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ASSESSMENT OF INDIVIDUAL COUNTRY RECOMMENDATIONS BY EACH MEMBER FEDERATION

Q1: For each country specific recommendation Member Federations were asked to answer whether it is 1: extremely important; 2: Important; 3: Helpful (but not a priority); 4: Irrelevant; 5: Contrary to federation's advice;

Q2: For each recommendation, Member Federations were asked to answer whether government's efforts to implement it were: 1: Excellent, 2: Satisfactory; 3: Mixed; 4: Unsatisfactory; 5: no progress observed.

N.B.: Federations in countries under financial assistance commented on recommendations made by the Troika in Economic Adjustment Programmes; Non EU countries commented on recommendations made by the OECD

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SPRING 2015 REFORM BAROMETER – UNITED KINGDOM

European Semester - Overall assessment of 2015 cycle

	To what extent do you agree with these statements:		Detailed comments
1.	The National Reform Programme submitted by your Government (April 2015) is appropriate	To a large extent	The government is on course to achieve further deficit reduction throughout its fiscal consolidation program. Some appropriate action on planning liberalisation has been taken on housing supply as outlined by NRP, the government is yet to conclude its review of Business Rates, the UK has yet to commit to shorter valuation of residential property (last valuation: 1993) or commercial property (last valuation: 2008), shorter valuation cycles would lead to a clear improvement in the functioning of property markets. The UK's active labour market policies and Welfare reform, focusing on "making work pay" have contributed to achieving a falling youth unemployment rate & record high employment rate. The CBI supports the Business Bank as an appropriate intervention to improve SME access to finance
2.	The Commission's country specific recommendations for your country are appropriate.	Yes, absolutely	The CBI own recommendations at fiscal events are consistent with the EC's country specific recommendations. Continued commitment to fiscal consolidation with protection of capital expenditure is appropriate. Supply side measures which include tax reform are required to improve the functioning of residential and commercial property markets. Ensuring that work always pays combined with better quality childcare is the only sustainable way to improve child poverty. The Business Bank and the entry of challenger banks are welcomed for improving competition and access to finance.

	To what extent do you agree with these statements:		Detailed comments
3.	The Commission assessment of reform implementation the year before is appropriate.	To a large extent	The CBI agrees with the Commission's assessment of reform implementation regarding infrastructure, housing and access to finance. We do not agree that there has been insufficient fiscal consolidation, the size of the structural deficit implied it would take a number of years to fully correct without risking a negative feedback loop onto economic growth. In the medium longer run education and welfare reforms that supports transitions from welfare into employment will provide the most effective solution to poverty and social exclusion, there is already positive evidence emerging in this area, most notably the UK's record high employment rate.
4.	The Commission assessment of excessive imbalances (in-depth review) is appropriate.	To some extent	The commissioned assessment was correct at the time it was published. Since then the Spending Review has been completed therefore the detail regarding spending that EC called for has been delivered, furthermore a significant expansion of full-time childcare has been announced for 2017. Recent economic and fiscal data indicate the UK is less likely to reduce public borrowing/GDP to less than 3%. We completely agree that Business Rates need to be reformed to remove barriers to investment

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Assessment of Country Specific recommendations 2015 in detail

		Is this recommendation appropriate?	How would you assess the reform effort of your government regarding this recommendation?	Detailed comments
CSR **1**	Ensure effective action under the excessive deficit procedure and endeavour to correct the excessive deficit in a durable manner by 2016-17, in particular by prioritising capital expenditure.	Important	Mixed	The CBI's latest fiscal forecast indicates that the government is no longer on track to reduce the fiscal deficit to less than 3% in 2016/17. However, we regard a medium to long term commitment to balanced budgets as more important than a focus on a particular year.
CSR **2**	Take further steps to boost supply in the housing sector, including by implementing the reforms of the national planning policy framework.	Important	Satisfactory	Some progress has been made on planning liberalisation and housing supply however given continued population growth further supply side reforms would be desirable.
CSR **3**	Address skills mismatches by increasing employers' engagement in the delivery of apprenticeships. Take action to further reduce the number of young people with low basic skills. Further improve the availability of affordable, high- quality, full-time childcare.	Important	Unsatisfactory	The government's response to the recommendation to increase employer engagement in apprenticeships has been unsatisfactory. Introducing an apprenticeship levy and a arbitrary target for number of apprenticeships risk sacrificing quality for quantity.

Reform Progress in your Member State in 2015

How would you assess reform progress in 2015, for the following broad areas:

Taxation and Public Finances	Mixed
Business environment (regulation/access to markets)	Mixed
Labour market	Excellent
Innovation and skills	Satisfactory
Access to finance and Financial stability	Satisfactory

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Reform priorities for 2015

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 1	Business Environment - Regulatory barriers to entrepreneurship	At the Summer Budget the government introduced an Apprenticeship Levy and introduced a "National Living Wage". These measures - combined with inaction to address the growing burden of Business Rates - result in a £29 billion cumulative burden on business over the parliament and risk undermining the government's own objectives if they weigh on job creation and growth.	no
Priority 2	Tax reforms (domestic)	Use the Business Tax Roadmap to tackle the burden of Business Rates by making the regime simpler, fairer and more competitive: remove the smallest businesses with ‘rateable’ property values below £12,000 from Business Rates, more frequent revaluations and switch from RPI to CPI uprating. Drive productive investment by improving capital allowances: introduce an allowance for new investments in structures and associated buildings. Use the Business Tax Roadmap to provide clarity on the long-term direction of a range of other taxes facing business: particularly those that have seen recent increases, such as Insurance Premium Tax and the 8% CT surcharge on banks.	no

	I. Policy Area	II. Concrete Recommendations	III. Are the proposed recommendations already in the agenda of your Government?
Priority 3	Pension and health care reforms	Pension saving requires long term certainty. The government has repeatedly changed rules for saving in an occupational pension scheme. A further review on pensions has now been announced. If short term fiscal savings are prioritised over long term saving incentives - by removing/reducing upfront tax relief on pensions contributions - this will be a false economy that ultimately reduces long term savings and increases old age welfare dependency.	no
Priority 4	R&D and Innovation	Support smaller innovators by broadening accessibility to the UK's existing R&D incentives: allow small companies below tax thresholds to claim the benefits of R&D Tax Credits throughout the year, rather than wait until the end of the accounting period. In addition, consider a payroll incentive to help small firms with the costs of hiring the high-skilled staff needed for risky innovation projects.	no
Priority 5	Tax reforms (international)	The CBI has supported and fully engaged with the OECD Base Erosion and Profit Shifting (BEPS) project to modernise the international tax rules. We now look to the UK Government to implement the OECD's recommendations in line with the international consensus, to address BEPS issues and abusive tax arrangements, whilst ensuring the UK maintains its reputation as a country that is open for business and supports investment.	yes