

A NEW PARTNERSHIP

A long-term plan for Government
business relations to power our
economy and society

Acknowledgement and Thanks

This independent review of business relations for a new government has been supported by a huge number of people and organisations, to whom I extend my thanks and gratitude.

I want to pay particular thanks to the following for their encouragement and ideas as well as their support in reviewing early drafts and materials.

In particular, my thanks go to my colleague Dan Julian who has supported me throughout the review.

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I would like to thank the Institute for Government their contribution during the course of my review.

I also want to thank Jonathan Reynolds MP for his support as I have developed my thinking.

And finally, but most importantly, my thanks to the over 300 individuals and organisations who have engaged with my work over the last four months. The recommendations stem from the conversations had with them but are my own.

IAIN ANDERSON

Forward by Jonathan Reynolds MP, Shadow Secretary of State for Business and Trade

Business is of critical importance to our country, providing the jobs, growth, goods and services we all rely on. And Labour believes business has even more to offer.

Their expertise, real world experience of problem solving, and deep connections to their communities make businesses of all sizes an essential partner if we are to turn Britain around from over a decade of poor performance.

To hardwire that experience into Government, Labour will do things differently. Too often businesses tell me the Government only listens when it wants something or something has gone wrong.

That will never be the recipe for an enduring partnership.

It is my absolute conviction that the major economic issues before us – low investment, poor productivity, and low growth – can only be fixed with a better relationship between Government and the private sector.

This report is an important step in putting the voice of business at the heart of government. And I would like to thank Iain Anderson and the hundreds of business leaders who took part in this consultation for their work and input into the report.

Iain has first-hand experience of engaging with governments of all stripes and shades, and along with his extensive consultation on this report, has produced an analysis of where governments have gone wrong and what Labour can do differently.

Partnership takes openness and candour. I expect nothing less from business leaders, and they can expect the same from me.

I want to be clear. For Labour, business engagement is not about vested interests or prioritising the voice of corporate Britain over ordinary working people – it is about getting a diversity of voices in the room so we can deliver the good jobs, higher wages and better public services British people deserve.

In this job I have met some world-class businesses, of every size, in every sector, in every part of the UK. But what they all have in common is their desire to improve the lives of the people who interact with their company – delivering great products, being a great place to work, enhancing their local area.

Every day in Britain businesses are contributing to our society. Any Government must harness that experience and ensure the lessons of those who trade, make, and sell in Britain are what informs clear, consistent policy.

Pictures of politicians donning a hard hat and getting out to visit businesses will always endure but they cannot be the be-all and end-all of our engagement. The partnership must last long after the ministerial car has gone.

We are ready to take business with all its experience and expertise into Government with us, and I know they are ready to work with a future Labour Government to rebuild Britain.

Executive Summary

The UK has been in a state of flux over the last decade. From political instability to economic uncertainty, policymaking has suffered, and the traditional way we do politics has broken down. Governing well has not been the hallmark of the last few years. This has had a negative impact on the relationship between government and the business community, where trust has been eroded and genuine dialogue stifled.

Too often relations with business have been transactional and skin-deep. This is not the right approach for a country of the UK's stature and ambition. We can and should expect more of those who serve the public, because there is abundant talent among the wealth creators in our country which needs to be harnessed. Failure to do so is having a negative effect on our economy, as we can see from the appalling slow growth rates in recent years.

Constantly changing government priorities alongside constantly changing structures for engagement have damaged trust and confidence. Endlessly changing policymakers have compounded the problem. Britain's Government currently has a 'stop-go' approach towards the private sector. Photo opportunities have often replaced real dialogue. That has not been a recipe for good government. This approach urgently needs to change. Given how poor our inward investment levels have been over the last decade or so, the least we could do is treat our wealth creators with courtesy and respect.

But it hasn't always been this way. Previous governments had a different mindset in their approach to the business community. In a less digital age, albeit with more political and legislative certainty, businesses were able to engage with Ministers in a constructive and in-depth way. We need to bring back that certainty.

We need a return to good governance and to a long-term plan for business engagement that is future-proofed for administrations to come. There is an opportunity for a new government to reconfigure business relations and put them on a sure and sustainable footing to ensure policymakers always gain the most innovative, fresh ideas on how the private sector can contribute towards an ambitious agenda for our country. We also need to bring wider economic and social partners – the trade unions and academia – back together with business for common good.

Businesses have told me time and again they would like to see more coordination at the heart of government. Sometimes the right hand doesn't know what the left hand is doing. Bringing back professionalism is also a key ask.

Businesses are also tired of the 'spin cycle' of policy and policymakers. Not just of Ministers (and Prime Ministers), but also of policy, which too often follows one administration out of the door. Civil servants who have an external facing role and who engage with business should also stay in place for longer in order to foster a sense of continuity and embed knowledge across the institutions of the State.

Businesses also want to see appointments to public bodies being made on an open and transparent basis so that Ministers hear from a diverse range of voices, not just their friends. Too many businesses feel left out simply because they're not friends with the right people.

Britain has had a woeful record when it comes to foreign direct investment in recent years. To make the UK the best place to invest and start a business, businesses have told me that an incoming Government should strongly consider implementing the HM Treasury/Business Department-commissioned Harrington Review, and host an annual Global Business Investment Summit to bring together foreign investors, as well as showcasing the good work of our domestic businesses.

Keir Starmer has set out his plans for a mission-led Labour Government should he win office. To make this ambition a reality, businesses would like to see an incoming administration properly embed the missions throughout its engagement with business, trade unions, and civil society. To make discussions meaningful, existing structures that bring together the public and private sectors but act as mere 'talking shops' should be disbanded.

Finally, to revive business-to-government relations, businesses have told me Ministers should set up more regular dialogue with regulators to discuss the landscape and achieve higher regulatory effectiveness.

In his comments to business leaders at the 2023 Labour Annual Conference, Keir Starmer stated: "If we do come into government, you will be coming into government with us."

This Review, in its hundreds of conversations with businesses, the TUC, trade bodies, academia and wider experts, aims to help better understand what business wants to see from an incoming administration.

Key Principles and Findings

Based on the feedback I have had from business, this report starts with the idea that a future partnership between business and government should be built upon six key principles:

- **Clarity**, of direction from Government and in the form of predictable policies. There needs to be leadership to develop good business relations, which must be a core priority for a new government across all of Labour's Missions.
- **Consistency**, because an incoming government needs to pursue a long-term approach to business engagement and develop deep and transparent relationships supported by longevity in political and civil service appointments.
- **Courtesy** should be the hallmark of good relations, and government should operate in a transparent and professional manner towards all stakeholders.
- **Collaboration** should be embedded, with ongoing dialogue rather than last minute consultation or when decisions have already been made. There should be a commitment to partnership and strategy co-creation, as well as problem solving.
- **Capability**, because any government needs world-class capabilities for civil servants to work with business and allow the right questions to be asked.
- **Confidence** in the government's strategy and its ability to deliver it.

It is clear in my meetings and correspondence for this Review that a new approach to business relations must be built on these principles but will only work if there is coherence across government and a willingness to embed change. At the end of my work, these are my key findings:

1. **More co-ordination from the heart of government** to deliver a world class standard for engagement and ability to measure success in order to achieve the right outcomes for the economy.
2. **Long-term relationships** between government and business **need to be fostered** and the **'spin cycle'** of both political appointments and policymaking **should end**.
3. **Engagement should be open and transparent**, sourcing the best ideas for our economy and society – not just the ideas of those with proximity to power.

- 4. Tackling the UK's Foreign Direct Investment problem should be a priority** in order to make the UK the best place to invest and start a business.
- 5. Labour's Five Missions should be embedded throughout engagement** to ensure business and workers can effectively contribute to a new government's agenda. Review existing structures and **remove 'talking shops'** by allowing earlier and ongoing consultation ahead of policy change.
- 6. More dialogue between our systemic regulators and Ministers** from Number 10, the Treasury, and the Department for Business and Trade is called for to join up policy interventions.

1. The need for a joined-up approach to business relations

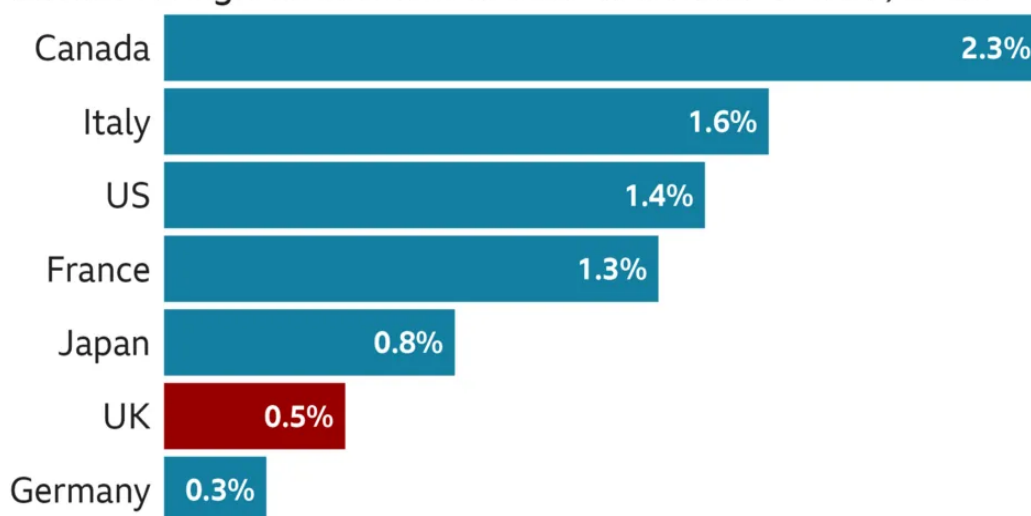
The relationship between business and government is at the heart of a strong economy. Good relations make for a stronger society and a great place to grow a business and secure external investment.

“Unless there is real interest among officials and policymakers in pursuing meaningful goals through business, in particular when it is about achieving shared outcomes, trust in business will not be built.” – Global professional services partner

For the last decade government has blown hot and cold in its relationship with business to the extent that the UK is missing out on major investment opportunities as investors look to our competitors who have snapped up these opportunities, as

UK investments lower than most of G7

Inward foreign direct investments as a share of GDP, 2022



Source: OECD



recent OECD figures show¹.

Respondents to this Review have been united in their view that greater bandwidth at the heart of government to engage effectively with business is required. In order to deliver a new, ongoing, and meaningful partnership between business and government, the key economic departments need to work in lockstep, with Number

¹ (Organisation for Economic Co-operation and Development, 2023)

10 offering the leadership required at the top. Other G7 countries have a much more joined-up approach and currently are gaining better results.

“Business engagement must be a properly resourced function to match its strategic importance to a well-functioning government – it can’t just be an add-on to policy or comms roles” – FTSE 100 Government Relations lead

For this reason, all respondents to this Review agree that **a single focal point for engagement** at the heart of government would be beneficial – effectively a unified point of access for those who need one that ensures engagement with business is professional and effective in supporting government’s overall priorities. The clear evidence to this Review is that the core departments that drive economic and investment policy across Whitehall, should work together and be properly joined up when it comes to business engagement.

“Business engagement needs to be embedded across different Departments and Ministerial portfolios – policy portfolios are so diverse that it will be almost impossible to have meaningful conversations with centralised teams who aren’t close to the issues at hand. This should be complemented by a more centralised business engagement function that plays a coordinating role as well as focusing on the Leader/No 10 engagement side of things” – Former senior civil servant

“The higher up the decision-making structure and the closer to the central Economic Departments and No 10 one gets, the more opaque, arbitrary and less structured representative business engagement is at present. As a result, it is less effectively focused on outputs and delivery. This seems to be the area requiring greatest focus and attention going forward” – Trade Body CEO

Far too many respondents to this Review complained that they never hear back from Government after they have reached out – with many comparing the centre of Government to a ‘black hole’.

“Bad habits have dropped in – low grade events, lots of meeting cancellations” – UK SME Trade Group

This contrasts markedly with many other territories, with the most often cited being France, Ireland, Netherlands, Singapore and the United States. Respondents

indicated there are effective mechanisms for business to engage and timely responses received, which make those countries better candidates for investment opportunities.

“I get a rapid response from the French administration, even just a simple Yes or No” – Major US investor

“When I meet a Minister in Ireland, they start the conversation with how can we work together – every time” – FTSE 100 company

Respondents to this Review have suggested that too often government engagement is unfocussed and uncoordinated. Having a central point of contact for engagement with business at the heart of government, identifying cross-cutting priorities and ensuring engagement is focused and comprehensive would be beneficial.

During the course of this Review, I have been told time and again that not enough businesses feel like they are being properly consulted, or don't have a voice in policymaking. Respondents would like to see departments running consultations or proposing policy changes based on **meaningful engagement** with a wide variety of stakeholders and sourcing the best thinking possible – whether it be from a small or large business, a trade union, or other external organisation.

A return to good practice and a businesslike approach to dealing with external requests and enquiries would also be welcome.

“It's important not to silo industries within Departments – Departments are not the same as sectors, and often departments need to learn from other areas” – FTSE 100 utility company

Too many respondents to this Review have suggested that too many Government departments don't speak to each other, meaning that the same conversation has to be repeated on a number of occasions before any progress is made. However, respondents pointed to 'relationship managers', similar to what occurred during the COVID-19 pandemic, as being a possible solution.

“Business engagement often crosses departmental boundaries, and therefore careful management is needed to avoid duplication and disjointed engagement” – Major global pharmaceutical company

A cross-section of business voices from across the country

Another aspect that has become clear during the course of this review is the role of SMEs. This Review has confirmed the sense that SMEs are not effectively embedded into the government's business relations. Too much bandwidth is taken up by big names in the business world, while the SME sector is often a 'bolt on' rather than a core part of engagement, according to the sector itself.

During the course of this Review, it has become apparent that current business engagement structures are simply not fit for purpose for SMEs. Even the term 'SME' hides the disparities within small, medium, and micro businesses that make up the beating heart of the British economy.

This Review has understood that SMEs come in all shapes and sizes. Ensuring therefore micro, small and medium sized enterprises can all have a voice in the policy making process will be vital. Micro and medium sized enterprises, in particular, currently lack effective representation, and a new government needs to ensure their voices are heard.

SME and Start Up interaction needs to be a core part of a new approach to business engagement, rather than as a subset or afterthought to engagement. Expertise from SMEs themselves should be properly plugged in and the impact of policy decisions on small and medium enterprises should always be factored into policy development, underpinned by effective and ongoing consultation mechanisms.

Linked to this is the importance of regional voices being properly included. Ensuring **businesses across the UK have their voices heard** is another key finding of this Review. Many respondents indicated government has a tendency to talk to – and showcase – the same brands and businesses time and time again.

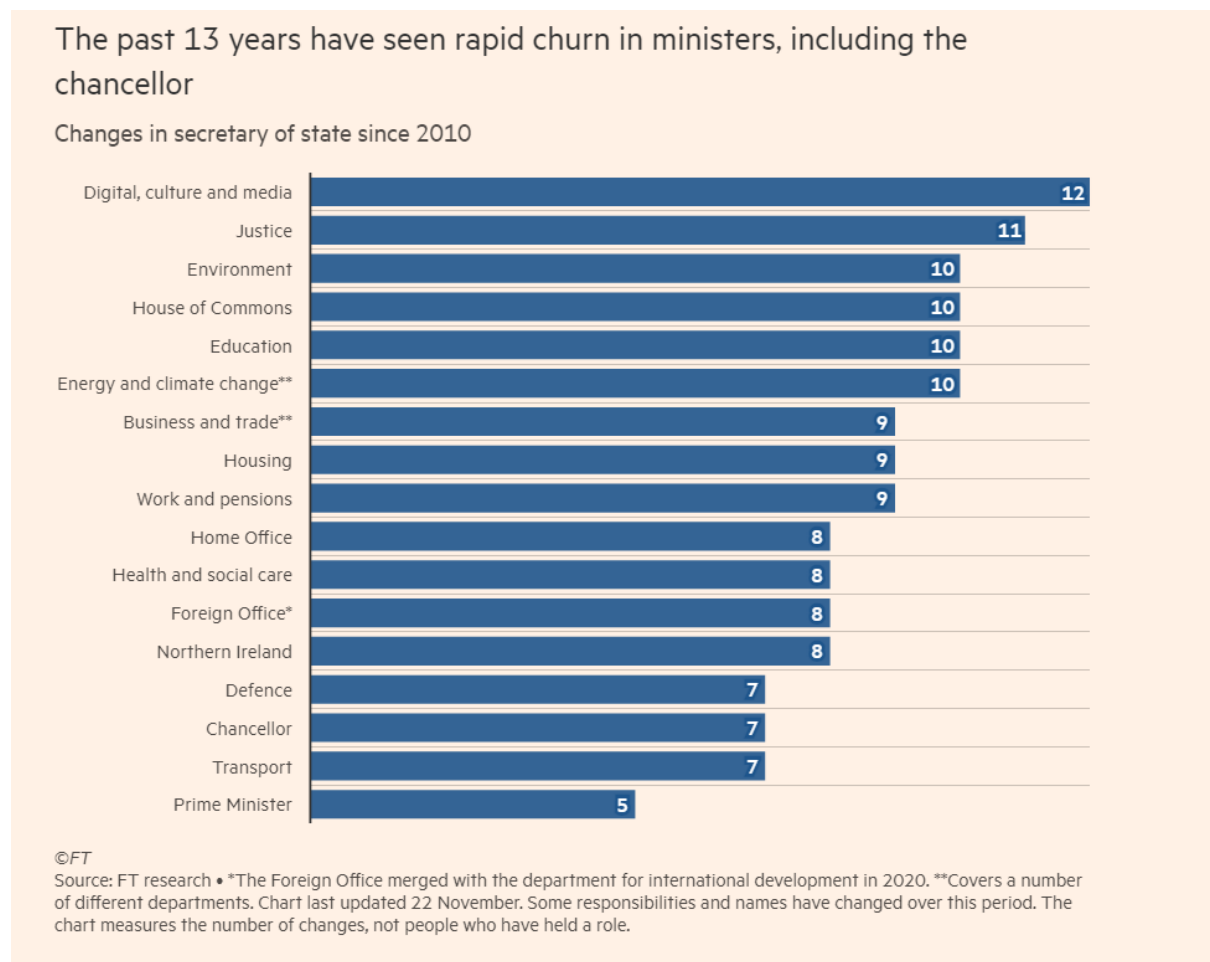
Government must ensure firms seeking to engage in the policymaking process across the UK are given the right share of voice and – through careful analysis – ensure this takes place during the policymaking process. Given the vital role SMEs play in our economy, we cannot allow policymaking to be the purview of only large firms. A more joined-up approach would ensure that Ministers hear from business right across the UK while they are formulating policy.

Respondents were also keen to stress that coordination at national level is a key requirement, as all too often policy initiatives for business don't reach localities unless there is a strong push from the centre of government. At the same time, while Government should set strategy centrally, respondents were very clear they want to see local successful initiatives be allowed to flourish without too much interference from Westminster. Many respondents cited the positive impact devolved institutions including Mayoralities had had over the course of the last decade in achieving meaningful change across local areas. By further empowering local leaders, businesses believe that regional economic activity could flourish and benefit not just the relevant nations and regions, but the UK as a whole.

2. Foster long-term relationships by ending political 'spin cycle'

One of the biggest frustrations I have encountered while conducting this Review is the resignation most businesspeople have when discussing the 'spin cycle' that British politics has been through over the last few years. Changes at the top of government breed changes in Ministers (as new analysis by the *Financial Times* shows²) but also in policy direction, which sometimes veers in completely the opposite direction from one moment to the next. As one respondent said to this Review:

"You are saying goodbye to some policymakers literally after you have just said hello."

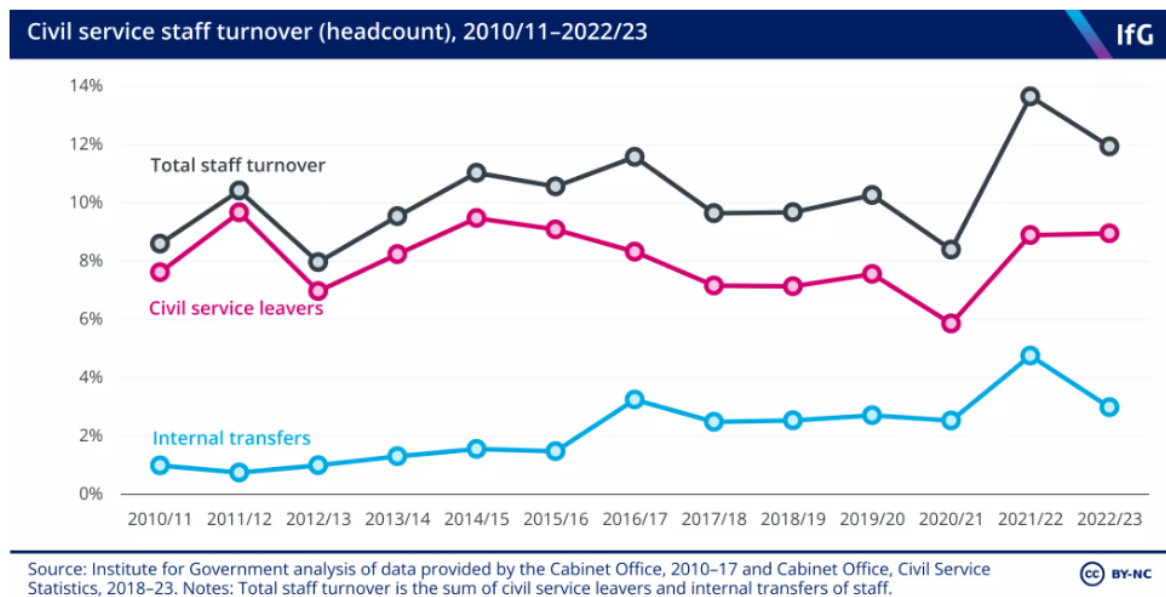


It is clear from my work for this Review that business wants to be able to build trusted long-term relations with policymakers – whether they be political

² (Wolf, 2022)

appointments or civil servants. This is because, as the Institute for Government³ has pointed out recently, Whitehall suffers from the same churn as our elected government. As one respondent put it to me:

“You barely pass base one in every conversation. You get the opportunity to introduce yourself and your business and then in the next meeting the personalities have changed and you have to do so all over again”.



This Review is clear that in order to foster deeper and more meaningful relationships between government and business, continuity of service should be maintained at both political and official level. This would also allow for long-term thinking to develop. Put simply, government should reward institutional knowledge.

In addition, a better onboarding process was often cited by respondents as a way to bridge the gap in understanding between the state and the private sector when Ministers and senior civil servants start new roles in government. Embedding business skills into enhanced civil service training is another core element in building relationships to both allow for meaningful engagement alongside value creation for taxpayers. This could take the form of secondments from business into government and from Whitehall into business.

“To re-build trust engagement needs to be truly consistent, open and two-way. When it worked best was when we truly got to know businesses, invited

³ (Institute for Government, 2024)

them in, listened to their views and were prepared to co-create materials and even announcements with them. When it didn't work, is when we constantly asked for quotes and visits with nothing in return" – Former senior civil servant

What is clear, however, is that stability and long-term thinking is valued at a premium. An incoming government would do well to remember this important fact.

3. An open and transparent approach to appointments and policymaking

There has been a flurry of reports in recent times about the apparent closeness between particular Ministers and some businesses – bordering on cronyism at times. This has contributed to a sense among many responding to this Review that there is no longer an open and fully transparent relationship between the public and the private sectors.

Many feel that only those with personal political connections are able to work with the administration of the day on policy, with ‘VIP Lanes’ having added to that sense. Some respondents indicated that when they disagree with policy they are shut out of engagement. This needs to change: openness, good governance and gaining the best ideas must be the abiding principles for engagement.

“Current Government is only really listening to people who agree with them – you need variety of opinions round the table” – Trade Body representative

Respondents to this Review have said to me that they would like to see a level playing field being re-established for all businesses who want to interact with Government and take part in policy formulation. Engagement should also be transparent. A new Government needs to source and analyse the best contributions to policy – not just those with proximity to power.

For this reason, business is supportive of the idea that government bodies that include external members, including but not limited to statutory bodies, need an open and transparent appointments process to be put in place.

“Transparency and being proactive are also key. It’s not always clear who businesses can reach out to in government and how to reach them. Similarly, we don’t always get to hear about opportunities to attend events, meetings, join advisory boards, etc.” – FTSE company

Labour’s planned Industrial Strategy Council (ISC) will sit at the heart of its economic strategy. For this reason, respondents to this Review are clear that a wide range of voices should be part of this process.

Expertise should be the guiding principle for all appointments. Large and small businesses, domestic as well as international applicants, should be encouraged to

take part in the new Council. Put simply, it should attract the brightest and the best minds not simply those friendly with the government of the day.

Additionally, all nations and regions should be involved with the new Council in order to ensure proper representation and avoid groupthink. Only through strong regional representation can Labour ensure that its new strategy is right for every corner of the country.

“There will be a need to structure a wider two-way dialogue for the ISC to enable growth of key sectors of the economy” – CEO of trade body

*“If access to Government becomes more about rewarding those businesses that can game the system then that’s just as bad as the current situation”
– Respondent during one of the Review Roundtables*

4. Tackle the UK's inward investment problem

As noted earlier, the UK has had a poor record of attracting inward investment in recent times, compared to our peers. The Harrington Review of Foreign Direct Investment⁴ commissioned by the Department for Business and Trade and HM Treasury was published during the course of my own review, and was the topic of many conversations over the last four months.

One of the key passages of the report echoes more widely what my own work has found: *"We have heard time and again about government systems that are too often disorganised, risk-averse, siloed, and inflexible when it comes to the needs of modern investors"*.

This is an excellent report and many of the respondents to this Review echoed its core principles.

Like Harrington, this Review found that business lacks clarity from government on its preferred direction of travel with regard to policy *"beyond announcements that turn heads in the short term"*.

This Review echoes Harrington's findings that specific relationship managers for business would be beneficial although it is vital to ensure engagement is not duplicated across both Whitehall and business itself.

This Review found that businesses welcomed the Government's statement that it accepts the headline findings by Lord Harrington, and would encourage an incoming Labour Government to act on it decisively in office.

One initiative which has successfully courted business in the last few years has been the 'ad hoc' Global Investment Summit. These summits have brought together leading domestic and international investors and, off the back of big international set-piece events such as the hosting of COP26 and the G7 in recent years, have showcased the UK as a country willing to convene and listen to business from all over the world.

Given current economic circumstances, respondents to this Review now want to see a future government commit to turn this into an annual event to drive future

⁴ (Lord Harrington of Watford, 2023)

inward investment and further the UK's global outreach. Many respondents indicated Labour should consider linking the investment summit to its five Missions in order to supercharge investment into each of these macro policy objectives. The Summit should create opportunities for investment across the UK and be hosted in some of our brilliant cities including, Manchester, Birmingham, Edinburgh, Aberdeen, Cardiff, and Belfast.

5. Embed Missions throughout engagement to ensure business and workers can effectively contribute to a new Government's agenda

Labour's plan for a mission-led Government has resonated with respondents. There is a strong desire to see long termism and clarity of purpose driving a new government's approach.

"The focus on missions as a mechanism to reach across government departments and bodies to drive change is very welcome" – Pharmaceutical company

The Labour Party has already spoken about new structures across Whitehall to deliver on its missions once in government. Business have expressed an interest in being part of the active partnership driving forward each of Labour's Five Missions alongside Government, civil society and unions. There is a strong willingness to support the delivery of this approach, with all sectors able to contribute.

"Businesses should be involved with the missions, because businesses are society" – Trade Group CEO

"In our experience the most effective approaches are when the Government is proactive in recognising that a particular policy issue will impact on a sector (or sub sector) and engages early with industry, and then throughout the policy cycle" – Energy major representative

By ensuring clarity of mission, Government is also more likely to receive more strategic and purposeful engagement from the business community.

More broadly, businesses and wider organisations want to see some existing UK engagement structures reformed and 'talking shops' disbanded. Bodies need to be defined with a clear purpose. Any new body that is set up by an incoming government should have proper terms of reference and be task oriented. Policy-specific groups should also be considered in order to formulate and develop policy in a collaborative way, and once their work is complete the groups should be disbanded.

"Scrap talking shops" – FTSE ExCo Member

“Bodies should be clearly defined and with a concrete mission” – Trade Union

There are currently multiple bodies – many with ill-defined or overlapping responsibilities. Mechanisms such as the current Prime Minister’s Business Council are said to lack any clear remit or clear purpose and should be reformed with clear terms of reference around key economic priorities and focussed around opportunities to invest. Any new Council created during a Labour Government should meet regularly – unlike currently – and have a diverse membership, comprising of both large and small, domestic and international players.

“Why are PMs setting up business councils? Having a clear agenda is vital”
– Former senior civil servant

The Industrial Strategy Council will be put on a statutory footing should Labour win power. This body should be focussed on setting, implementing, and tracking the industrial strategy and its core pillars. It must be an active partnership with business and appointed openly. Alongside it, **Partnership Councils** should be considered in order to allow businesses in sectors not currently represented by the existing structures such as financial services and technology to co-create strategy and policy to harness the most productive areas of our economy. Respondents to this Review often cited the examples of the Life Sciences and Creative Industries Councils – two bodies that promote some of the UK economy’s success stories – as model structures to be rolled out more widely.

“There are too many bodies that overlap” – TUC representative

The B5 group which currently includes the Confederation of British Industry, the British Chambers of Commerce, Make UK, the Federation of Small Businesses, and the Institute of Directors appears to be working well as a pulse check on the economy while also actively contributing to policy thinking. Businesses spoke to me about how any incoming Government should investigate the idea of developing a permanent B5 ‘Plus’ mandate in order to bring in external expertise on core sectors such as financial services or technology into its discussions, where appropriate.

Early and continuous dialogue has to be at the heart of this new engagement process, in order to maximise feedback opportunities from those organisations who will be on the receiving end of new regulation. Again and again in this consultation, policy development was cited as in need of radical reform to ensure

business engagement throughout the process – from the start and not just at the end point.

“Government and business operate best when clear expectations are set out during early interaction. Business requires certainty to invest and transform. Political certainty is therefore a key starting point” – FTSE Government Relations Director

Early involvement in supporting policy development will remove the current trend from Government of too many surprises for business which hamper innovation and investment. From the discussions that have taken place during the course of this Review, I believe this could be one of the biggest changes an incoming government could make to dramatically improve relations with the private sector.

A Missions Summit at the start of a new Government

At the outset of a new government, this Review invites a new administration to consider a Missions Summit, to bring together key business, trade union, expert and wider economic stakeholders to create long term partnership for the clear economic challenge ahead. This model was successfully used in New Zealand⁵ in the mid-1980s and in Ireland⁶ in the early 2010s and brought together a policy consensus for delivery and action. France has recently created a National Council for Renewal⁷, for example.

In the longer-term, Denmark⁸ offers a strong example of good relations between government, business and unions which should be investigated further. These partnerships have led to a dynamic system that adapts to the changing needs of the labour market. For example, there is little government intervention in labour market policy. Unions and employers manage it themselves.

In the Netherlands⁹, the Social Economic Council offers another long term, effective model of partnership around economic policy which a new Government should consider.

⁵ (Mintrom & Thomas, 2019)

⁶ (Global Irish Economic Forum, 2011)

⁷ (French Government Website, 2022)

⁸ (Danish Agency for Labour Market and Recruitment)

⁹ (Dutch Government website)

6. More dialogue with between systemic regulators and Government

One of the earliest findings in this Review is current institutional ‘barriers’ inside Government mean there is little high level political engagement with the UK’s systemic regulators around the overall landscape for doing business in this country.

A former senior policymaker told me:

“There is a perception problem that exists. Ministers are advised not to engage on regulatory strategy in order to be seen as not interfering”.

Privately, highly regulated businesses, political policymakers and some of those regulators themselves, have told this Review that this needs to change in order to have an open and constructive environment around the approach to regulation in the UK and to be able to fix regulatory bottlenecks for our economy.

The knock-on impact of these bottlenecks is a slowness to address unexpected shocks in the regulatory system which in turn cause harm to consumers and deter investors, as we have seen during recent crises such as the pandemic or the energy price spikes.

“There seems to be a wariness of meeting highly regulated firms” – FTSE 100 Director

Businesses mentioned to this Review that an incoming government should consider developing high-level engagement between government and the country’s systemic regulators, to take place regularly. This engagement would be set up with clear terms of reference and a specific remit to discuss the regulatory landscape and not to discuss any market interventions such as mergers and acquisitions.

Government’s role would remain to set strategic direction and allow regulatory effectiveness to be judged. Refreshed ‘framework letters’ between Government and the regulators could be part of this approach. As Labour has already set out, its planned Regulatory Innovation Office should be part of this work.

There would be significant political and practical benefits from all regulators having to take into account the ‘real economy’ impacts of their decision-making –

for example, providing assessments of impacts across the labour market, economic growth, and investment decisions at a regional and sectoral level. The engagement would be to focus on the outcomes and environment for enterprise we want to create in the UK.

It would also be able to address the significant regulatory 'creep' seen in the UK since 2016.

Conclusion

After four months of consultation with over 300 participants, this Review aims to embed key principles to create a stable, future proof dynamic in the relationship between government and business going forward.

The Labour Party's approach to business engagement in Opposition augurs well for the UK economy if it forms the next government. Participants to this Review have highlighted Labour's professionalism and clarity of purpose – two key findings of this report which should be continued in office.

Business hates uncertainty. The Shadow Secretary of State for Business and Trade, Jonathan Reynolds MP and the Shadow Chancellor, Rachel Reeves MP, have prioritised "*clarity*", "*certainty*", "*transparency*", and "*stability*" in Labour's relationship with business. This is very welcome.

The ReGenerate think tank, which published a report¹⁰ during the course of my own review, made the point to me that "*businesses have an unrivalled ability to innovate and scale solutions to complex problems, and—together with investors—they are eager to help tackle the UK's social, environmental and economic challenges*". I couldn't agree more.

Business leaders have made it clear that they want to see an end to tokenism where engagement is purely for formality. They want to see more continuity, both on the structural and operational side of engagement but also on policy and personnel. And they want government to invest its own political capital to work with business to further its own legislative and regulatory agenda.

Above all, the next government needs to create a true partnership between business and government once again. The recommendations in this report are designed to meet that promise.

¹⁰ (ReGenerate, 2023)

Scope and Terms of Reference

This independent review has been led by Iain Anderson, Founder and Executive Chairman of H/Advisors Cicero, Non-Executive Director at Innovate Finance and Non-Executive Director of the University of St Andrews. Iain has almost 30 years' experience building an SME into a global business and working to enhance dialogue between business and policymakers at all levels. This review has been conducted in a personal capacity.

The Shadow Business and Trade Secretary, Jonathan Reynolds MP, commissioned this independent report – 'A New Partnership' – to seek to engage directly with business at all levels in society to establish a new model of business and government relations and seek to describe how this new approach might come about.

This review has engaged directly with FTSE 100 and FTSE 250 entities; SMEs; representatives from the third sector; domestic and international players; business leaders across our Nations and regions; our new economy emerging firms and startups; business groups and those who work in our world leading academic institutions. The aim of the review has been to incorporate every part of the economy.

The Review has asked the following core questions:

- Labour has already announced a number of structures for engaging with business if it were to form the next government. What do you think is critical to make these work effectively? Are additional groups or structures needed?
- How do you think Keir Starmer's focus on Mission-led Government should shape the way in which Labour structures its relations with business if it were to form the next government? How can business relations be embedded across all of government reflecting the cross-government nature of the missions?
- What in your experience of business and Government relations works most effectively and what approaches do not work well or create barriers to effective relationships? How does this differ for policy development, investment and commercial transactions?
- How could a future Labour Government best reflect its pro-worker, pro-business agenda?

- How do we ensure small and large businesses can both have a voice with government?
- What can we learn from international best practice?

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Allica Bank	British Airways	ClearBank
Amazon UK	British Standards Institution	ClearScore
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Arcadis	Bulb Energy & Beams	Cogo
Arup	Bupa	Coop Group
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Association of British Insurers	British Venture Capital and Private Equity Association	Creative Industries Council
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BCW Global		Energy UK
Be The Business		Enterprise Nation
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Field Consulting	Innovate Finance	Openreach
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First Avenue Consulting	Iwoca	Pfizer
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Flutter	Kingsleygate	Pension Insurance Corporation
Food and Drink Federation	KPMG	Portman Group
Form Ventures	Labour Women in Tech	Primark
Federation of Small Businesses	Legal & General	PrimaryBid
Funding Circle	Liberis	Primera
Giant Ventures	Lloyds	Project Blu
Global Counsel	Lloyd's of London	Prologis
GoHenry	London and Partners	Prospect
GMB	London Market Group	PwC
Goldman Sachs	LOTIS	Quoted Companies Alliance
Growth Company	London Stock Exchange	Quod
GSK	Make UK	Rail Partners
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Helios Underwriting	Message House	Retail NI
Herbert Smith Freehills	Midlands Engine	Revolut
Hilton Hotels & Resorts	Modulr Finance	Rio Tinto
Hogan Lovellspu	Moody's	Rolls Royce
Heart of London Business Alliance	Morgan Stanley	Rothschild
Home Builders Federation	Moxy Communications	Royal London
Horiba Mirage	NAHT	Royal Mail
	Natwest	Royal Society of the Arts
	Nesta	Sage
	National Farmers Union	
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Sainsbury's	Thames Valley Chamber
Saxbam	of Commerce
Saxton Bampfylde	UCU
Schroeders	UK Finance
Society of Chemical	UKHospitality
Industry	UK Sustainable
Severn Trent	Investment and Finance
Simply	Association (UKSIF)
Small Business Britain	Uncommon
Smart DCC	Unilever
The Society of Motor	UNISON
Manufacturers and	UNITE
Traders	Universities UK
Social Investment	University of Nottingham
Business	US Chamber of
St James' Place	Commerce
Standard Chartered	Universities
Stripe	Superannuation Scheme
STUC	USDAW
Sullivan Street Partners	Visa
Tandem Bank	Welsh Government
Telford Homes	West London Business
Tendo Consulting	West Midlands Growth
Teneo	Company
Tezos	Winmark
The Arch Company	Workspace
The Centre for	WSP
Entrepreneurs	Xero
The Growth Company	Zilch
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