

Business and Trade Committee

Oral evidence: The CBI, HC 1428

Tuesday 13 June 2023

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Members present: Darren Jones (Chair); Jonathan Gullis; Jane Hunt; Ian Lavery; Anthony Mangnall; Andy McDonald; and Mark Pawsey.

Questions 1 to 59

Witnesses

I. Rain Newton-Smith, Director-General, Confederation of British Industry; Tracy Black, Scotland Director, Confederation of British Industry; and Syma Cullasy-Aldridge, Chief Campaign Director, Confederation of British Industry.

Examination of witnesses

Witnesses: Tracy Black, Syma Cullasy-Aldridge and Rain Newton-Smith.

Q1 Chair: Welcome to this morning's session of the Business and Trade Committee. We are taking evidence today from the CBI about its recent work and plans going forward. We are delighted to welcome three witnesses today: Rain Newton-Smith, who is the director general of the CBI; Tracy Black, who is the Scotland director for the CBI; and Syma Cullasy-Aldridge, who is the chief campaign director for the CBI. Welcome to all three of you.

Just to kick us off, obviously there have been lots of serious allegations made, which you have been grappling with at the CBI, some of which have been hard for people to hear about. Often in these cases, given the media coverage and people's engagement with it, the reputational damage can be very deep and significant. You have recently had your EGM with your members. Are you and your members confident that you can recover from this period of reputational damage going forward?

Rain Newton-Smith: Yes, we are very confident that we can recover from the crisis that our organisation has gone through. It has been a difficult time for us as an organisation, but we have responded to it and set out a programme of change. That is what our members voted on last week. We had 93% of our members vote in support of our programme of change, what we had set out to do around people and culture, but also how we would use the period to listen to them and to think about how they wanted us to be a really strong voice of business, what issues they wanted us to focus on and how we could be the very best on their behalf.

Q2 Chair: The victims that were involved in these cases all want to see that you have understood the root causes that led to those situations arising. Can you explain to us what you found from the work you have done to show that you understand what those problems are and how you are going to fix them going forward?

Rain Newton-Smith: We have used the opportunity to look into our organisation and get the help of experts. First, we used an independent law firm, Fox Williams, to do an investigation into the set of allegations that were set out in the *Guardian*. Secondly, we have brought in Principia, which is an expert in building ethical organisations, to do a listening exercise with our staff, so to come into our organisation and do a survey. Over 90% of our staff responded to its survey and it ran over 110 interviews with staff members to understand their experiences within the CBI. We used that to set out a programme of change in our prospectus.

Q3 Chair: What did you find were the root causes of the problems that occurred?

Rain Newton-Smith: For the most serious allegations that have been raised in the *Guardian*, the two instances of rape, no information on that



HOUSE OF COMMONS

has been shared with us. We have not been able to investigate those allegations.

Given some of the allegations in the *Guardian*, we looked into this issue about whether women always felt supported in raising their concerns and how we ensured that every single person, when they raise concerns, is supported in raising those concerns, that we have the right process in place to support through our line management and that we follow the right process, providing evidence. That is what we have been trying to do, to make sure that we can hold ourselves accountable to being the very best organisation in being able to support individuals as and when they raise grievances.

Q4 Chair: The governance at the CBI was not right before, because there was not a channel for victims to be able to raise their concerns in a way that was independent and fair. I think I have seen from the report that you have appointed a new chief people officer. Presumably that is a result of you feeling that the governance was wrong previously.

Rain Newton-Smith: I would not recognise that the governance was wrong. We have understood that we need to improve it. In some instances, it was weaker than it should be and we were not paying enough attention to people and culture throughout our history as an organisation. We have implemented a range of recommendations that Fox Williams set out. We have implemented 27 of those recommendations already out of 34. Some of them involve rebuilding trust within our organisation. We have started that journey, but it takes time.

We have appointed a chief people officer, Elizabeth Wallace, who is with us on an interim basis. We will use the process to appoint a permanent CPO. She has already been involved in briefing our board on a regular basis around any current grievances within our organisation. She sits beside me on our executive team to help us shape our overall people strategy, working really closely with our human resources team. We want to ensure that we have the right training at every single point.

Many of the elements were there in our organisation already, but we did not have sufficient controls to make sure that everyone was trained and understood what that meant at every point in time. That is what we have learned through this journey. I am absolutely determined to fix that and make sure that we can hold ourselves accountable to being the very best place, as an organisation, to support women and men in the workplace.

Q5 Chair: If, in a hypothetical scenario, a problem were to arise today, any employee at the CBI would know that there is an independent escalation point that they can follow and can have confidence in.

Rain Newton-Smith: Yes. I should say that we had an independent whistleblowing line that employees could reach out to previously as well.



HOUSE OF COMMONS

One issue that has come forward in our investigations is that, clearly, not everyone felt confident in using that line or was able to use that.

One issue that we have been trying to address is why some women were raising concerns with the media rather than coming to us directly within the organisation. That is what we are determined to fix, to make sure that everyone feels confident to raise issues, that they are always supported by their line management in raising issues, that they know how to do that and that we have the right processes in place.

Q6 Chair: What was your conclusion? If you had the independent whistleblowing policy beforehand, what was your conclusion about why those victims did not do it and ended up going to the media instead?

Rain Newton-Smith: As I said, there is a whole range of allegations and they are anonymous, so it is very hard for us to be able to investigate all of them. I do know that, when we worked with Principia, which has come in and listened to our current staff and done a really intensive exercise, one thing it set out was that we need to make sure that everyone in the organisation understands how to report any issues and that we have the foundations for a really strong “speak up” environment.

That is what we should see in every organisation around the country, that women and men feel confident in raising issues around workplace misconduct and are supported in doing that, but also that you have a proper process. You need to hear evidence from both sides. That is what we have been setting out.

We have been thinking about our culture and values, looking at our overall corporate governance and making sure that it is appropriate. We have also been looking at our senior leadership and the time that we spend around people and culture issues, making sure that we pay sufficient attention to that as well as doing what we have been really brilliant at, which is being that voice of business and helping provide evidence to policymakers on what is happening in the economy and how they can tackle some of the challenges our society faces.

Q7 Anthony Mangnall: Forgive me; I am a newbie on this Committee. You started off your remarks talking about the fact that you consulted with 93% of your members. How many members do you have left?

Rain Newton-Smith: We have 1,200 direct members. That 93% reflects the votes of that membership. That represents 2.5 million private sector employees. Two-thirds of those members are outside of London. We have over 120 trade associations representing 160,000 business organisations.

The other thing that is important to remember is that, when we went out to our membership, each member gets one vote, whether they represent, say, the National Farmers’ Union, with over 5,000 farmers throughout the country, the very largest member, a FTSE 100 company, or a very small member. We are a confederation of British industry.



HOUSE OF COMMONS

Another comparison you can make is the BDI in Germany, which will be known to many of you as the largest business organisation in Germany. It has 39 sector association members in total, which represents 100,000 businesses.

Q8 Anthony Mangnall: Forgive me for pushing on this. You have outlined the very comprehensive steps you are taking to safeguard the people who work with you. The Labour Party, HMRC and senior levels in Business and Trade Committee are advocating no direct senior level connection with the CBI. How many members have you lost since this whole situation has begun?

Rain Newton-Smith: We have lost some members through this crisis.

Q9 Anthony Mangnall: How many, if I may push?

Rain Newton-Smith: I am not going to give the total number of members that we have lost. It is really important to talk about the members we represent now. Representing 1,200 businesses around the UK is a really strong mandate and 2.5 million employees in direct employment is, again, something that policymakers on both sides of the House should be listening to.

We have the economic credentials. We have been running economic surveys for over 60 years. We have a huge amount of expertise. Some of the best minds around policy sit to my left and to my right. We have been able to be that voice of business. I would say to policymakers that we have a huge range of businesses behind us. We have a majority of 93% who support our programme of change. It is over to policymakers to make that decision as to why they would not be willing to speak to some of our concerns.

Q10 Anthony Mangnall: I absolutely accept all the points you are making at the moment, but 93% of members, and not knowing what your former membership was to what it is now, makes it very difficult to be able to ascertain whether you still have the confidence of the industry as a whole and whether you are able to say to us, as policymakers, and Departments that you are properly representative. I am not taking away from the fact that 93% is a fantastic turnout, but, if we do not know the numbers, that is very difficult.

Can we move on a little bit from that? I have outlined some of the parts of Government that are frustrated and clearly not going to be having conversations with you at the moment. How are you going to regain that trust beyond what you have said already? It is absolutely essential that Government Departments are talking to you if you have the confidence of the sector. I still feel that, if you are not able to tell us what that level of membership is, it is very difficult for us to ascertain whether you are properly representative of the whole industry.

Rain Newton-Smith: The vast majority of members are behind us even before the vote. Yes, we have lost members, but the vast majority have



stayed with us. That is really important. We hope to be more transparent over the overall numbers and to even move to be able to say who our members are. You will appreciate that we are a member organisation. That is something we need to consult with our members on.

In terms of Government engagement, we have been very open about our programme of change and what we need to do. Our understanding from stakeholders is that to engage with us at the very highest level, because engagement below very senior levels has been permitted to continue, we need to show, first, that we take these issues seriously. You can see what we have set out. What I am absolutely determined to lead is that we take this very seriously. We have set in train a bunch of comprehensive reforms.

The second most important thing is to show that we have strong businesses behind us that represent businesses across regions, nations and sectors. We can show that. I would ask what else we need to do. We have a mandate that any politician or policymaker would respect. Now we are putting ourselves in front of scrutiny, in front of Parliament today, to respond to your questions. I would ask what else we need to do to regain that trust. We have the trust of our membership behind us.

Q11 Ian Lavery: The recent polls since this issue began have meant that there are other business organisations stepping up to the plate representing businesses in discussions with Government. Does that present a problem to the CBI? Does it render the CBI unnecessary?

Rain Newton-Smith: There are so many issues where the CBI has been and can be a really important voice. We know that our society is facing many challenges, from high inflation and a cost of living crisis to weak growth. We have shown in the recent past how we have set out policies to tackle that.

In the recent budget, we had the Chancellor take on board changes to childcare support in order to help bring 75,000 working parents back into the workforce. We have also worked very closely with the UN around how we help businesses decarbonise not just their own businesses but across the economy. There are so many issues that we have worked on in the past. I might hand over to Tracy Black to talk about the work we have done in Scotland and across devolved nations as well.

Tracy Black: The key point is that we have been around for 50 or 60 years. Even in the last three years, our retention rate was at 98%. It was 98% last year and the year before, and 93% three years ago. Our members stick with us because of the quality of work we do. While three months has felt like a very long time for the staff, work has not stopped.

We are still working on our decarbonisation work and on employment law. We are still looking at our skills. The work will continue. In Scotland, we have a new Government. Our members are incredibly keen to make



HOUSE OF COMMONS

sure that they are influencing into that work. This covers everything from productivity to the cost of living crisis. The expertise is still there.

The key differentiation between the CBI and other organisations is the fact that we have representation in every region and every nation. Most of our members do not operate in one nation or one part of the country. They operate across the United Kingdom. Our ability to bring that together, whether you are talking about apprenticeship levy in England or apprenticeship levy in Scotland, and look at the difference is critical. I know from talking to my members that they are very keen that we are back at work and representing them in the way we do best.

- Q12 **Ian Lavery:** It appears from the last 10 minutes that, coming from the panel, there is not really much of a problem with the CBI and everybody is still in love with the CBI. I am not sure whether that is really the case, but that is what we are here to listen to from you. Is it right that you are looking to change the name of the CBI, Ms Newton-Smith? I think you mentioned it. Was it in the *FT*? You said in some interview that you might wish to be changing the name. Is that on the cards?

Rain Newton-Smith: At the end of the day, I do not think that what we are called is the most important issue.

- Q13 **Ian Lavery:** I am not saying that it is. I am just asking whether it is the intention.

Rain Newton-Smith: As with anything, changing a name is something we would consult with our members on. We have done a listening exercise with our entire membership. We did a comprehensive survey of our existing members. We had over 400 meetings, bringing together business leaders from across regions and nations. What has come out of that is that they really believe we need to have a strong collective voice on business and the cross-economy issues we face.

We need to have a focus on sustainable growth across regions in the UK. We need to think about employment and skills, making sure we have a labour force that is ready for a changing economy. They have been very clear about what issues we need to work on. Whether we change our name at some stage and move away from being the Confederation of British Industry is really one for our members. What matters to me as a leader, and for us working in the organisation, is what we are doing, our purpose, what policies we can give expertise on and what reflects the views of businesses around the UK.

- Q14 **Ian Lavery:** In the question from Mr Mangnall with regard to the membership lost, he asked about membership figures. It is really important that people understand what the membership figures actually are. I know that you mentioned 93%, which is a very high figure, but what Mr Mangnall said was important. Can you not tell this Committee how many members have actually left?

Is there a situation, by the way, where, when the period to renew



HOUSE OF COMMONS

subscriptions comes up—probably at the end of this year or beginning of next year—there will be more companies and individuals leaving, perhaps? Are you expecting more people to rejoin? It is pretty important that we have a little bit of an understanding, not just a refusal to inform us about what the membership figures are.

Rain Newton-Smith: We are being transparent now in saying that we have 1,200 members of the CBI, and talking about the over 120 trade associations and the overall level of employment that we represent. I may pass on to Syma to speak more about the recent policy we have done around the forecast but answer as well about our plans around transparency.

It is really important to set out that we have our members behind us. We went out to an extraordinary general meeting for members to be able to express their views. We are now trying to set out who we represent across regions, nations and sectors and give a sense of our overall scale relative to other organisations in other countries.

Q15 **Ian Lavery:** Correct me if I am wrong here, but I think it is right to say that the organisations and individuals who have left because of what had happened were not entitled to vote, so it would mean that you will get a high percentage. Is that right?

Rain Newton-Smith: Yes. There are two things there. Apologies, I missed the first part of your question. If you had formally resigned from the CBI, you could not vote at our extraordinary general meeting. That is just because of corporate governance. We cannot have people who are not members of the CBI voting at our extraordinary general meeting. The same would be true for any annual general meeting. Any member who had paused their membership was able to vote at that EGM. That was really important for us.

I have been speaking to CBI members. The vast majority have stayed with us through this and have said, for example, that we had their back during the pandemic and they have our back now as we go through a challenging time as an organisation. They have been clear about their expectations.

One thing that is really important as I lead a business organisation is that I hope we will gain new members through this journey. I hope that you can see that we are taking this really seriously. We have an intensive programme of work and we are determined to deliver on that. I hope that we attract new members to the CBI.

This is a moment of change and renewal for us as an organisation. Yes, we have lost members and of course we will be determined to bring those members back to the CBI, but I also hope that we gain new members. I hope that we emerge as a different organisation. I know that the vast majority of our members have stayed with us. We have also had a really strong mandate from our existing members.



Syma Cullasy-Aldridge: I was just going to add the way that we operate through our membership. As Rain was saying, we have 150 trade associations and over 1,200 members. That is in every part of the country, in every region, every nation and every sector of every size. Two-thirds of our members are outside London and the south-east. A quarter of them are SMEs. We represent a broad church.

We come up with our policy work in collaboration with our members. We have hundreds of members on our councils and committees, which are either regional or sectoral. We do that work in collaboration with our trade associations. Everything is fully costed by our world-class economists that we have at the CBI. Everything that you see from us, all the policy input that we provide to you guys, Government, devolved Administrations and metro mayors, is fully costed and represents what the business community needs.

Given that we are coming up to a general election, we have Welsh elections next year and we have metro mayor elections, now is the time for there to be that really broad church of business representation, and to make sure that you have that, which sits across every sector and every policy.

As Rain was mentioning before, this is where policies such as the super-deduction come up. How are you unlocking business investment? Our forecast says that growth is growing a little bit, but nowhere near the levels we need it to if we are to impact the cost of living crisis and the cost of doing business.

These are the things that are unique to the CBI. We work really closely with our 150 trade associations on how we can amplify and come behind the more sectoral issues that they are working on. We do the same with our partners in other business organisations. That broad church and the evidence-based policymaking that we hear back from officials and parliamentarians is what moves the dial on things such as childcare are unique to the CBI.

Q16 **Ian Lavery:** Ms Newton-Smith, you mentioned a big opportunity. I think that you said that it is a moment of change for the CBI. How confident are you that the CBI can still represent all policy areas for all businesses? I am referring to the finance and professional services members. It is suggested that quite a lot of members from that sector have left the CBI. Does that mean that you will not be able to represent this sector or speak on its behalf? Does it mean that some of these other organisations that have come through during your pause have been doing that on its behalf, basically weakening the CBI's voice?

Rain Newton-Smith: I want to lead the CBI to be the strongest voice of business and to increase our overall membership. Yes, we have lost some members, but we are absolutely able to and we have many financial services and professional services within our active membership.



There are a couple of other ways I can illustrate that we are able to do that. We also have some of the really important trade associations in financial services as part of our membership. UK Finance, which we worked really closely with to make sure that there was the right financing in place for businesses of all sizes during the pandemic, is a member of the CBI. We can work with it collaboratively around issues that the financial services industry faces. We have a lot of membership from those areas and, as I said, we are determined to gain as many members back as possible.

You asked earlier about what has been happening in this pause phase. Our latest CBI forecast came out on Monday this week. Alpesh Paleja, our lead economist, his team and Anna Leach have been working really hard, pulling together an economic forecast for the UK. That was presented on Monday. We have that capability and that is really important both for financial and professional services and for the whole economy.

- Q17 **Jonathan Gullis:** Ms Newton-Smith, earlier you talked about how people who had paused their membership still had voting rights. Can I check? If companies have said that they have suspended their ties, are they technically deemed as paused members?

Rain Newton-Smith: If they had properly resigned, they were not members. If they had paused or suspended their membership, they were part of those we communicated with and were invited to our EGM.

- Q18 **Jonathan Gullis:** Organisations such as Tesco, Sainsbury's, Asda, Lidl, SSE, Unilever and others, for example, still would have been able to retain voting rights at your extraordinary meeting. There were some big household names that the public will be aware of, such as Aviva, John Lewis, NatWest, BMW, Jaguar Land Rover, Virgin Media and O2, that all said they were resigning or terminating their memberships.

How much outreach have you had with those organisations to reflect the work you are undertaking within the CBI to regain their trust and hopefully, I am sure in your opinion, bring them back into the fold as members of the CBI?

Rain Newton-Smith: I would like to say that business leaders have been really generous with their time, thoughts and advice, whether they have been members of the CBI, paused their activity, resigned or never been a member of the CBI. I have spoken to many of them around our programme for change. Tracy can speak to many of the conversations that have happened across devolved nations with many of those businesses as well.

Tracy Black: People are sometimes amazed that we pretty much know every single member. We have 12 regional directors in nations across the UK. I represent Scotland, for example. Angela is in Ireland and Sarah is in the north. We have been talking to all of our members, going through what we have found out.



HOUSE OF COMMONS

The biggest concern for our members is not about whether our work is worthwhile. They know and understand that. It is, "Are your staff looked after? How are they feeling?" They know our staff well as well.

We are phoning every member up. We are taking them through the Fox Williams findings. We are taking them through the Principia findings. For the members who have resigned, over the next six months my job and that of all the account managers across the CBI, for those who want to have a conversation, is to go out to them. I am encouraged by the conversations I have had so far that, if we can demonstrate we have listened to what our staff have said and implemented the changes we have promised to make, we will get a pretty warm response from the majority of our members around relooking at us over the months and years to come.

- Q19 **Mark Pawsey:** If Government, Opposition parties, or this Committee, for example, want to know about the voice of business, we have traditionally turned to the CBI. Mr Gullis has just read out only a very small part of a roll call of companies that were members but no longer are. The question for you is how we and others can see you as the authoritative voice of British business if you speak for only a small part of British business and you are not even able to tell us who your members are.

Rain Newton-Smith: As I said, we need permission from all of our membership to be able to provide a full list. We can also list members who have come out and spoken on our behalf.

- Q20 **Mark Pawsey:** Most trade organisations would list their members on their website.

Rain Newton-Smith: We are a confederation of businesses and trade associations.

- Q21 **Mark Pawsey:** You have never disclosed who your members are.

Rain Newton-Smith: There are a few things to be clear on, on transparency, about what we do already. As I said, we are looking at, thinking about and reflecting on what we can do going forward to be more transparent. That is part of what we set out in our prospectus and I stand by that.

We have over 1,000 business leaders represented through our council structure, representing over 700 businesses. All those are listed on our website, so you can see who are members of different committees and councils. We have been very transparent as an organisation. As I said, representing 2.5 million private sector employees is a really large swathe. I do not think there are other organisations that can do that.

We have worked in partnership with other business organisations. It is really important that we have a collective voice of business. I firmly believe that the CBI deserves to be at that table. We have the weight of members across regions and sectors to be able to do that. It is helpful



HOUSE OF COMMONS

when we work with Make UK, the BCC, the IoD and FSB, as we did during the pandemic and have done on specific campaigns, such as prompt payment where we partnered with the FSB. That is the power of a collective business voice. We have also worked with trade unions, the TUC, on specific policies. That is where the power in what we are able to do comes from.

Q22 Mark Pawsey: You just referred to your campaigns. You previously referred to your surveys. One reason why your surveys of your members are so valuable is that your membership is so comprehensive. If your membership ceases to be comprehensive in the way that it has been, why should your survey information be of any value to people such as us and Government?

Rain Newton-Smith: There are a couple of things that it is important to remember or note on our surveys. Our economic surveys are of our members, but are also of non-CBI members. They are long running. We have a team of economists, data scientists and survey specialists who run those surveys. It is a panel of businesses, some of whom are CBI members and some of whom are not, so there are those longstanding surveys.

Q23 Mark Pawsey: You are saying that they will retain their credibility.

Rain Newton-Smith: Yes, absolutely. Also, there really is a public good in some of those surveys. They were able to provide insights during the pandemic to policymakers. They have been able to provide insights more recently around how we get business investment going in this country. They provide a really important service. I am absolutely committed to keeping them going, but we need the support of policymakers and our members. We have the support of our membership behind us.

Q24 Mark Pawsey: Could I turn to your annual reports? Have you published your 2022 annual report?

Rain Newton-Smith: I believe that our 2022 annual report is on the website. No, not yet. It would come out in the summer. I believe that our 2021 report was published on there, but we can provide anything that is not.

Q25 Mark Pawsey: When do you expect to publish your 2022 report and what will it say?

Rain Newton-Smith: We would normally be in the process of pulling that together. As you can see, we are in a moment that is a difficult time for us as an organisation. We have just had an extraordinary general meeting. To be able to publish our annual report, we would need to come back to our annual general meeting, which I believe we currently have planned for September.

Q26 Mark Pawsey: You have just published a document called *A Renewed CBI*. In that, there are a lot of claims and promises of what you are



HOUSE OF COMMONS

intending to do. What will the measure of performance be of the objectives set out in that document? Who is going to verify them? Are you going to self-verify, or will there be an independent auditor able to confirm that you have honoured the commitments you have made within the last month or two?

Rain Newton-Smith: Ultimately, we are accountable to our membership on our overall performance. As part of our prospectus, we set out a range of KPIs. There are a few elements of that and each quarter we have committed to going back to our membership to show particularly our work on people and culture. Understandably, our members want to be reassured that a programme of change around culture, people leadership and people management is a journey. They have given us confidence that we are on that journey, but we need to go back to show that we are able to do that.

We will be working with Principia, which will stay with us over the course of time, to help with running a benchmarking of that survey every quarter, so we can then come back to our membership. We have also committed to using Elizabeth Broderick, who is a UN expert on sexual harassment. Her and her organisation will be doing an audit in a year's time, looking at our grievance process and essentially, around sexual harassment, whether we are best in class in terms of workplace culture. We are holding ourselves accountable.

A big moment for us as an organisation and, indeed, for the country is that we will have a general election next year. Ahead of that, we will be pulling together analysis to feed into the autumn Budget, but also setting out a business manifesto that will reflect the views of our membership.

Q27 **Mark Pawsey:** I am looking at many of the commitments you have made, but there are no timelines on them. There are no commitments to do these things by a certain time. When do you expect the commitments that you set out here to be fulfilled?

Rain Newton-Smith: At the back of our prospectus, we have one-month and three-month milestones.

Syma Cullasy-Aldridge: That is absolutely right. We have these one-month, three-month and six-month milestones. As Rain set out, on the people and culture we will be working with Elizabeth Broderick, who is a UN expert, as well as Principia, which is expert in building ethical organisations. That is on the people and culture side, and they will be working with us and with our people to audit the work that we are doing, so we are not marking our own homework. On the governance side, we have Ffion Hague, who is conducting a governance review.

Q28 **Mark Pawsey:** Is there a deadline to report by?

Syma Cullasy-Aldridge: Later this year.

Q29 **Mark Pawsey:** That sounds very Government-like: "In the fullness of



time"; "At some point in the future".

Syma Cullasy-Aldridge: It will be at some point before the end of the year, in the autumn. That will include new governance structures, so audit and risk committees and things such as that, and what those committees will look at, so what the committees of the board will be looking at to make sure that, exactly to your point, this is not the executive team looking at what we are doing and the job we are doing. We are bringing in external experts and refreshing our board to make sure that there are those other people inspecting the work of the CBI to those milestones and beyond.

Q30 **Anthony Mangnall:** How many people do the businesses you represent employ?

Rain Newton-Smith: Our latest calculation is 2.5 million employees in total.

Q31 **Anthony Mangnall:** In your 2021 report, it says, "We represent 190,000 UK businesses, employing nearly 7 million people". Is that to say that you have lost 4.5 million?

Rain Newton-Smith: No, it is 2.5 million through direct employees. We also have a swathe of employees who are represented through our trade association network.

Q32 **Anthony Mangnall:** You have been happy to give us percentages in terms of your turnout in votes. What percentage of businesses have you lost and what percentage of businesses have paused their membership? That should not be a problem to answer, because it does not reveal the actual total membership you have. Can you provide that to the Committee?

Rain Newton-Smith: You can get from one to the other if I have said 1,200 direct members. A proportion of members have paused their activity, but the vast majority are still with us.

Q33 **Anthony Mangnall:** I am really sorry to keep pushing on this, but the purpose of this Committee and what we want from Government, and from an Opposition perspective as well, is that we want to know that we can trust the evidence and information that is coming. In the interests of being transparent, open and ensuring that you are comprehensively representing the entire sector of industry in the United Kingdom, we have to have some gauge as to how this has impacted you. That is not to besmirch any of the extraordinary work that the CBI has done over the last four or five decades. We have to have a better idea than what we are getting at the moment.

Rain Newton-Smith: We have lost a few businesses through this.

Q34 **Anthony Mangnall:** Sorry to interrupt. As Mr Gullis has just said, it is not a few businesses. It is some of the leading industries in this country. It is some of the leading supermarkets. Right now, at a point where we



HOUSE OF COMMONS

are worried about food prices, you have all these large supermarkets stepping away.

As Mr Pawsey has already said, we would come to you to ask for the opinions on this issue. In fact, we are doing something on food prices later on. How can we now rely on the CBI's information if the largest supermarkets have stepped back from even using you as a representative body?

Rain Newton-Smith: I will pass to Syma to provide more detail. It is important that we can say the overall size and sectors that we represent. We could give a proportion that we have lost, but that number would also change over time, as it does throughout our history. We lose members and we gain members. That is part of what being a membership organisation is.

I am answerable to our membership. Even to the situation we ended up in, some of the challenge was that members want to be part of the CBI because they want us to be able to speak on their behalf on the issues of the day. They do not always want to, as individual businesses, raise their head about the parapet into what can be a really difficult eye of scrutiny from politics and the media. They want their positions around business rates and the cost of living crisis to be understood. We are able to speak on behalf of many of the trade associations, for example the Food and Drink Federation.

It is easy to pick off a few members that have spoken out, come under pressure and said that they have left the organisation. Without permission from all of our members, I cannot provide a list. I hope that you understand why I cannot do that without their permission.

Q35 **Anthony Mangnall:** I struggle a little bit with it. You produced an excellent report under your name, which talks about documents and outlines and the correct steps that you want to take to get your organisation back into line. We need a base understanding of whether those standards have been met. A perfect metric of seeing how those standards are met is going to be driven by your membership numbers.

I hope that I am not speaking too much on behalf of the Committee, but I do not think that there is single person on this Committee who does not want to see the CBI go from strength to strength to represent all sectors of the United Kingdom and to ensure that you are properly able to do that. As Mr Pawsey has said, if there are no timelines, the only way we are going to see the value of the progress that you are making is, presumably, by membership numbers, and yet we do not have that and you are not providing it.

You can come back here in a year's time and say, "It is fantastic. We have fulfilled all these things. Our membership numbers are healthier than ever, but we are not going to give you any numbers". What are we meant to do with that?



Rain Newton-Smith: We are making strides to be more transparent. I would also encourage the Committee to make sure that any membership organisation is under the same level of scrutiny. We certainly want to make moves to be as transparent as we can, but that takes time. That is something we are working to do.

Syma Cullasy-Aldridge: As Rain has said, we have over 1,200 members. That is something that we have set out to you today, which I do not think we have set out before. In the interests of that transparency, we have come here with that figure to make sure you understand it.

Q36 **Anthony Mangnall:** There is nothing to balance that against. That is the problem. You are saying to us that you have 1,200 members, but I do not what that means in terms of what it was in previous years and what the impact of this scandal is.

Syma Cullasy-Aldridge: I completely understand that. That is something that we will look into. On the point about using the retail example, which I think is a really good one, one of the unique things about the CBI is the 150 trade associations we represent through the confederation model. We are a confederation.

That includes the British Retail Consortium, which recently signed an open letter in support of the CBI. The retail voice is represented either directly through retail members or indirectly through the trade associations, with which we work incredibly closely. That is 150 trade associates across every single sector. A number of them came out in support of the CBI last week, including the Food and Drink Federation, the Society of Motor Manufacturers and Traders and the National Farmers' Union.

You listed some companies that came out saying that they had left the CBI. We also had companies such as SSE, Siemens, Esso and Microsoft, alongside some of our SMEs as well, coming out in support of the work that we do. The membership, in terms of the regions, nations and trade associations in the confederation model, is incredibly important and different to other business organisations in terms of how we can represent, either directly or indirectly, every single sector.

Q37 **Chair:** Can I ask a simple question? Forgive me if I am a bit confused. You have 1,200 direct members and I think you said that 93% of them backed the plan at the EGM. I thought that there were only 371 votes. Can someone explain that to me?

Rain Newton-Smith: It is essentially saying that around a third of our current members voted at the EGM.

Q38 **Chair:** The turnout was low, but of those that came the vote was high.

Rain Newton-Smith: Yes.



Q39 **Chair:** What confidence do you have about what seems to be the majority of your members that did not come to the EGM to vote?

Rain Newton-Smith: I am very confident because we have a network of devolved nation leaders, regional directors and account managers who are speaking to these businesses daily. I and all our policy experts are also speaking to many of these companies. Not every single member of the CBI who was eligible turned up and voted on that day. In a way, that is a point in time. What is important is their engagement with us. Are they still feeding into our policy work? That is what I am very confident on.

Q40 **Jane Hunt:** Let us talk about what you can do, rather than what has been going on internally within the CBI. You talked earlier on about the German version being very important to the German economy and to businesses. We clearly need that in UK. Is the CBI still that organisation? Syma, you talked about the CBI being a broad church. Are you too broad? What is the impact on Government policy and is it perhaps too thinly spread?

Rain Newton-Smith: Yes, we are absolutely that voice on the international stage. What I want to do and how we lead the organisation is to set out a vision for the UK economy on a global stage and talk about the things we can do really effectively, whether that is thinking about how we capture green markets in the move, globally and in the UK, to decarbonise our economy, or thinking about trade in services. We are the second largest exporter of trade in services globally. It is really important that we build on that expertise.

We are absolutely determined to set out a vision and to help set out the policies we need to deliver sustainable growth in every region of the UK. I think you get the passion from this side of the table about the work that we do. We really believe in the work that we do. We have policy experts from across economics, data science, decarbonisation and employment and skills—the full spectrum. What we have done in the past and will do in the future is to really focus that on what the key issues of the day are. I absolutely believe that we have that capability.

Some of that also reflects, building on the questions we have just had, on how we work with our trade association members. Sometimes it is getting behind them. I am really proud to represent the British Retail Consortium. It is incredibly effective in what it does and in being a voice for the retail sector. UKHospitality and the National Farmers' Union are really strong trade associations that make us a strong business voice.

It means that, when we are dealing with issues around food price inflation, we can talk to the British Retail Consortium. We can talk to farmers. We can look at that whole and we can talk about what it means in Scotland and Northern Ireland. That gives us a real strength.

Q41 **Jane Hunt:** You do not see any gapping as a consequence of what has



happened so far.

Rain Newton-Smith: Like any organisation, we have to prioritise. As MPs, you have to prioritise in the very difficult casework that you have to face. That is our job as the senior leadership, to work with our members on what their key priorities are. That is what we will deliver.

Q42 **Jane Hunt:** Syma, what about the impact on Government policy and whether you are spread too thinly?

Syma Cullasy-Aldridge: To build on Rain's point, it is one benefit of the CBI. If you are looking at food price inflation, you are not looking to one sector because it is impacted by a number of sectors: retailers, farmers, hospitality. This is all about them working together. The value of having that broad church is that you can bring a number of different sectoral voices, either directly or through our trade associations, to support policymakers in addressing and tackling these challenges.

There is also the value of those cross-sectoral issues. We have talked about childcare. That was us working with our third-sector partners and policymakers to provide economic analysis on something that was not traditionally seen as a business issue. It is a business issue, because hiring people, and attracting and retaining staff, is something that every business we speak to says is an issue. That is a cross-sectoral issue. Whether you are a large business, a small business, in any part of the country, whatever size or sector, that is hindering growth.

We have had feedback from officials that being able to speak for that broad church, with that strong economic evidence behind it and costed policies, is the thing that shifted the dial on the childcare policy. It made Government take action to bring 75,000 parents back into the workforce, which is much needed when we are in the growth crisis that we are in. That broad church has a benefit, because it means you can speak on an issue across a number of sectors, but we also have a strong voice on these cross-sectoral issues.

Q43 **Jane Hunt:** Tracy, do you think that the CBI is as good and robust as the German model?

Tracy Black: The key thing is that this has been a really challenging three months because of what our staff have had to go through, the deep dives that we have done to figure out what we can improve and what we can do better. I am very confident, when it comes to what our work is about, how we prioritise that work and how we focus, that that has not changed at all.

As Rain and Syma said, we have to be nimble. We always have been. We never have as many resources as I would like. I would like to build on how we explain how that works. DRS has been all over the news for the last few weeks and months. We were there to bring that common ground. Between the trade associations, there was not agreement on glass, for example. There was not agreement on kerbside collections. Even within



different members, if you were a producer, making beer, there was a very different view versus if you sold beer in a supermarket or if you were a small high street shop. Our job is bringing those voices together and we do that incredibly well.

If you look at net zero, you can have a big oil and gas company versus a renewable company versus somebody who is maybe going to use hydrogen in the future. They will all have a different view of how we get there. Our job at the CBI is leveraging off that expertise and bringing it together into one place that we can all get behind. That has not changed at all.

I feel very confident, when it comes to what we do, how we support members and how we feed into the work that you are doing, that we can still provide that evidence-based solution. That is what we are excellent at. It is based on one-to-one meetings, our committees and our events. I had over 2,000 people come to our events last year. I did over 300 one-on-one meetings with members. That will continue, so I am very confident that the CBI will continue to represent the voice of business in the UK.

Q44 Jane Hunt: Rain, looking at the issues that are going on at the moment within the economy, what are they? In representing your members, what are the key issues? Given that you are looking across the whole of industry, what are the top priorities for change that we need in order to have growth in the UK?

Rain Newton-Smith: The north star, if you like, of what businesses are looking for is how we drive sustainable growth around the UK. That is, essentially, around how we ensure that we have the right people to be able to grow businesses. That is how businesses themselves invest in training and skills, but it is also around how we ensure that people are able to move across borders to trade in services, as I spoke to earlier, by making sure we have mutual recognition of professional qualifications so that we can export some of the things that we are brilliant at.

Thinking about higher education, how do we make sure that we are open and able to attract some of the brightest students from around the world to our leading universities here in the UK? It is also thinking about the role of innovation and R&D, and making sure that we have a tax environment that encourages innovation and encourages companies not just to start up in the UK but to grow into small, medium and very large businesses. We need to have the right growth environment around the UK.

At the same time, our society faces a huge challenge from climate change. The UK has been one of the leading G7 countries in reducing our carbon emissions and ensuring that a large portion of our energy comes from renewable sources. We are only at the start of that transformation in the UK and globally. There is a huge part that we can play in helping to develop those technologies, whether that is thinking about carbon



HOUSE OF COMMONS

capture, usage and storage or the development of offshore wind. There is so much where the UK has led in the past and we can do in the future. These are the issues that our members are speaking to us about and where they want to see a strong voice that can speak across regions and nations.

Jane Hunt: I know my colleague wants to ask one about skills.

Q45 **Jonathan Gullis:** The skills agenda for me is vitally important. I refer to my register of interests; I was a secondary school teacher before entering this place and have been, albeit very briefly, a Minister for School Standards in the Department for Education.

There is one thing I am intrigued to ask. You talk about membership. Do you have any higher and further education institutions or groupings that are members or part of any boards within your organisation?

Rain Newton-Smith: Yes, we do. We are really proud to represent the higher education, so universities, but also further education colleges. That is where in the past, when we have been thinking about how we develop skills policy, we have been able to speak with authenticity. One thing we worked on in the past, which you, as a secondary school teacher from that profession, will be able to speak to, is the interaction between students and businesses. The Gatsby indicators are a way of gauging that interaction.

We have looked at whether we can provide almost a map of interactions at a local level and at what help we can provide businesses to be able to provide work experience and upskill skills in interviews at school. One of our strengths is being able to talk about those sorts of policies right up to very big businesses and the overall training they are able to provide. It is that whole skills ecosystem that is so important for us as a nation.

Tracy Black: To give you a flavour, in Scotland, for example, I sit on the board of Skills Development Scotland. I was asked to represent the independent review of qualifications and assessment. We were the only business organisation to do that because I could convene international experts on recruitment, apprenticeships and training. I also participated in the careers review.

Planning and skills are probably the two key things that come up with our members. For our membership, being really clear about what they need to have out of our talented young people coming through school and university, but also that upskilling and reskilling piece, is becoming a huge focus. Scotland does not have enough people, so we have to make sure that everybody is trained and enabled to reach their maximum potential. It is very important to us.

Q46 **Jonathan Gullis:** I am delighted to hear that. One of my biggest frustrations is that there is still a poor amount of communication that goes on between businesses and the education sector, predominantly in the secondary sector. That is not a dig at teachers. I had no clue, other



than having been a teacher, what the options and opportunities there were for young people and relied very much on those who gave their expertise to the schools. I see that play out in Stoke-on-Trent, which I represent.

Ultimately, that is where that challenge lies. I am certainly pleased to hear that and about how that can be rolled out. It could feel like a slightly crowded place and this is why I would be keen to hear how you interact. If I take Stoke-on-Trent and Staffordshire, for example, we have our chambers of commerce. We have the local enterprise partnerships still in existence, but no one really knows for how long or whether they have a longer-term purpose. You have the local authorities that will hold a certain amount of local power as well. You will Government. You will have multi-academy trusts and we obviously have the CBI.

It is becoming quite a messy field there for someone in teaching who wants to understand how they can better connect to enable headteachers. How can we get through this crowded space to get a much clearer message and a cleaner interaction with business and the education sector, in your opinions?

Rain Newton-Smith: We certainly have played that role in the past, for example in partnerships we have made with the Careers and Enterprise Company on thinking about how we provide those career opportunities and that connectivity between businesses and local schools. We can also provide some ability to step back and ask, "How is this patchwork working across regions and nations in the UK?"

Particularly, as Tracy was saying, each devolved nation has a different system of education. We are able to do that effectively and it is really important. I would certainly say that with some passion, with four girls who soon will be all at secondary school. I certainly commend all the teachers in this country, who work incredibly hard.

Syma Cullasy-Aldridge: I will just add the commendation that, having home schooled my children during lockdown, the appreciation for teachers always increases. One of our regional directors, Beckie Hart, who spoke at our EGM, was talking really powerfully about the work she does in her local community as a CBI leader. With Sarah, another of our regional directors, she works really closely with Greggs, which provides hundreds of thousands of meals to schoolchildren.

In Yorkshire and Humber, we have our cluster model, which has our university, as well as working with the local authority and with local and national businesses to decarbonise the sector, so it is bringing together education and business. We also bring together education and business to better the lives of people in the communities in which our businesses work.

Q47 **Jonathan Gullis:** I am pleased to hear that. The reason I was asking those earlier questions was that, for me, there is one example where I have probably seen good work linking up all these different organisations,



HOUSE OF COMMONS

including maybe yourselves. I am keen to hear if maybe you were involved in this.

Mayor Burnham has led the proposal for the MBacc. To be quite frank, I am normally a Mayor Burnham sceptic as if it was a glossy announcement, but, having read the details, there is some really good substance and thinking about how to create a system, from the age of 14, where children are choosing the EBacc, or now the MBacc, focusing on those skills that we so desperately need, as well as how that links in with further education, higher education and the jobs they are projected to have growth in within the Greater Manchester area.

I thought it was a really interesting proposal, and I was just wondering whether you, as an organisation, had any interaction or any involvement with that. Have you come across this plan or read it over? Is this something that you think could be rolled out to other nations in devolved areas as well as regions?

Rain Newton-Smith: We are happy to provide more detail to the Committee, but what I can tell you is that Damian Waters, who is our regional director in the north-west, is looking forward to meeting with Andy Burnham again. We have had a strong relationship, as we do with any metro mayor across the regions, so we can get back to you on the detail of our engagement.

Syma Cullasy-Aldridge: Just to add to that, as you were saying, in terms of the ability for a business to grow in a community, our regional directors work with businesses who are in communities. You know this from your constituency. It is not about what you do nationally, but it is also about the value you add locally.

You will be able to speak to this better than I can, Tracy, but there are specific skills required in specific areas. It is not a one-size-fits-all across the whole country. That is one of the benefits of the CBI through our regional networks.

I was talking about Beckie, who is working in Yorkshire and Humber on the specific things that are needed in that part of the country, which is an incredibly carbon-intensive part of the country, given its history. That is different to what you might need in Exeter. It is about working with schools, universities and local businesses together. There is a lot of value in that and in taking a place-based, rather than one-size-fits-all, approach. That is definitely something we look to do.

Tracy Black: We did a piece of work probably three or four years ago on business engagement in schools. Interestingly, in Scotland, at secondary level, it is actually quite strong. We now realise that we need to get businesses into schools much earlier, such as at primary school, exposing children to different lines of work. If you have three quality interactions during your lifetime at school, it opens up different views.



HOUSE OF COMMONS

I cannot steal the thunder of Louise Hayward's review, but I know that has been submitted into Government. We have had six education reviews. We have been pretty much involved in all of them, but let us just say that there was consensus, from the unions to the employers to the teachers, that we need to bring in more vocational learning and much more work experience.

We have quite a strong apprenticeship programme in Scotland with the foundation apprenticeships in schools, but there is definitely that shift. It is no longer debated. We all realise that we absolutely need to have that focus on subject specialism, while giving young people more opportunities to experience the world of work. Even if it is not something that they want to carry on with, just knowing that is a good thing. You will see the CBI very engaged in the devolved nations on how we can make sure that business steps up and creates those work experience opportunities for young people.

Q48 Jonathan Gullis: I am excited to hear that, because you are entirely correct about planning and development. I get very frustrated with the nimbyism that sadly exists too much, sometimes in Parliament, around development. For long-term sustainable growth, education is going to be key.

The levelling up agenda, as it was when I was elected in 2019, was driven in part by making sure that kids in places such as Stoke-on-Trent finally break this stranglehold of remaining, at the moment, in the bottom 20% for level 3 and 4 qualifications. I totally agree that vocational qualifications, which have been treated as the ugly duckling subjects for all too long, are now financially starting to be put on the same gold standard as if you go down the traditional academic route. That is really important. To be fair to the current Government and the Opposition, that is an agreed position by both. Both would continue in that vein, whoever were in Government after the next election.

I was keen to hear a bit about the local skills plans that are being produced. I suppose this is where I would challenge the CBI because, until today, I have not had any interaction that I am aware of with, let us say, my regional director. Would it not be great if you had Members of Parliament who have convening powers, just as the CBI does with the membership in its local areas, to bring together organisations and the local authority in order to help inform these local skills plans? That would make sure that they are forward thinking, not just short-term gimmicks, but planning and mapping out the future workforce and the areas they want to develop. Is this something that the CBI is already engaging with on a regional level? How could Members of Parliament, for example, if they wish to, engage more easily with their regional director?

Rain Newton-Smith: I might come to Tracy to give a bit more detail, but that engagement at the local level is important. One of the earliest projects that I was involved with at the CBI was work around regional growth, and looking very clearly at the drivers of higher living standards



around the UK. Understandably, education and skills came out as the top drivers, so getting that policy right is important. If there is a role we can play in making sure that those connections are happening at a regional level, we certainly will do.

Tracy Black: As I said, there are multiple reviews going on. James Withers has just published his review, which focuses on skills. Grahame Smith has been working on the careers review with SDS, and my role is trying to get as many members engaged in that as possible. It is always hard to predict the future, but there is general consensus that we need—I do not like the term—meta-skills. We need people who are self-starters, can think on their feet and have good communication skills. In Scotland, there is a definite focus on digital skills, but also, if you look at ScotWind and what we will need there, we need thousands of welders. Sometimes the old skills are just as important as the new skills.

I hope I can reassure you by saying that there is a huge amount of work going into that. Our members are really engaged in that work. They are really passionate about it. The issue always is whether we have the budgets to be able to invest in the skills, reskilling and upskilling. They are very constrained at the moment, so our job is making sure that we get the priorities in and that we give that horizon so that Government can plan accordingly.

Q49 **Jonathan Gullis:** It would certainly be helpful for someone like me, who does not come from a business background but interacts with a lot of my local businesses. Certainly, these skills plans are so important to get right and drive the growth. In the digital sector, we have the digital T-levels. In Stoke-on-Trent, we have Staffordshire University, which is the leader in the video games sector, and that is something that I am personally driving my own agenda with. How I interact with business, attracting businesses in that sector to Stoke-on-Trent and finding out what the barriers are to them coming there, is a challenge. That is hopefully where you guys, I would suggest, can play a role.

Syma Cullasy-Aldridge: We will take an action to make sure that you are in touch with our regional director in your area so you can continue these place-based conversations about skills.

Q50 **Jonathan Gullis:** I have two more questions. One was about the apprenticeship levy. I am in total agreement with the business sector that that needs reform. What is the CBI's current position on how the levy would need reforming in order to make it better for business? I say this as someone who is currently co-chair of the APPG for apprenticeships, and now has a second apprentice in my own constituency office in Stoke-on-Trent North.

Rain Newton-Smith: We are big supporters of apprenticeships. What we hear from our members is that we need to see more flexibility within the system, so that businesses are better able to provide the training that they would like and it is fit for purpose for a changing economy. As a



good example of that, if we are thinking about all businesses needing to become more sustainable, they need to understand their overall carbon emissions and how they can work to reduce those. That is a module that does not always mean that people need to go off site one day a week over the course of a year. Having a more modular approach is more fitting to the skills need of a modern economy. What we hear from our members is that we need more flexibility.

The other thing that is important to say is that we want to make sure that we keep some of the strengths of the levy in how it provides for smaller businesses to be able to access levy funding. We are all united in the aim that the outcome we want to see is higher-quality skills across our workforce. There is a lot of alignment on the outcomes. It is about the best mechanisms. More flexibility regarding how levy funds can be used is something that our members talk to us about.

- Q51 Jonathan Gullis:** Finally, your organisation talks about becoming more diverse. That is absolutely correct, whether that be someone's sex, sexual orientation or ethnicity. The one disappointment I had in the documents provided is that white working class was not specifically pointed out. I say that because only 16% of free-school-meal, white British pupils are starting higher education by the age of 19. As of the 2018-19 academic year, their Attainment 8 scores are the lowest of any ethnic group bar the Gypsy Roma community. What more can be done in that space, particularly in places like the north of England or the midlands, which may not have the same amount of diversity of ethnicity as London or big metropolitan cities such as Birmingham?

Rain Newton-Smith: Absolutely, the importance of what we are trying to do is to create a more inclusive society. Social mobility is a key part of that, and we know it is a particular issue in the UK. We have partnered within our own workplace with the Social Mobility Foundation in the past to provide work placements, but also to support some of its programmes, such as by looking at CVs. I have reviewed CVs on behalf of the Social Mobility Foundation and provided feedback to some of its candidates to help them in their career.

As Syma was articulating, many of our staff have also worked in a partnership with Greggs. One of the best ways to improve outcomes in early years education is to ensure that young people from deprived backgrounds have access to meals and can start the day in a safe environment at school. We are still only an organisation of fewer than 300 people, so we have to be mindful of how we do that, but we have tried to support efforts around social mobility. You are absolutely right; when we talk about an inclusive society, social mobility is a cornerstone of that.

- Q52 Jane Hunt:** We talked earlier on about Government policy and how CBI could contribute to that, and you gave me quite a list of things that you might be able to do. Syma, I understand you look after campaigns for the CBI. If I gave you just one campaign that would really shift the dial on



HOUSE OF COMMONS

business growth, which is the focus we should have, what is it? What is the CBI going to put forward as a policy idea, please?

Syma Cullasy-Aldridge: Just one?

Jane Hunt: Yes.

Syma Cullasy-Aldridge: I would talk about the environment for business growth. That is the policy I would look to the Government and the Opposition, in their manifestos, to deliver on. To break that down, that includes having the right investment regime and the right tax regime so businesses can invest. We had the super-deduction in the spring Budget. What is the successor to that?

Every day, I speak to businesses about people and skills. They cannot get the people they need. Tracy was talking about what that issue looks like in Scotland. That is replicated across the whole country. As we were just talking about, if you can get the people, how do you make sure that they have the right skills? Not everything is a two-year apprenticeship. Some things are; some things are not. How can you make sure that you can do that on-the-job learning as well?

We all speak very passionately about it because there are so many opportunities in the UK. We have led the way before on the green agenda. We do not need to match pound to dollar or pound to euro. There are such innovative businesses in the UK. There are so many people with brilliant ideas and skills. There are world-class universities. Having the right tax environment and the right people and skills to deliver on that will increase the UK's productivity and grow the economy. That is incredibly important for the people Jonathan was just talking about in his constituency or for people who grew up like me. This is why we feel so passionately about it. If we grow the economy, we impact society and all your constituents. That is why we want to be able to do what we do every day.

Q53 Andy McDonald: My apologies for my late arrival; I was dealing with a business issue in my constituency that caused my delay. I unfortunately missed the first bit about what has been happening at the CBI. It has not escaped anybody's attention that we have three women representing the CBI, and that is an important message coming out of that for me.

Can I turn your attention to the plans for the future and, in doing so, perhaps have a little look back to the partnership workings through Covid? Obviously, the CBI was critically important in that, working with the TUC and HSE. For my part, I would have preferred Government to be a little bit more forceful in that, but with the development of the job retention scheme, and then the offer from the TUC at 100,000 health and safety representatives in the workplace, how do you see the CBI developing those relationships going forward opposite some of the challenges we have, which are considerable? If this is peacetime, it is a pretty rocky peace, so what do you see in terms of how those



relationships are going to be developed and nurtured? Are they important? Should they be nurtured?

Rain Newton-Smith: They are critically important. I was really proud during the pandemic to work alongside the TUC, our trade associations and other business organisations, helping Government design the furlough scheme and make sure it was responsive to the needs of both employees and employers, with that single goal of saving as many jobs as possible through the pandemic. It is a powerful example of how you can tackle some of the issues our society faces when you bring together the business voice with the voice of workers.

As we know and we have been discussing here, there are so many issues that are in front of us. We want to be able to continue to work alongside the TUC on the big issues. One example of that is even around sexual harassment in the workplace. We have been aligned with the TUC on some of the measures we think need to be in place. Again, it is really powerful.

When we think about how we decarbonise our economy, that has to be done in a way that helps to ensure we do not have communities, regions or people in our society who are left behind. Some people like the term "just transition"; some do not, but it is about a transition to a new economy and creating jobs and opportunities for people around the UK.

We are in front of the Committee today to show that we have the support of our members. It is a huge proportion of private sector employment. We work very closely with our trade associations, and we want to be able to speak with policymakers on the issues of the day and make alliances with the TUC and others on critical issues.

Q54 **Andy McDonald:** Taking that on then, in the same sort of theme on the partnership working and the environment for growth, we, as a Committee, recently went to Sweden and saw some very ambitious and innovative businesses. Although not in every case, there was often a significant role for the state as a stakeholder and facilitator. Do you see that as forming part of the discussion going forward? Obviously, the private sector should be there where it is able to proceed without any engagement or involvement, so with just the framework of policy, but are there any areas that the CBI could identify where we will have to work or would benefit from working in partnership with Government, either as an initial phase or even more long-term?

Rain Newton-Smith: There are so many areas where we can work in partnership with Government and with the Civil Service. There are many ways you can illustrate that. Even thinking about health, for example, there is such an awareness now that business plays a role in helping to create the environment for employees to have a healthy lifestyle. At the same time, we need to have an NHS that is able to ensure the health of the nation. We saw some of those partnerships during the pandemic.



There are so many issues around health, education and skills where there is a role.

- Q55 **Andy McDonald:** What I am getting at is that one of the companies we saw, if I remember correctly, was the developers of green steel. We had in our hands sponge iron, and that was made possible because the state was in that structure as a stakeholder. Without that, it would not have got to those levels. I am just wondering what the CBI's attitude would be to that sort of concept or that sort of thinking.

Rain Newton-Smith: When it comes to decarbonisation, we have set out that this is an area where we know a huge scale of investment needs to happen, from both the public and private sector. To unlock some of that private sector investment, you need to have co-financing models. For example, if you are thinking about sustainable aviation fuels, at the moment it is not economic. We do not quite fully know yet what the proven technology is, so there needs to be a mandate.

Andy McDonald: You must come to Alfanar on Teesside. I will show you sustainable aviation fuel. I was there on Friday and they have it, but sadly at the moment they are outwith the Government's engagement on this in terms of the CCUS tie-in. It is there and it works. Unfortunately, they come up against Government too much. Sustainable aviation fuel is there. We could be leading the world in this. We have the opportunity.

- Q56 **Chair:** Finally, I have a couple of quick questions. Obviously, your crisis has been seen by others as an opportunity. There is a bit more competition in the space around business representation. You presumably welcome that competition and it will be down to members to decide where they pay their subs.

Rain Newton-Smith: Having a collective and united voice of business is important. As we have seen in the past, there are moments where we need to come together as business organisations to align on the big issues of the day. We have supported each other in the past on key policies. I gave the example of the FSB and working with it on prompt payment. We worked with the BUC, BCC and other organisations during the pandemic.

There are certainly areas in which we can partner but, as the CBI, as we have hopefully provided evidence of in this session, we have a huge amount of expertise. We have a huge track record, particularly around the economy, and we have members across regions and nations, so we think we are entitled to have a strong voice and to be a collective voice of business. To my mind, that is about the partnerships and collaboration that you build and make. That is where we have been effective as an organisation in the past, and that is the style of leadership that I want to lead our organisation in.

- Q57 **Chair:** You had to postpone the annual conference because of the issues that came up. Is that going to be coming back?



Rain Newton-Smith: At this stage, we are focused on our purpose. I am sure we will have an annual conference at some stage, but we need to think about the right moment to do that. Also, what are the topics of the day? What is the content and what would it deliver in terms of both our businesses being able to come together on the big issues of the day, but also how we bring together policymakers into the room to discuss those issues?

Some of that can happen at big conferences, but just as important is the day-to-day discussion of policy issues with technical specialists and with businesses themselves, as we have just heard, about the opportunities that are out there. That is the engagement I and my teams want to be able to do.

Q58 **Chair:** Lastly, in the prospectus you presented to members at the EGM, you mentioned your royal charter. Royal charters are funny things. They are granted by the Monarch via the Privy Council. The only institutional organisation that can do anything about a royal charter is this Parliament. I was interested to read that you said you wanted to make it more transparent and accountable in terms of how you meet the standards of an organisation that should receive and maintain a royal charter. How will that look different going forward?

Rain Newton-Smith: That is partly on the basis of learning from other organisations. What we want to be able to do is to show what our corporate governance is in a way that people understand. Partly, this is about being more transparent and setting things out clearly. We have taken on feedback, even from this Committee, about ways in which we can improve our overall transparency. We are proud to be a royal charter organisation, but that does not mean we cannot change as an organisation and cannot communicate better about how we develop our policy mandates on specific issues and how we run ourselves as an organisation. That is what we are committing to do as an organisation.

Q59 **Ian Lavery:** Will the CBI, as we know it today, be in existence in 24 months' time?

Rain Newton-Smith: Yes, it will be.

Tracy Black: Yes.

Syma Cullasy-Aldridge: Yes.

Chair: Thank you very much. That is the end of the session today. Thank you all three for coming, and we will no doubt speak to you again soon. I call this session to an end.