



EMBARGOED UNTIL 00:01 SUNDAY 28TH October 2018

BRITISH BUSINESSES LOOKING FOR GROWTH OPPORTUNITIES IN FORTHCOMING BUDGET

- **A third (30 per cent) of businesses want Chancellor to freeze or lower business rates in Monday's Budget**
- **Further 14 per cent would like to see corporation tax eased to lowest rate of G7 nations**
- **Seven per cent want the cap on Annual Investment Allowance raised to £1m in order to support growth**
- **Clear regional variation with skills a highly ranked priority for firms in Wales (17 per cent), where it was the second most desired Government action**

UK businesses want the Chancellor to use the Budget as an opportunity to create a better environment for business growth, according to new research from Lloyds Bank Commercial Banking. A survey of 1,200 firms asked what they would like to hear when the Chancellor lays out the Government's spending plan for the next three years on Monday.

Nationally, the most popular answer, cited by 30 per cent of respondents, was to freeze or lower business rates, while 14 per cent want Philip Hammond to make a pledge for the UK to charge the lowest corporation tax rate in the G7 countries.

An increase in the Annual Investment Allowance cap for SMEs was the priority for seven per cent of businesses. Currently companies can claim tax relief on business equipment up to a value of £200,000. Those surveyed by Lloyds Bank hoped to see the cap increased to £1m to encourage investment and small business growth. While taxation was a clear focus for businesses across the country in their Budget wish lists, the survey also showed clear regional variations.

Regional picture

Regionally, the largest appetite for a freeze or fall in business rates was found in the South West (38 per cent) and North East (36 per cent), both regions that have experienced below average rates of gross value added growth in recent years.

While nationally nearly one in five businesses (19 per cent) said they hoped for an increase in Government investment in transport infrastructure, this was especially pronounced in the North West. Companies in the North West believe that transport infrastructure is as important as freezing or reducing on business rates (both 34 per cent), with firms eager for an update on the Northern Powerhouse project.

Whereas in Wales, a focus on skills was a highly ranked priority for firms, where it was the second most desired Government action (17 per cent), and Scotland (18 per cent), where it was third. Both home nations have below average rates of labour productivity which may explain the more pronounced desire for a stronger pipeline of skilled staff.

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Sectoral picture

Among business sectors, action on business rates was the highest priority for wholesale and retail operators (40 per cent and 36 per cent respectively), as well as construction firms (35 per cent), while infrastructure investment topped the agenda for the transport industry (40 per cent).

Paul Gordon, Managing Director, SME & Mid Corporates at Lloyds Bank Commercial Banking, said: “UK businesses are experiencing a sustained period of uncertainty, therefore they are keen to see measures that will support them to pursue growth.

“While there are some regional variations, nationally there is consensus that any measures that ease taxation, increase financial incentives for investment among smaller firms or support with attracting and retaining the most skilled talent would go some way to support business in this challenging environment.”

| <i>What would you like to see the Chancellor announce in his budget that would help your business?</i> | Sample size | Freeze or lower business rates | Increase investment in national/regional transport infrastructure | A focus on skills to ensure businesses can recruit the talent they need | Increase in annual investment allowance cap to £1m to boost investment by SMEs | Pledge for the UK to have the lowest corporation tax rate in the G7 countries | No mention |
|--|-------------|--------------------------------|---|---|--|---|------------|
| North East | 75 | 36% | 9% | 13% | 4% | 18% | 21% |
| North West | 101 | 34% | 34% | 11% | 9% | 10% | 2% |
| Yorkshire and Humber | 97 | 27% | 20% | 13% | 11% | 17% | 12% |
| West Midlands | 101 | 34% | 12% | 16% | 6% | 15% | 17% |
| East Midlands | 101 | 28% | 17% | 14% | 10% | 10% | 20% |
| Wales | 73 | 28% | 14% | 17% | 4% | 12% | 25% |
| East of England | 101 | 21% | 17% | 16% | 6% | 18% | 21% |
| London | 152 | 35% | 18% | 14% | 5% | 15% | 12% |
| South East | 139 | 28% | 18% | 14% | 8% | 16% | 16% |
| South West | 101 | 38% | 14% | 9% | 3% | 10% | 25% |
| Scotland | 104 | 26% | 20% | 18% | 5% | 11% | 19% |

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|--|-------------|--------------------------------|---|---|--|---|------------|
| Manufacturing | 180 | 34% | 12% | 9% | 7% | 21% | 18% |
| Construction | 154 | 35% | 19% | 13% | 5% | 15% | 12% |
| Wholesale | 32 | 40% | 11% | 4% | 16% | 14% | 15% |
| Retail | 122 | 36% | 16% | 12% | 4% | 13% | 18% |
| Transport | 67 | 28% | 40% | 11% | 6% | 7% | 8% |
| Comms | 50 | 16% | 12% | 15% | 17% | 21% | 19% |
| Hospitality and Leisure | 43 | 29% | 19% | 10% | 1% | 19% | 21% |
| Financial, professional and business services | 119 | 25% | 15% | 23% | 11% | 13% | 11% |
| Education, health and public | 170 | 27% | 21% | 23% | 6% | 9% | 15% |
| Arts, leisure and other | 263 | 30% | 19% | 9% | 7% | 15% | 21% |

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Notes to editors

- The research was carried out on behalf of Lloyds Bank by BDRG Continental.
- This survey was conducted with 1,200 companies between 1st and 15th October 2018.

Lloyds Bank Commercial Banking

- Lloyds Bank Commercial Banking provides comprehensive expert financial services to businesses of all sizes, from start-ups and small businesses to mid-sized businesses and multinational corporations.
- Maintaining a network of relationship teams across the UK, as well as internationally, Lloyds Bank Commercial Banking delivers the mix of local understanding and global expertise necessary to provide long-term support to its clients.

Lloyds Bank Commercial Banking offers a broad range of finance beyond term lending and this spans import and export trade finance, structured and asset finance, securitisation facilities and capital market funding. Its product specialists provide bespoke financial services and solutions, including tailored cash management, international trade, treasury and risk management services

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