BUDGET 2026

Back Business. Cut Costs. Deliver Growth.

Budget Submission Summary from the British Chambers of Commerce

Context

- **Economic growth is the only sustainable route to higher living standards and stronger public finances**. The challenge for this Budget, therefore, is how to create the conditions that give firms the confidence to invest.
- **The UK does not have a business ambition problem. It has a business confidence problem.** Businesses want to invest, recruit and grow. But rising costs, uncertainty and weak confidence are holding them back. Investment intentions have now fallen to their lowest level since the pandemic, while policy-driven costs for a typical SME have risen by more than 70% over the last decade.
- **The most effective way to do that is to reduce the cost of doing business.** Lower costs boost confidence. Greater confidence drives investment, hiring and trade. Higher investment, employment and exports deliver growth for everyone.
- **Give business some breathing space.** The BCC's Budget submission proposes a package of practical, targeted and fiscally responsible measures that would begin to cut costs and boost business confidence immediately, alongside reforms to initiate at the budget for the medium-long term.

Three immediate Budget priorities

Primary ask	Summary of the proposal	Initial outlay	How it is paid for / returned
1. Cut employer NICs for under-25s	Extend the existing zero rate of employer National Insurance Contributions to 21 to 24-year-olds. This lowers the cost of entry-level hiring, supports young people into work and reduces long-term labour-market scarring.	£5.1bn gross. A narrower first phase for newly employed 21 to 24-year-olds is estimated at up to £144.4m a year.	Part-fund by replacing the state pension triple lock with CPI uprating, estimated to release £3.3bn over two years. The submission estimates up to £9.1bn to £9.6bn of long-term Exchequer value from lower scarring and welfare costs.
2. Immediate business cost-reduction package	Fund 75% of the Renewables Obligation on business electricity bills and reduce all business-rates multipliers by at least one percentage point. The aim is immediate headroom for investment and protection for high streets.	£3.7bn a year: £2.9bn energy relief and £820m for a 1p reduction in business rates.	Use available fiscal headroom as a targeted pro-growth intervention. The submission argues the package should be at least fiscally neutral over time if delivered alongside a more stable long-term tax environment as savings are redirected into investment, recruitment and expansion.
3. Restore locally delivered export support	Fund a consistent export-support offer across England, filling gaps outside areas with existing provision. Delivery through trusted local partners, including Chambers, would help firms enter	£18m to £19m additional annual spend.	Export promotion evidence cited in the submission indicates returns of at least three to four times investment. A 0.5% increase in export volumes is estimated to generate an immediate uplift in tax take of £75m, with the

markets and navigate regulatory complexity.

longer-term return to the Exchequer estimated at up to £1.85bn.

A credible medium to longer-term growth programme

The immediate package should signal a decisive change of direction, but it will only succeed if followed by reforms that lower structural costs and make the UK a more predictable place to invest.

Invest in people and productivity

- **Give Local Skills Improvement Plans stable five-year funding**, estimated at £33.2m for the new 5 years (up to FY 2031/32), so employer-led local skills planning can continue.
- **Explore an SME Skills Tax Credit** worth 20% of accredited training expenditure, capped at £5,000 per employer. Estimated Exchequer cost: £350m to £430m a year depending on delivery mechanism, with between £680 and £830m of additional employer training investment.
- **Make the full Growth and Skills Levy available for employer-led training** rather than retaining an estimated £2.14bn over the next two financial years.

Deliver infrastructure with greater speed and certainty

- **Deliver existing transport, energy and digital commitments**, including the infrastructure plan and regionally important upgrades, faster grid connections and full gigabit coverage, without allowing departmental pressures to delay agreed projects.
- **Raise the planning recruitment target from 1,400 to 2,200 planners.** Funding 800 additional planners for two years is estimated at £62m to £67m including employer costs, broadly comparable with current annual spending on agency cover.
- **Use procurement and local financing more strategically**, including greater SME access to public contracts and support for local areas to borrow against devolved income and future project revenues.

Set a long-term business tax roadmap

- **Commit to no further increases in the tax take on business during this Parliament** and provide a minimum five-year, ideally ten-year, path for the business tax burden.
- **Begin fundamental business-rates reform**, with a long-term objective of a single 40p multiplier at an annual cost of £5.6bn and address the VAT threshold cliff edge that discourages smaller firms from growing (cost around £400m).
- **Protect and improve investment incentives**, including R&D tax credits (no cost), full expensing (extension to leased assets, £1.8bn) and reliefs that support business creation, succession and capital investment.

Make growth local and business-led

- **Tie fiscal devolution to measurable economic outcomes**, with business represented formally in local decision-making.
- **Protect devolved growth funding** for infrastructure, skills and business support, while avoiding new local taxes, regulatory fragmentation or barriers within the UK internal market.