

Unlocking Enterprise & Entrepreneurship in the UK

DIB's 30-step Guide to Recovery

June 2020



Stepping Stones

The Chancellor of the Exchequer, Rishi Sunak, has done well in keeping most businesses afloat. His comprehensive, though not perfect, programme of support has enabled companies to weather the pandemic. He has managed to keep most people in employment, helped them keep their heads above water.

The Chancellor and the Government's next steps will determine whether their initial programme is a stepping stone to recovery or if we are going to slip into a long recession.

One of the benefits of the lockdown has been that, without the opportunity to travel, I've had time to speak with even more business owners and key decision-makers.

Zoom chats, webinars, catch-up calls, and surveys have provided a lucid perspective on what our members and the broader business community need to help rebuild the economy.

Here we set out what our members are telling us, what we think will create a positive legacy from this crisis, one that creates ambition, aspiration, and hope – locally, regionally, and nationally.

These are our initial thoughts, our starting point for a discussion we all need to have.

Now is the time for Government to galvanise the country behind bold and ambitious plans, a step change in approach.

The aim must be that we are able to reach 2050 and can say we did the right thing, that we invested in 2020 to give us a better future.

I offer you 30 steps to help achieve that better future.



Frank McKenna
Group Chairman & CEO
Downtown in Business



About Downtown In Business

Launched in Liverpool in 2003, Downtown in Business has now established its brand in Manchester, Leeds, Lancashire, Cheshire, Birmingham and London.

DIBs key objective is to make a positive difference to the cities and places where we work and to the companies and entrepreneurs we work with. Our mission is:

- To make the cities and places where we work business-friendly, enterprising & successful
- To work with high growth companies, entrepreneurs and business leaders and help them meet their ambitions
- To give our members a strong and distinctive voice in the corridors of power

Named by the Sunday Times business team as one of the most influential business organisations in the north, Downtown in Business represents large companies and SMEs from a diverse range of sectors across the country.

A strong advocate of devolution, DIB led campaigns to establish elected mayors and strongly supports the Northern Powerhouse, the Midlands Engine and the 'levelling up' agenda.

I Starter for ten

1.

Macroeconomics

- Invest big numbers.
- Move quickly.
- Enable business to deliver.

2.

Innovation & business support

- Council investment in SMEs.
- Future Fund development.
- Major Innovation Fund.

3.

Employment

- Enterprise allowance scheme.
- National Insurance and Pension Contribution holiday.
- Employment law reformed.

4.

Skills & education

- Regional Skills Commissions directing training funds.
- Higher and Further Education mergers.
- Digital skills and support from an early age.

5.

Placemaking

- Radical planning reform.
- Zero VAT for the hospitality sector.
- Business Rates reform and zero VAT on development.

6.

Health & environment

- Acknowledge a role for business in the NHS and develop it as a sector.
- Provide cross-party consensus on social care.
- Accelerate the green agenda.

7.

Culture, media, & sport

- Create greater access to cultural institutions.
- Stronger connections between culture and business.
- Review finances, structures and viability of sports clubs and competitions.

8.

Transport & infrastructure

- Stronger commitment to large scale infrastructure.
- Major shift to electric vehicles.
- Greater role for regional transport authorities.

9.

Technology

- Provide an advanced smart city roll-out.
- Greater investment in broadband and 5G connectivity.
- Advance digital skills as a priority.

10.

Governance

- Far greater consensus in decision-making.
- Broaden devolution to cover more areas.
- Deeper devolution, decision-making nearer to the people.

1.

Macroeconomics

Recession is almost upon us; the question is what the length and nature of it will be.

A sharp 'v', in and out, a rounded 'u', steadily into recession and steadily out, or a very extended 'trough', a recession like the 1980s?

What Government does in the next few weeks will determine how painful the recession is. We are calling for them to act quickly and think big.

▶ Big investment

Invest big numbers, think in trillions, not billions. Think Roosevelt's New Deal, a new settlement for health and social care.

▶ Enable business

Think about enabling business to deliver, not just the state. This needs to be an enterprise and innovation led recovery.

▶ Move quickly

The Government must move quickly. Retain momentum on sorting out Brexit, get trade deals done. Publish a detailed economic, social, and environmental programme, with accompanying budget, well before the summer recess on Tuesday 21st July.

2.

Innovation & business support

Businesses of all sizes need help, large corporates, through to micro-companies and free-lancers.

We've already seen permanent store and restaurant closures being announced. The lay-offs and redundancies have already begun.

But we also know that most jobs are created and sustained in the SME sector, so we need support which helps these businesses most of all.

▶ **Council investment in SMEs**

We need a radical approach to supporting SMEs through local authorities. Councils should be enabled to take a stake in local companies, providing relatively small investments at preferential rates, and applying socially responsible criteria (such as employing apprentices, meeting green and diversity agendas). This would sustain the SME sector, encourage enterprise, and create local jobs.

▶ **Major Innovation Fund**

We need an Innovation Fund the likes of which has never been seen before. Supporting companies to innovate will drive productivity and increase our ability to compete internationally. It will feed enterprise and enhance our digital and technological advancement. With investment criteria drawn up by Government, we would expect the fund to be distributed through, locally based, business led growth partnerships.

▶ **Future Fund development**

We supported the call for a Future Fund and are pleased the Government have acted, supporting larger scale investment in start-ups and businesses that are on a trajectory for growth. This type of support must continue with the British Business Bank leading the way.

3.

Employment

Business is best placed to create jobs though the Government have done well, up until the pandemic, in providing the right environment to encourage employment.

This light-touch Government interventionism is no longer working. We could see a return to mass unemployment unless action is taken quickly.

We support the stimulation packages that we have already seen from the Treasury, but we want more.

▶ **Enterprise allowance**

To complement our approach to council investment in SMEs we also want to see a version of the Enterprise Allowance Scheme recreated. Government can decide which local agencies are best placed to manage such an initiative, but the concept should be around stimulating and supporting young and new entrepreneurs, to provide a pipeline of newcomers into business.

▶ **National Insurance holiday**

To stimulate employment, we propose a 12-month National Insurance holiday applied to new starters, for the employer, starting from the beginning of August 2020.

▶ **Pension Contributions holiday**

To help reduce barriers and keep costs down for businesses contemplating recruitment, we also suggest providing a 12-month Pensions Contributions holiday applied to all new starters, from August 2020 onwards.

▶ **Employment law reform**

Existing legislation means businesses are open to inappropriate and vexatious Employment Tribunal claims, the number of which are not only spiralling out of control, but also cause employer's stress and deter job creation. The role of ACAS should be beefed-up, so that they can adjudicate on the merits of a case and reject those that are plainly timewasting.

4

Skills & education

A Government programme looking to the future must invest in young people. It has to offer real hope, invest in their skills, and help create jobs. Every £1 invested in the young now, will be repaid more than 10-fold in the future.

▶ **Regional Skills Commissions**

Establish regional, genuinely business-led skills commissions, co-ordinated by Combined Authorities or their equivalent strategic bodies, to identify what local companies need from education, skills, and training initiatives.

▶ **Training funds**

Unspent Apprenticeship Levy should be utilised to enhance resources for the training programmes that follow from the Regional Skills Commissions, with the monies being made available to individual businesses to undertake their own internal training programmes, where appropriate, and with a specific focus on digital skills.

▶ **Higher and Further Education**

There is a plethora of universities and FE colleges in any one locality with overlap in provision, and now because of the pandemic, with institutions struggling financially. Government should facilitate the merger of institutions where appropriate.

▶ **Digital skills and support**

The lockdown could have been an opportunity for schools and teachers to engage pupils, at every age, online, continuing education and enhancing digital skills. We now want to see every pupil have access to a home computer, a programme of digital learning, and a willingness from the teaching profession to deliver lessons remotely whenever required.

5.

Placemaking

Our towns, cities and villages are continually evolving, but the pandemic has accelerated or even created change that we were not anticipating.

The shift from high street to online retail has been speeded up. Compulsory home working now looks likely to reduce the need for quite so much office space.

It also feels as though the pandemic has given rise to a stronger attachment to one's neighbourhood and local community – something we should encourage further.

To positively shape the places in which we live, work and play, requires strong interventions.

▶ **Planning reform**

Murmurs of planning reform are coming from Government and these need to be turned into a reality. Obviously, with safeguards in place, we need to see it made easier to repurpose property, build more suitable residential units, and revitalise high streets.

▶ **Hospitality support**

The first into lockdown and the last out, hospitality has been hit hardest. And yet, it is a sector we rely on so heavily to shape our communities, support our general well-being, and provide employment. We want to see zero VAT for hospitality sector services from the beginning of August, for at least six months, to help businesses get back on track and protect jobs.

▶ **Business rates and tax reform**

Business rates have been a contentious issue for far too long and get blamed for the decline of our high streets, though we recognise the situation is far more complex. Nevertheless, with the shift to online, and the discrepancies between regions across the UK, now is the time to radically overhaul this tax regime. We propose a thorough and independent review. We also propose zero VAT on high street renovations and development, perhaps for a limited time, to incentivise and encourage an entrepreneurial boom in this area.

6.

Health & environment

This pandemic has put immense pressure on our NHS and care homes, and those who rely on them. Conversely, the lockdown has shown us how a cleaner environment can be achieved and enjoyed.

We look forward to seeing the Government deliver the extra £350 million each week, as was promised, though the challenge now is to ensure this unprecedented crisis results in permanent and positive change.

► **NHS and healthcare leadership**

Using the NHS as a political football has gone on for far too long. We recognise that business has a part to play in improving health services, without dismantling the NHS, and we call for this to be acknowledged. Indeed, we should build upon our strong reputation and expertise in healthcare and make it a sector which delivers returns for us worldwide.

► **Social care**

We also call for a cross-party consensus to finally emerge, which ensures our older people are provided with the type of social care which best suits them, and we can all be proud of.

► **Accelerate the green agenda**

A faster shift to alternative energies, particularly solar power, incentives to create net zero carbon buildings, greener transport initiatives and a stronger tax regime which makes the polluter pay – these are the broad themes we want the Government to subscribe to.

7.

Culture, media & sport

We recognise that these sectors have a crucial role to play in placemaking, education, health, and job creation.

The pause offered by the pandemic has allowed many involved in these sectors to take stock, try something new, or reform their relationship with their local community. We want to see this continue.

► Create greater access

Improving access to museums, galleries, and their collections, through digital platforms, has been something to welcome from the lockdown. Government should do more to press these types of publicly funded institutions to open-up more and connect better via online and state funded media, so that they broaden their appeal and access.

► Stronger connections with business

Some cultural bodies are excellent at connecting with their locality and the businesses within them, but some are not. We ask the Government to use its best endeavours to encourage these types of organisations to engage locally to support the hospitality sector, create jobs, and broaden access.

► Sporting Commission

Whether its international sports associations, football clubs or cricket teams, many were living way beyond their financial means before lockdown. More than most, sport can take advantage of the crisis, reset, and ultimately come back stronger. As much as business can learn from the leadership qualities and mindset of our leading sports performers, the art of good business is often an ingredient missing from many sports institutions. From salary caps for elite footballers, through to a fairer distribution of resources from the leading clubs to the grass roots, there is an opportunity for Government to make change. We propose a powerful commission is established that can implement much needed adjustments to the management of our leading professional sporting institutions and clubs.

8.

Transport & infrastructure

The pandemic has brought into sharp focus the difficulties we face in terms of transport and infrastructure.

People have come to appreciate clean air. Overcrowded public transport is no longer an option. Cycling, whilst the warm weather lasts, has become the latest fashion. Yet we are still saddled with a transport infrastructure which is more akin to the Victorian era than it is a 21st century post-Brexit world economy.

► Commit to large scale infrastructure

Better connecting the North, Midlands, and London, by HS2, helps 'level-up' the UK economy and we want the Government to deliver on this. Similarly, we need a stronger commitment from Government to support other major public transport initiatives, such as Northern Powerhouse Rail and the third runway at Heathrow. This should combine with every level of government coming together to exploit the opportunities our regional airports offer. Our ambition is to be by far the best-connected country in Europe and beyond.

► Shift to electric vehicles

Contrary to what some think, there is not going to be a major shift to walking and cycling. Indeed, most journeys to work, outside London, take place by car because of the distance involved and the poor standard of public transport. As in other countries, the Government should subsidise people to buy electric vehicles, dramatically increase the number of charging points across the country, legislate for e-scooters, promote cleaner buses, and encourage more electric commercial vehicles.

► Regional transport

We acknowledge that regional transport authorities have a critical role to play in reducing carbon emissions, improving the various modes of transport and in making public transport safer and more appealing. We call upon the Government to extend their remit, devolving powers from the centre, so that they have greater responsibilities in their localities.

9.

Technology

Our need for, and ability to use, effective digital technology has been heavily tested during the pandemic. Business continuity across all sectors has also been called into question, not least by the lack of digital infrastructure at a company, regional and national level.

If we are going to succeed post-pandemic, post-Brexit, then we need to acknowledge that technological knowhow is an undisputable strand which will help us achieve success.

▶ **Smart city roll-out**

Enabling greater connectivity across our towns and cities need not be expensive or difficult, but we believe it does need a coordinated approach. Government needs to facilitate the roll-out of smart city technology, combined with solar power, encouraging local authorities to approach it systematically and commercially. Free Wi-Fi, way-finder digital displays, electric charging equipment, pollution and movement monitoring, CCTV, all can and should be provided in towns and cities across the country.

▶ **Connectivity**

There are parts of our cities, towns and villages which are still poorly connected. We fall well behind many other comparable countries. This must dramatically improve and tie in with the roll-out of 5G if our businesses are going to stand a chance of competing in an increasingly competitive world economy. We call upon the Government to action this as a priority.

▶ **Digital skills**

Whilst many people adapted during the pandemic, quickly picking up new IT skills and re-purposing their homes to create workspace and 'classroom' environments, some were left struggling, or left out completely. The Government needs a comprehensive programme of broadening the use and understanding of digital technology throughout communities.

10.

Governance

The pandemic has provided an interesting lesson in how UK government institutions, at every level, do and do not work effectively.

We accept that this has been an extremely challenging time, but we also believe there are lessons to be learned and changes to be made.

► Consensus

We are not so naive as to believe there are no rivalries, or personality differences, between those involved in national politics. However, we do believe there could have been greater consensus, greater inclusivity, and joint decision-making during the pandemic. Going forward, we would appreciate more agreement around key political issues, such as social care. We would also like to see more involvement for regional mayors in national decision-making structures, and the wider use of local government in directly delivering Government interventions.

► Broader devolution

Few deny that the devolution to Scotland, Wales, and Northern Ireland, has been, to a larger or lesser extent, successful. The same can be said for regional mayors in places like Greater Manchester and the West Midlands. Indeed, they all played a positive role in tackling the pandemic. We would like to see the Combined Authority model rolled out more quickly and comprehensively across the UK and we call upon the Government to enable this.

► Deeper devolution

Over the last few decades, we have slowly seen more decisions being made closer to the people, whether that is through devolved parliaments, assemblies, unitary authorities, or, now, regionally elected mayors. The pandemic tested that decision-making and the results are quite positive. We would like to see far more decisions made at a local level; more services directed by local authorities. That is why we are calling on the Government to establish Regional Skills Commissions, deliver Innovation Funds through locally focussed partnerships, and an increase in the number of Combined Authorities.

Contact us.

Frank McKenna
Chief Executive and Group Chairman

✉ frank.mckenna@downtowninbusiness.com

📞 0791 959 2218  0844 755 0127

Downtown In Business

www.downtowninbusiness.com