

## **UK Budget needs to restore confidence and unlock investment across the UK – SCC**

**The Scottish Chambers of Commerce calls for key commitments from Government:**

- *Support businesses to transition to new trading arrangements post Brexit*
- *Reduce the cost of VAT on the installation of energy-saving materials such as wind and water turbines*
- *Support Heathrow Airport expansion and review Air Passenger Duty as part of wider review of regional connectivity*
- *A one-year moratorium on all policy measures that increase business costs*
- *Extend Annual Investment Allowance for a further two years*
- *Support businesses of all sizes & sectors to work towards achieving net zero targets to help tackle climate change*
- *Provide practical support for businesses to help mitigate the impact of the coronavirus*

**Dr Liz Cameron OBE, Chief Executive of the Scottish Chambers of Commerce, calls on the UK Government to commit to 'levelling-up' all parts of the UK ahead of the Chancellor of the Exchequer announcing the Budget:**

“The General Election has had the effect of finally breaking the Brexit deadlock. However, this will only go so far when it comes to reassuring and incentivising businesses to grow and invest. Whilst there has been an opening in the clouds of uncertainty that have loomed over UK businesses for some time, there remains the challenges of a faltering global economy, a costly domestic business environment and the lack of clarity over future trading arrangements with the European Union. Add to this the even more recent threat of the Covid-19 virus and its potential impact on businesses – The UK Government must deliver a budget that helps instil confidence and utilises the potential of business communities across Scotland and the UK.

“Sluggish growth in the Scottish economy – slower compared to the rest of the UK – continues to limit the country’s significant economic and international potential. Key issues around demography, productivity and the lack of certainty over future trading arrangements all continue to present current and future challenges for businesses across the country.

“The UK Budget must take decisive action to boost growth, productivity and confidence across the whole of the UK, including incentives to release investment and ease the cost of doing business.”

Below, the SCC Network has set out what Scottish businesses need from the upcoming budget:

**On International Trade, Liz Cameron said:**

“The UK Government must step up in supporting businesses to transition to new trading arrangements as we carve out a new relationship with our friends and partners in the EU. It is essential to avoid unnecessary political posturing which may impact on reaching a trade deal that works for Scottish business and our economy.

“The UK government needs to invest significant resources to support HMRC and the private sector to build the enhanced customs and international trade expertise required to ensure that goods continue to move smoothly across borders.”

**On Climate Change, Liz Cameron said:**

“The upcoming COP26 conference in Glasgow is a chance for Scotland and the UK to lead on the global stage when it comes to reducing our carbon emissions. Placing the Scottish and UK economies in a position to adapt to a changing energy world and to support net zero targets is a priority for business communities.

“Action must be taken to ensure that businesses have the policy framework and government support to enable a just transition to net zero through investment in the necessary infrastructure, skills and technology. This is particularly critical for Scotland’s place as the hub of the UK’s oil and gas sector, an industry which will play a crucial role in enabling the just transition to net-zero.

“The UK Government must take the lead, together with business communities across the UK, in developing a clear UK energy strategy that supports Scotland to reach net-zero by 2045 and the UK to reach it by 2050. One clear way to do this is to reduce the cost of ‘energy-saving materials’ – such as reducing the cost of VAT on the installation of all wind and water turbines.”

“In addition, we would ask the UK Government to review Transmission Network Use of System (TNUoS) charges on onshore and offshore energy developers in Scotland. We believe that TNUoS charges must be reduced or overhauled in order to realise Scotland’s full potential when it comes to offshore wind and not hinder the development of renewable energy in Scotland.”

**On Connectivity, Liz Cameron said:**

“We support a just transition that supports businesses with the associated costs of addressing climate change targets. However, any prosperous economy also requires its infrastructure to keep up with demand.

“If the UK Government is truly invested in making Scotland and the UK more global to support its full economic potential after Brexit, it must support Heathrow Airport in its ambitions to expand capacity to demonstrate that we are open for business and also mindful of the environmental impacts.

“Whilst we welcome the Government review of regional connectivity that has been announced, we would urge – in light of the Flybe collapse – that review be progressed quickly and also be part of a wider reform process that involves discussions between industry and government about a more sweeping overhaul of Air Passenger Duty as well as creating a more suitable environment for regional air travel across Scotland and the UK.”

**On Business costs and investment, Liz Cameron said:**

“We urge the UK Government to commit to a one-year moratorium on all policy measures that increase business costs, including no new business taxes or added regulatory burdens, excluding evidence-based changes to the National Living Wage.

“We also ask that the UK Government extend the current £1 million Annual Investment Allowance, which is due to expire on 31<sup>st</sup> December 2020, for a further two years and at the higher limits for longer. This will support investment and productivity for Scottish businesses to be at their innovative best.”

“In light of recent developments, we call upon the UK Government to implement practical measures that can quickly support businesses impacted by the effects of the coronavirus, for example delaying or reducing payments on VAT to assist SME’s with cash flow and opening up public procurement contract opportunities.”