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For immediate release

Autumn Statement: more support for businesses, but uncertainty remains, says BCC

Commenting on today's Autumn Statement, announced by the Chancellor, John Longworth, Director General of the British Chambers of Commerce (BCC), said:

"George Osborne needed to deliver an Autumn Statement that provided a credible plan for business growth while maintaining the UK's fiscal credibility. Under tough circumstances, he has managed to propose a number of measures that will be welcomed by business.

"In particular, companies will welcome the Chancellor's renewed commitments to reform employment law and simplify the planning system. Businesses will support the aim of credit easing, but will be watching carefully to ensure that viable small- and medium-sized companies can access the finance they need to grow.

"Ahead of the Autumn Statement, we urged the Chancellor to invest further in infrastructure, give more support for exporters, and introduce measures to help businesses invest with confidence. He has responded in part to each of these major concerns.

"The biggest challenges to UK businesses remain global demand and economic uncertainty. Firms will give the Chancellor credit for pulling the levers under his control, but will remain concerned about the wider economic environment."

Commenting on the OBR forecast, David Kern, Chief Economist at the BCC, said:

"As expected, the OBR forecasts for both growth and borrowing are much worse than in the March Budget, but we believe they were too optimistic from the start. The situation has deteriorated in recent months due to events in the eurozone, the squeeze on incomes, and the impact of the austerity plan.

"The OBR's new growth forecasts are disappointing, but they confirm our judgement that the UK will avoid recession at a time when the eurozone, our largest trading partner, is likely to move into negative territory. With the OBR predicting an unemployment rate of 8.7 percent next year, and given the high number of job losses expected in the public sector, it is crucial that the government does everything possible to help the private sector create jobs. Although we believe the new borrowing forecasts are slightly pessimistic, we understand the OBR's caution. The positive steps announced in the Autumn Statement should be implemented as quickly as possible, it is now time to translate words into action."

Commenting further on specific measures introduced in the Autumn Statement, John Longworth, BCC Director General, said:

On credit easing:

“The £20bn credit easing package announced by the Chancellor is a big shot in the arm for Britain's real economy. Credit easing measures must be implemented quickly in order to boost business confidence and increase the flow of finance to viable and growing companies. As the key link between the scheme and local businesses, the banks must swiftly regain the confidence of smaller firms by ensuring that viable companies are encouraged to take up the new source of credit on offer.

“The credit easing scheme is only part of tackling the problem of business lending. In the coming months the Treasury must act forcefully to create a framework that allows business loans to be packaged up as tradeable securities. This bold move would transform the business finance environment in the UK, and give more small- and mid-sized companies the chance to secure the financing they need to grow. In addition, the extension to the Enterprise Finance Guarantee to new lenders will help more businesses access the scheme, in turn adding to the mix of financing options available to companies.”

On the National Infrastructure Plan:

“The publication of the National Infrastructure Plan and announcement of 35 specific infrastructure projects are welcome. For too long the UK has dithered on infrastructure while other countries forged ahead, putting in place new rail, air, digital and energy networks.

“The government must move quickly on the infrastructure projects announced in the Autumn Statement. Many of these projects, including the A14 in Cambridgeshire, the electrification of the Transpennine Express rail route, and lower tolls on the Humber Bridge can be implemented quickly, delivering jobs in the short-term, growth in the medium-term, and boosting the UK's competitiveness in the decades to come.”

“We are disappointed that the government has discounted a third runway at Heathrow and changes to Air Passenger Duty. Our recent [aviation report](#) set out recommendations that would see the UK's aviation infrastructure improved to support growth in the private sector. Without additional aviation capacity, the UK could miss out on millions in GDP, and much-needed jobs.”

On changes to employment legislation:

“The government has gone some way to reducing the burden businesses face when complying with employment law when it announced a new package of changes last week. Consultations on deregulation are a positive step, but we now need to see real action on reducing regulation which often distract employers from growth and create uncertainty. Changes to the tribunal system and the unfair dismissal route respond directly to the concerns of employers and will act as a real boost to business confidence.”

On planning reforms:

“We welcome the government's commitment to reducing the costs and complexity of the planning system for businesses. The introduction of the National Planning Policy Framework and streamlining the system of non-planning consents will help to reduce the delays that many businesses face when trying to expand. Only in Britain are big infrastructure projects and local businesses' expansion plans held up unnecessarily for months and years on end. Unblocking the planning system will deliver jobs, confidence, and momentum for future growth.”

On changes to health & safety regulation:

“No employer wants to see accidents, injuries, or fatalities in the workplace. But health and safety regulation does sometimes create an unnecessary burden on businesses. Companies often face form-filling and high compliance costs that are not proportionate to the real risks faced by employees in the workplace.

“Businesses will welcome the clear and evidence-based conclusions of Professor Ragnar Löfstedt's review of health and safety, as well as the government's promise to swiftly implement its findings. We will hold ministers to these commitments. Through our role on the Professor's advisory panel, the

BCC recommended simplifying regulation, stripping out costs to business, and addressing some of the everyday health and safety complaints affecting British firms.”

On more funding for UKTI:

“Encouraging more UK firms to export is vital to a successful economic recovery. British firms need all the help they can get when looking to trade overseas, and the extra £10m added to the UKTI budget will boost business confidence and help more companies break in to new markets. While more still needs to be done, this shows a commitment from the government to driving export growth over the months and years ahead.”

On an increase to the state pension age:

“Employers support a rise in the State Pension Age to 67 in 2026. This will save the public purse an estimated £60 billion and is the right response to the UK’s demographic changes. We are all living longer and will have to work longer to fund the retirement we expect.”

On public sector pay:

“In too many parts of the UK, national pay bargaining in the public sector has left the private sector unable to compete for workers. A regional system, more responsive to local labour markets, would lead to fairer pay deals in the public sector and a boost for private sector firms trying to grow and create jobs.

“The OBR predicts inflation will begin to fall next year. With unemployment peaking next year, and the need to keep the deficit reduction plan on course, it is right that pay rises will be capped after the two year freeze. Many private sector workers have also been experiencing low wage increases to enable their firms to survive.”

On business rates:

“Unlike larger companies, small businesses are hit disproportionately by changes to business rates. The Chancellor’s one-year extension of rate relief will come as welcome news for the smallest businesses. While the decision to give businesses the opportunity to defer 60 per cent of the increase in their 2012-13 is also welcome news, ministers must go further to defuse the time-bomb 5.6pc inflation-linked business rates rise scheduled for April 2012.”

On changes to fuel duty:

“Businesses and their employees have felt the pinch of rising petrol prices and demanded action on fuel duty. We welcome the moves to scrap increases in fuel duty, and await further details on how a stabiliser will work in practice so that businesses can plan with confidence.”

On the Youth Contract

“Youth unemployment is a huge challenge, and this package aimed at tackling the problem of record levels of young people out of work is welcome. Our research tells us that employers lack confidence in the education system. In a recent survey of over 6,000 businesses, only 29% felt very or fairly confident in recruiting school leavers with A-levels or equivalent. Many companies are working hard to invest in young people in their local areas, but too often we hear that they are ill-equipped for the workplace.

“The government has to make it easier for businesses to hire young people. Employers often spend a large amount of time and money training up those young people not in education, employment or training (NEETs). The proposal to pay employers half of the minimum wage payment for the first six months will help businesses offset this cost.

“Businesses are ready to do their bit, and the Youth Contract will provide a much-needed jobs boost for the young. But the government must also look at how the education system can match the needs

of business, and so the supply of vacancies available to young people. Job Centre Plus must also play its part in matching young jobseekers to firms.”

On construction and housing:

“In cities and towns across England, regeneration projects are stalled, with a serious impact on local business confidence. The £400m Get Britain Building fund will help unlock progress on some of these sites, which will have a positive impact on a wide range of local companies involved in construction and its supply chains. Ministers must speed the fund’s implementation so we see more spades in the ground quickly.”

On energy-intensive industries:

“It is encouraging that Ministers have shown a willingness to listen to the concerns of businesses affected by the government’s energy and climate change policies. The package of measures announced today will make a dent in these companies’ rising costs and tax obligations. However, Ministers must remember that it was their own policies that created these business difficulties in the first place. The government must increase the level of support on offer and ensure that help is extended to cover all energy-intensive businesses, not just a few favoured sectors.”

Ends

For further information please contact the BCC press office on 020 7654 5813 or 0782574 6812.

Notes to editors:

The Autumn Statement can be viewed [here](#).

The BCC’s economic forecast can be viewed [here](#).

The British Chambers of Commerce (BCC) is the national voice of local business.

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