



**Aberdeen &
Grampian
Chamber of
Commerce**

2019 General Election Business priorities manifesto

The North-east Powerhouse



Introduction

On December 12 the UK will go to the polls in one of the most important elections in a generation. It's been a mere two and a half years since our last General Election but even in this relatively short amount of time the general public and businesses alike would have expected more significant progress with creating the certainty needed to maintain confidence, investment and growth in the UK's economy.

Businesses in the North-east, regardless of their political persuasion, are rightly frustrated. We know that firms are holding back on investment and who can blame them? With cash-flow tight it's difficult to justify big investment decisions without a clear line of sight around our future trading relationships and the likely economic environment.

Backing our businesses through policy that reduces upfront costs and encourages investment in the future will always act as the best way to grow our economy and raise standards of living across the UK.

While Brexit continues to dominate the headlines our generation will truly be defined by our response to the climate challenge. Our region is ideally placed to lead our national response to delivering net-zero but it's equally important that politicians understand the crucial role of our domestic oil and gas industry as part of the solution to making this happen.

In this document we outline some of the key priorities for our member businesses across the region. As devolution continues to progress we've focused on areas where the UK Government sets policy, rather than those devolved to the Scottish Government such as business rates and skills.



Russell Borthwick

*chief executive, Aberdeen &
Grampian Chamber of Commerce*

The UK's next Government should...



Support the UK's oil and gas industry to continue to deliver its critical contribution to the UK's domestic energy security.



Back a leading role for the North-east in delivering net zero targets, leveraging our world-renowned expertise in engineering and track record of success in energy innovation.



Move forward decisively with key infrastructure projects, such as Heathrow's third runway and the Shared Rural Network programme to support our region's connectivity.



Ensure that any new migration system for the UK is light touch and flexible, meeting the specific needs of our regional economy.



Work with the Scottish Government to deliver more powers to city regions, building on the success of the Aberdeen City Region Deal.



Deliver policy which reduces upfront business costs and encourages investment throughout the economy.

Members want the next UK Government to...

back the North-east in taking a leading role in energy transition, while supporting our oil and gas sector

ABERDEEN? ABZOLUTELY.

An emerging symbol of energy transition is the world's first floating windfarm operated by Equinor, off the North-east coast. And in Aberdeen Bay, Vattenfall's offshore wind test and research centre will help establish which way the wind is blowing for this exciting energy source.

Aberdeenshire is a global centre for blue economy technologies and expertise with 75% of the world's subsea engineering capability based here.

The £354m Oil and Gas Technology Centre is a global hub of research and knowledge, developing innovative projects to unlock the energy potential of the North Sea and to connect Scottish and UK technology developers to wider global opportunities.

The North-east of Scotland is one of the best placed in the UK to lead the transition to a lower carbon economy and net zero emissions by 2050. Our globally renowned expertise in subsea engineering and record for innovation when it comes to alternative energy, whether that's offshore wind, carbon capture utilisation and storage or hydrogen, makes the supply chain in this region a key partner in the drive to reduce emissions.

We also know that the oil and gas industry will play a critical role in ensuring our energy security for decades to come, while enabling that net-zero future. The sector also continues to innovate, working with key partners such as the Oil and Gas Technology Centre to create the world's first net-zero hydrocarbon basin.

British Chambers want:

- Commitment to an energy strategy that helps us achieve net-zero, while maintaining affordable and reliable energy for businesses.
- Commitment to negotiating tariff reductions for environmental goods and services in future trade agreements.

- Commitment to keeping the VAT rate for items considered to be 'energy-saving materials' at five per cent or lower post-Brexit.
- Collaboration with the devolved administrations to fund the upskilling and reskilling of employees impacted by changes to supply chains, ensuring that the education and skills system prepares people for work in a net-zero emissions economy.

Our members want:

- Continued UK Government support towards maximising the economic potential of the North Sea oil and gas industry with a commitment to maintain a predictable tax regime which supports both investment in the sector and the progress towards a net zero solution by the industry.
- To champion Aberdeen's role at the heart of the energy transition agenda. This region has the talent and the supply chain to act as a centre of excellence, driving the UK's clean growth ambitions. Specifically the region is uniquely placed to support the delivery of the UN COP26 conference to be hosted in Glasgow in 2020.



Members want the next UK Government to...

move forward decisively with investment in connectivity

ABERDEEN? ABZOLUTELY.

Aberdeen Harbour, Britain's oldest registered business is undertaking a major £350m expansion programme. One of the largest marine infrastructure projects in the UK for many decades making it, on completion, Scotland's largest port in terms of berthage.

The recently completed Aberdeen Western Peripheral Route was Europe's largest new road project and will lead to the creation of 14,000 jobs and unlock £6bn of additional economic potential for the region.

With regular connections to over 40 international and domestic airports, Aberdeen International Airport looks after around three million passengers each year, travelling all over the world.

Physical and digital infrastructure act as the backbone for business growth. With the AWPR, harbour expansions and well-connected regional airport, our region has solid foundations which allow us to export our products and talent beyond our boundaries and welcome new visitors to our shores. Meanwhile, Aberdeen was announced as Scotland's first gigabit city.

However, continued delay on major national infrastructure projects, whether that is around digital connectivity or Heathrow, could constrain the ambitions of North-east businesses.

British Chambers want:

- Investment in new transport technologies, digital connectivity, a comprehensive energy strategy and major rail projects that take freight traffic off roads, complementing efforts to reach the net-zero emissions target.
- Reaffirmed support for private investment in the third runway at Heathrow Airport and other important major transport projects.

Our members want:

- Support for guaranteed ringfenced slots for Aberdeen International Airport linked to Heathrow expansion, strengthening our connectivity to key hubs.
- A commitment to work alongside the aviation industry and the Scottish Government to realise the long-awaited devolution of Air Passenger Duty, so that the issues with this tax which affect the North-east can be resolved in a way which balances our need for improved connectivity with our shared ambitions for a lower-carbon economy.
- Commitment to a structured consultation and discussion with key regional stakeholders regarding policy which maximises economic development opportunities for the maritime and ports sector in the North-east of Scotland.
- Rapid progress around the Shared Rural Network programme proposed by industry, ensuring that Aberdeenshire benefits from expanded 4G coverage.



Members want the next UK Government to...

use the power of city regions to drive change

ABERDEEN? ABZOLUTELY.

Aberdeen is the first city in Scotland to be awarded a top-level credit rating raising £370m to support the funding of major infrastructure projects.

The innovation-led Aberdeen City Region Deal is delivering investment to catalyse growth across the region's key industry sectors. This partnership is delivering more than £750m worth of investment in transport projects, sector innovation hubs and other initiatives.

According to the Burness Paull AGE study, 80% of Scotland's future growth will be driven by its three major city regions - Aberdeen, Glasgow and Edinburgh.

The Aberdeen City Region Deal is moving ahead at pace, leveraging funding from both the UK and Scottish Governments, our two local authorities and private sector partners such as Opportunity North East. Through innovative initiatives such as the Oil and Gas Technology Centre, the region has demonstrated it is a safe pair of hands to drive economic growth and push forward new types of activity.

Funding is important but increasingly, city regions are looking for additional powers and streamlined structures to drive change themselves. Any future UK Government should work constructively with the Scottish Government to ensure that more powers are devolved to cities, allowing them to take control of their own destinies.

British Chambers want:

- Clarity on the future direction of devolution to the nations and regions, as each stand to be affected as powers and regional development funding return to the UK.
- Clarity and transparency on skills devolution and future access to the UK Shared Prosperity Fund.

Our members want:

- Clarity around the UK Shared Prosperity Fund. Specifically, proposals to take forward a more deliberate approach to invest in regions with a firm track record of success. The fund should prioritise sustainable economic growth, build in greater local autonomy; and ensure closer engagement with business around the use of funds.
- A commitment to work alongside the Scottish Government to ensure the meaningful devolution of fiscal powers to Scotland's city regions. Our city region deal demonstrated a track record of success, and we believe that greater fiscal freedom would provide the responsive conditions to create an even greater contribution to the UK and Scottish economies.



Members want the next UK Government to...

support long-term business investment and drive down upfront costs

ABERDEEN? ABZOLUTELY.

There is currently a £10bn+ investment pipeline for the city region with a further £2.4bn completed in the last two years.

Aberdeen enjoys the highest density of private sector employment in all of Scotland

Investment in new digital infrastructure will make Aberdeen Scotland's first gigabit city by 2021 and one of the best-connected cities on the planet, benefitting residents and businesses alike.

Responsibility for taxation is shared in Scotland, with the Scottish Government holding partial control of certain taxes such as Income Tax and fully responsible for business rates. The Chamber will continue to lobby for changes in devolved taxes but the UK Government also levies a significant basket of taxes nationally. In the current uncertain business environment, our respective governments must gear the tax system to provide firms with the confidence to invest for the future.

A moratorium on most measures which increase business costs in the coming Parliament, alongside commitments to expand schemes which drive investment throughout the economy, should be the priority for any new UK Government.

British Chambers want:

- Extend the £1 million Annual Investment Allowance for a further two years and widen its scope.

- Commit to protecting tax relief schemes that incentivise investment - the Seed Enterprise Investment Scheme (SEIS) and the Enterprise Investment Scheme (EIS).
- Introduce a moratorium on measures that increase business costs for the next term of Parliament, excluding only evidence-based changes to the National Living Wage.

Our members want:

- Targeted support for investment in alternative energy and low carbon technologies, ensuring that the regulatory environment is streamlined to drive funding into hydrogen and carbon capture technologies.
- Introduce a tax credit for exporters to help them manage the costs and risks of entering new markets, covering a limited range of activities including research, setup, trade missions and shows.



Members want the next UK Government to... **ensure that businesses are supported throughout the Brexit process**

ABERDEEN? ABZOLUTELY.

With a population of around 10% of the nation, the North-east accounts for 24% of Scotland's exports.

The Chamber team processes 15,000 export documents every year with the authority of UK Government and HMRC, enabling \$900m of goods from this region to safely reach over 100 different markets around the world.

Around a quarter of Scotland's top 100 businesses are headquartered or host major operations in the region.

Businesses continue to be frustrated with the uncertainty generated by the ongoing Brexit process with Chamber members particularly concerned about a potential No Deal outcome and a significant percentage of businesses across the UK indicating that they would wind back investment plans in such a scenario.

Regardless of strongly held views on either side of the Brexit debate, it's clear that we must avoid a No Deal exit from the European Union to maintain the confidence of firms. This is all the more important in the North-east, where several of our key business sectors, such as agriculture and food processing, would be particularly sensitive to a sudden withdrawal from the EU.

We welcomed the UK Government's decision to deliver on long-standing asks of the British Chambers, such as the automatic introduction of EORI numbers to VAT-registered firms, and any UK Government should continue to take pragmatic steps to enhance business preparedness.

British Chambers want:

- Commitment to not leaving the European Union without a deal.
- Remaining information gaps closed for all Brexit scenarios.
- The smoothest possible shift from a transition period to the future UK-European Union relationship, allowing enough time for businesses to plan.

Our members want:

- A commitment to work with Chambers across the UK to ensure that our businesses and communities are prepared for all potential outcomes of the UK's exit from the European Union, including tailored support for our farming and fishing communities in place from the date of our exit.
- Targeted support to allow business across the region to prepare for Brexit, including the introduction of a temporary SME Brexit tax credit to support businesses that need to undertake specific activity to adjust to changes in trading conditions.



Members want the next UK Government to...

deliver an immigration system which supports business growth

ABERDEEN? ABZOLUTELY.

Aberdeen was recently named the best Scottish city to live and work in Scotland in the Demos-PwC Good Growth for Cities Index.

North-east Scotland is the best location in the UK to start a business, boasting the best five-year survival rate for new companies.

Aberdeen has the highest GVA per head in Scotland and is surpassed only by London in the UK. It stands 44% higher than the Scottish average.

The skills system is largely devolved in Scotland. Migration, however, remains reserved to the UK Parliament.

All of the region's key sectors have benefitted from migrant workers bringing their talents to businesses across the North-east. With credible ambitions, such as the aim to build a £1bn tourism economy by 2023, a restrictive future migration system would risk our ability to attract the talent we need to deliver our regional economic strategy.

With three-quarters of recruiting businesses reporting skills shortages, Government should continue to take supportive steps to enhance access to skills for firms across the UK and the North-east. The re-introduction of post-study work visa, and the recently commissioned review of the salary threshold for a new UK migration system, have been welcomed by the business community and were consistent asks of the British Chambers of Commerce network. Any new UK Government should continue to work to create

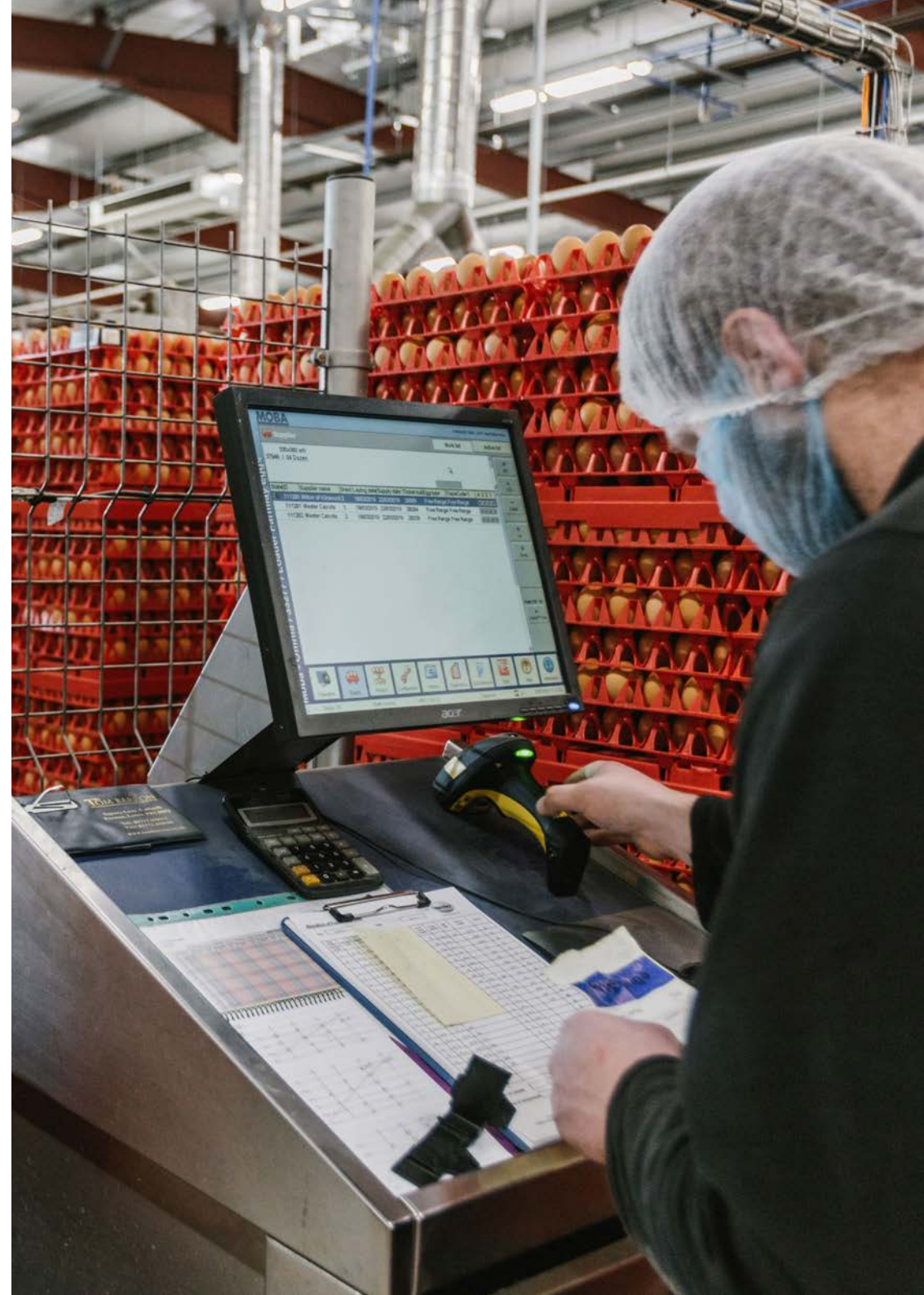
an immigration system which supports business growth and is flexible enough to support all sectors of the economy.

British Chambers want:

- The introduction of a simple, fast, flexible and affordable immigration system that minimises the administrative burden on businesses.
- Allow access within the immigration system to all skill levels - including temporary, seasonal and permanent roles - with recognition of professional qualifications, where appropriate.

Our members want:

- A commitment to ensure that the UK's future migration system works for all parts of the United Kingdom. Our region's key growth sectors have vastly different skills needs, and it's critical that employers have ongoing access to skills at all levels, with minimal costs, barriers or delays.





**Aberdeen &
Grampian
Chamber of
Commerce**

One of the UK's largest and most influential Chambers of Commerce, representing over 1,100 members, employing 125,000 staff. Our aim is to help business to be more successful while creating the conditions that will underpin our future economic success.



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