right skills;
- Support workplace learning and improve basic skills by reversing cuts to the Union Learning Fund;
- Make it easier for people to return to education throughout their lives by introducing a new system allows people to transfer credits and qualifications across different types of courses;
- Make sure everyone has access to the information they need to return to study through a national careers advice service.

9. Guarantee the skilled workforce businesses need through universal lifelong learning

Labour will ensure businesses have access to the skilled workforce they need now and in the future by introducing free lifelong learning, enabling reskilling and retraining at all stages of life. We will:

- Enable any adult without A level or equivalent qualification to attend college and study for them for free;
- Give every adult a free entitlement to six years of study for qualifications at level 4–6 (undergraduate degrees and equivalents such as Higher National Certificates and Diplomas, Foundation Degrees, Certificates and Diplomas of Higher Education in areas such as rail engineering technicians, nursing associates, and professional accounting technicians);
- Provide maintenance grants for low income adult learners to complete their courses;
- Give workers the right to paid time off for education and training;

10. Stop bank branch and Post Office closures

46% of shop owners think the loss of a local bank in the last three years has negatively impacted their business and almost one in four said bank closures had contributed to them going out of business within the last five years. Labour will prevent further bank branch closures by broadening the duties of the Financial Conduct Authority (FCA) or the relevant regulator and amend relevant provisions of the Financial Services and Markets Act 2000 (FSMA), particularly Part 4A of the Act, which provides banking licenses.

11. Invest to meet our target for 3% of GDP spent on research and development by 2030

Research and innovation is a key driver of economic growth and our ability to compete on the global stage. Only through innovation, be that in technology, processes or practices, can we see productivity improvements, which in turn raises wages, growth rates and

ultimately living standards. Labour will increase public investment in research and development by £20 billion by the end of the parliament, placing the UK on track to reach 3% of GDP on research and development by 2030.

12. Create a level playing field

Most businesses play by the rules but we know there are some who do not. We know an unscrupulous few seek to undercut the majority of businesses that follow the rules by avoiding taxes like VAT; official statistics show that VAT avoidance totalled £12.5 billion in 2017-18. Others cut corners on employment, safety and product regulations. This is bad for both the reputation of enterprise as a whole and for individual businesses who aren't able to compete whilst maintaining high standards.

Labour will end these unfair practices by:

- Properly resourcing HMRC to investigate tax avoidance including VAT
- Implementing our Fair Tax Programme to end the scourge of tax avoidance by corporations and wealthy individuals
- Creating a Ministry of Employment Rights with the proper resources to enforce all workers' rights and the minimum wage

Labour will also reinstate the small profits corporation tax rate at 21%.

13. Bring down energy bills for businesses more like consumers

Microbusinesses, like consumers, are often ripped off by their energy providers. A significant minority of microbusinesses are on poor-value

default and deemed contracts (24% in gas and 27% in electricity). Labour will introduce a £/kwh price cap for non-energy intensive microbusinesses (i.e. a maximum rate suppliers can charge per unit of electricity or gas). Labour will consult on the appropriate level of the cap. We will also regulate to improve the way microbusinesses are treated when behind on their bills, to ensure that poorly handed energy debt does not lead to the unnecessary failure of microbusinesses.

14. Radically expand free childcare

Labour will roll out 30 hours of free childcare a week for all 2-4 year olds to give all our children the best possible start in life, saving families thousands of pounds a year and opening 1,000 new Sure Start centres. This will make it easier for parents, particularly mothers, to return to work after having children, easing the pressure on business and increasing the pool of talent in the workforce.

15. Scrap quarterly reporting for businesses with a turnover of under £85,000.

The Conservative's Making Tax Digital (MTD) programme has been criticised for creating an unnecessary administrative burden for small businesses, especially the introduction of mandatory quarterly tax reporting. While the introduction of MTD has been delayed for those businesses under the VAT threshold, Labour will scrap this requirement altogether.

16. Ensure businesses are part of the Electric Car Revolution

Under Labour's plans for a Green Industrial Revolution we will accelerate the shift to

electric vehicles. Labour will encourage private car fleets to shift entirely to electric by 2025. To do this, Labour will remove the £320 Vehicle Excise Duty surcharge on electric vehicles purchased for fleet use above £40,000 for two years, maintain the existing schedule for company car tax beyond 2022/23 and install EV charging stations in all workplaces and depots that transition their entire fleet to EVs by 2025.

17. Use government procurement to support SMEs and economic growth

Labour will use the £200 billion that Government spends in the private sector to reshape our economy, by requiring any company bidding for a public sector contract to meet certain conditions such as paying suppliers within 30 days and providing training and apprenticeship opportunities.

18. Stop offshoring our carbon emissions by switching from measuring the UK's emissions' production to our consumption

Currently the UK only measures its production of carbon emissions rather than our consumption. Labour will shift how we measure our carbon emissions to include those we import as well as those we produce, giving a more accurate measure. In doing so we will stop the offshoring of emissions and support UK industry.

19. Fundamentally reform the outdated business rates system

Business rates are crushing many companies and creating an uneven playing field especially in retail and hospitality. In 2017 rates were re-evaluated

resulting in the average small shop facing a £3,663 hike over the next 5 years. In comparison, large supermarket chains saw a 5.9% reduction in their rateable value.[1]

Labour understands that the current system is unsustainable and we will:

- Introduce statutory annual revaluations to stop businesses facing periodic and unmanageable hikes
- Guarantee a fair and transparent appeals process
- Exclude new investment in plant and machinery from future business rates valuation to encourage investment
- Fundamentally reform the business rates system to ease the burden on traditional high streets and town centres in the age of online shopping and to create a fairer system of business taxation

20. Drive productivity increases across manufacturing by supporting the Made Smarter initiative

The Made Smarter Review looked into increasing productivity across the manufacturing sector by unlocking the potential of Industrial Digital Technologies. The report found that the positive impact of faster innovation and adoption of IDTs could be as much as £455 billion for UK manufacturing over the next decade and the creation of 175,000 jobs throughout the economy. Labour will provide £250 million of funding available through UKRI for a new National Adoption Programme, which would accelerate the development and diffusion of Industrial Digital Technologies.



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