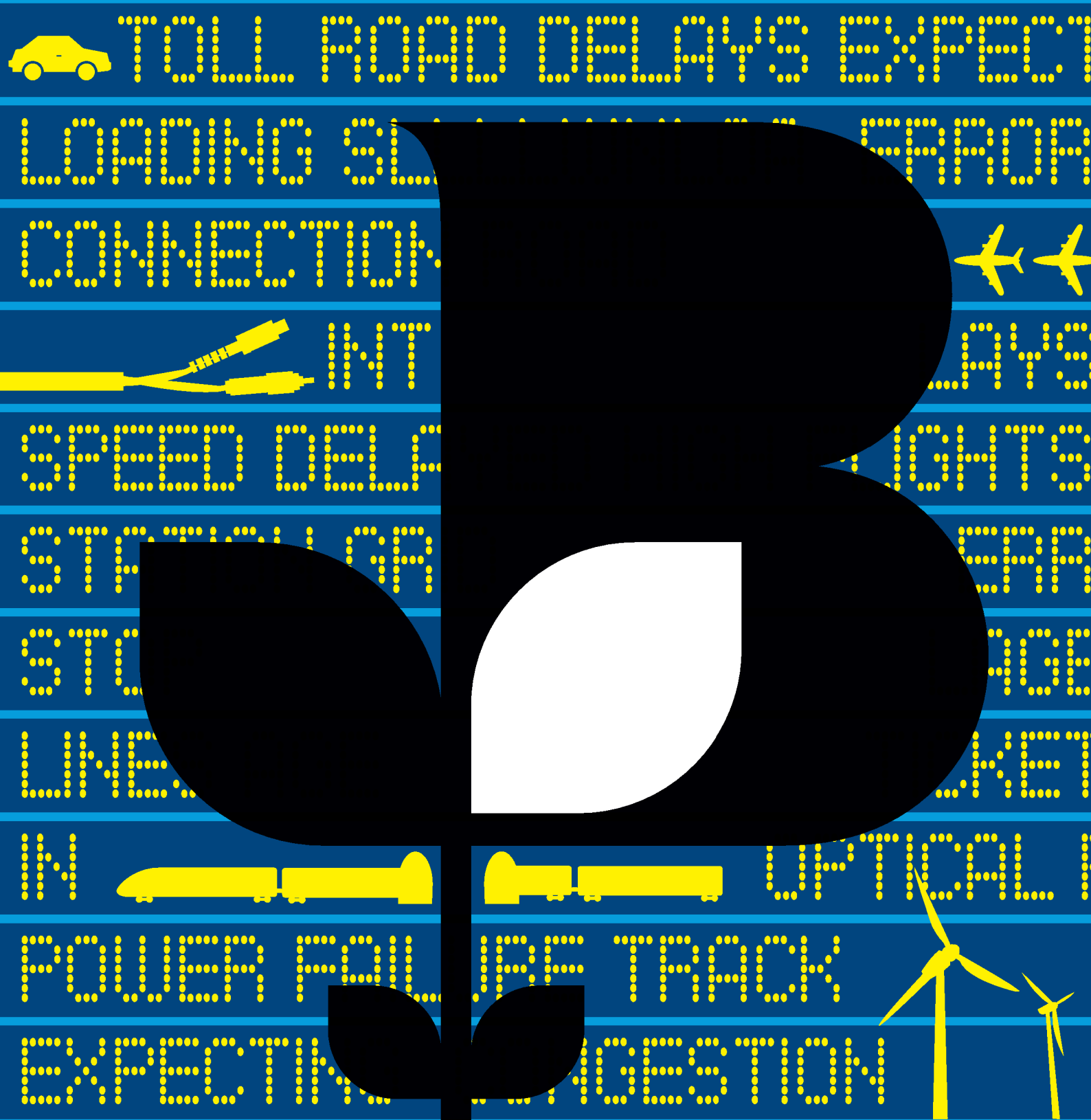


RECONNECTING BRITAIN: A BUSINESS INFRASTRUCTURE SURVEY APRIL 2010



British
Chambers of
Commerce

150 years of helping business | 1860-2010

ABOUT US

The British Chambers of Commerce is the national body for a powerful and influential Network of Accredited Chambers of Commerce across the UK; a Network that directly serves not only its member businesses, but the wider business community.

Representing 100,000 businesses who together employ more than 5 million employees, the British Chambers of Commerce is The Ultimate Business Network. Every Chamber sits at the very heart of its local community working with businesses to grow and develop by sharing opportunities, knowledge and know-how.

No other business organisation has the geographical spread across extensive multi-sectoral, multi-sized businesses achieved through local Chambers of Commerce. Lying at the heart of their local community, Chambers reach and serve all businesses, with special emphasis on providing services to their members.

Acknowledgments

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Infrastructure is crucial for businesses, and in the current environment of economic uncertainty and public spending constraints, it is essential that our energy, digital communications, and transport networks are up to the job if business is to deliver sustainable growth and employment. However, the results from this survey suggest that these networks are simply failing to meet business demand with serious economic consequences.

Our member businesses across the country are reporting reduced productivity, a difficulty in attracting or retaining staff, and problems in the delivery of vital goods and services as a result of poor infrastructure. For decades now, successive Governments have failed to adequately address business concerns over this matter. Poor infrastructure has direct consequences for the UK's ability to attract inward investment and to growing vital businesses that will deliver economic recovery.

This survey highlights the need for a long-term strategy rather than short-term sticking plasters, which do nothing to address current capacity constraints or increases in future demand. The

UK should once again aspire to build a solid infrastructure backbone and position itself as a world leader, rather than make do with a third-rate network.

As a start, investment spending on infrastructure must not be cut, and in the long term it is vital that the UK is able to develop a strategy that looks beyond the four year cycle of a typical Parliament. This survey outlines the concerns of business now and makes clear the challenges going forward. If the UK is to maintain its global economic position and attract sustained business investment, it must be prepared to take radical steps to improve its infrastructure networks.

A handwritten signature in black ink, appearing to read 'David J. Frost'.

David Frost
Director General
British Chambers of Commerce

INTRODUCTION

Despite the worst economic downturn in decades, this survey clearly highlights that the UK's poor infrastructure remains a major barrier to business growth. As the country tentatively moves out of recession, and as public spending is reined in, it is critical to avoid savage cuts to infrastructure spending, which is the form of public spending that underpins growth in the productive economy. Across all networks a lack of capacity is seriously impacting on the productivity of British business, restricting the country's ability to achieve its economic potential.

The results that follow represent the views of British business on the Government's infrastructure record, and also include opinions on policies and strategies formulated by all political parties ahead of the 2010 General Election.

TRANSPORT

As in previous years, lack of capacity across the UK's transport networks, both regional and national, is impacting upon business productivity. Four-fifths of businesses polled were specifically affected by shortcomings in the UK's transport networks, chiefly through loss of man-hours (64%), and increased operating costs (49%). Worryingly, a fifth of businesses stated that they had actually lost business due to inadequate transport infrastructure.

The cause of congestion is, as in prior surveys, the sheer volume of traffic. However, peak-time flows, especially at regional level where two-thirds of businesses have identified the school run as a key cause of congestion, indicate that innovative measures such as yellow buses could go a long way to alleviate this problem. Nationally, over half of businesses cite bad design and planning of critical road infrastructure as the chief contributor to congestion, while the lack of realistic alternatives, highlighted by over half of businesses, clearly points to the difficulties inherent in the Government's aim to encourage travellers out of their cars and on to greener forms of transport.

The chief barriers to effective use of public transport continue to be the need for cheaper fares and better reliability and punctuality, cited by nearly half of businesses. These results also

highlight the continuing discrepancy between the cost of private and public transport, where private motoring has reduced in cost in real terms, whereas public transport has continued to increase.¹

The need for continued investment on the road network is crucial if the UK is to remain competitive. Over the lifetime of the next Parliament, where we are likely to see serious spending cuts, it is essential that spending on our roads is maintained. The BCC recently identified thirteen projects across each region and nation of the UK that could be funded and initiated during the next Parliament. These would provide economic benefits of £86 billion, at a cost of £30 billion. This represents a benefit to cost ratio of 2.9 even when private finance is included, which under HM Treasury guidance, is a high value for money project.² It is schemes such as these that will go a long way to alleviating the productivity problems that businesses have highlighted in this survey.

RAIL

The rail network is currently going through something of a renaissance, with the completion of the West Coast Mainline's £9 billion upgrade, a commitment to upgrade the Great Western Line, and a strong level of political consensus surrounding the construction of a new high speed rail network.

However, over three-quarters of businesses surveyed rate value-for-money as the single most important aspect to address on the UK rail network. The requirement for additional car parking facilities, raised by just under half of businesses, reflects the continuing attractiveness of the railways, but highlights the difficulty businesses face in accessing rail services.

Forty-seven per cent of businesses also indicated capacity as a major concern, especially with regard to commuter travel. The BCC's call for new high speed rail links would free up significant capacity on conventional lines for commuter and freight services into the UK's employment and logistical hubs.

High speed rail is a major priority for British business. Recognising the support of all the major political parties for high speed rail, nearly nine out of ten businesses have indicated that any new high speed railway must include

¹ DfT, Transport Trends 2009.

² BCC, Business Transport Priorities Map, February 2010.

concrete plans for a full UK network over the coming decades. In addition, there is a strong belief, as indicated by over half of respondents, that in order for such a network to reach its full potential, it must offer city-centre to city-centre travel. The Government's White Paper on high speed rail sets out the Government's vision on a new railway but it must match the ambition of British businesses and provide UK-wide city-centre to city-centre connectivity.

TRANSPORT FUNDING

With the very real prospect of cuts to the transport budget over the next decade, which the BCC is actively campaigning against, businesses were asked what measures they would be prepared to accept to secure additional funding to upgrade critical infrastructure. The results indicate that businesses are ready to discuss new initiatives in order to secure funds for specific road capacity enhancements. The debate itself, however, must be had again to fully convince the business community.

While only twelve per cent of those polled support the concept of a full road pricing scheme at this point, nearly forty per cent would support motorway tolling. A quarter of businesses would also support lane tolling, while a further quarter considered ring-fencing fuel duty increases as a possible solution. Three in ten businesses would not support any of the proposals, showing that the case must still be made for any proposal to fund infrastructure improvements through increased fees or taxation.

The need for greater private involvement in infrastructure funding was, however, highlighted by a majority of businesses. A national investment bank, which could potentially bring together both private and public finance, was supported by just under two thirds of businesses. These results contrast, however, with the rejection, by over three fifths of businesses, of a proposal put forward by the RAC Foundation and others to sell off or lease the UK's road network in order to generate funds for improvements.

PLANNING

Planning continues to represent one of the biggest barriers to effective infrastructure provision, and ultimately to the growth and expansion of the UK's business base. Business applauded the Planning Act of 2008 as it sought, as a priority, to speed up the planning

process for projects of major national significance. However, the business community have flatly rejected new policies put forward by the Conservative Party to return major planning decisions from the independent Infrastructure Planning Commission to Ministers. A clear majority of businesses (62%), believe that major planning decisions should be taken out of politics.

For British business, a quick and efficient planning process is vital if the UK is to build and upgrade infrastructure fit for long term economic growth. Responses suggest that all parties must do more to guarantee this.

ENERGY

The continuing threat of climate change and the message from Government that businesses must take action to mitigate its effects is clearly being heard by Chamber members. Seven in ten businesses polled indicated that they had undertaken measures to improve their energy efficiency over the last twelve months. These figures also reflect a desire from businesses to reduce their cost base in the face of recession and cash flow concerns. However, what was apparent from this survey is that there is still some way to go, with just under a third of businesses taking no action at all.

Advice and assistance to small businesses must continue to form the backbone of the Government's strategy to disseminate information on energy efficiency. The BCC is encouraged by the fact that nearly half of all businesses surveyed are aware of the Carbon Trust's interest free loan scheme, set up to incentivise business use of energy efficient products. However, take-up of the scheme remains low, with only three percent of businesses aware actually applying for it. It is vital that resources are effectively directed at increasing take-up of the scheme, and we urge the Carbon Trust to continue to refocus its efforts towards small businesses.

Businesses have also clearly indicated their preferred strategy for the Government to ensure secure energy supplies whilst, at the same time, meeting international greenhouse gas emissions targets. Calling on the Government to establish a balanced energy mix, businesses surveyed cite investment in nuclear power as the most viable lead option to allow the country to meet its

carbon commitments while maintaining power supplies.

DIGITAL COMMUNICATIONS

The Government has highlighted the huge significance of digital communications to the nation’s future, yet the results from this survey clearly indicate that businesses do not believe the plan set out in Digital Britain goes far enough. Ninety-nine per cent of businesses stated that the Government’s commitment to universal broadband, at a speed of 2Mbps, is not fast enough. Nearly three-quarters of those polled believe the target should be 100Mbps or greater to bring us in line with our major competitors and ensure that technologies installed now effectively anticipate future developments. The UK must be at the forefront of the digital revolution, rather than continually playing catch-up.

Concerning the crucial question of how to fund a major upgrade, the preferred option for over two-fifths of businesses would be to require telecommunications companies to pay, representing a belief that the market should cover the costs. This runs counter to the Government’s proposal, supported by a quarter of businesses, to upgrade the least profitable elements of our digital communications infrastructure through a levy on fixed lines.

RECOMMENDATIONS

The results of this survey of over 3,300 businesses lead the BCC to recommend the following:

- **Protect infrastructure investment budgets –**
The results of this survey have clearly indicated the impact on businesses of a continued lack of capacity on our infrastructure. The BCC recognises that the budgetary squeeze will mean cuts across all departments. However, we call on all political parties to protect vital investment spending on infrastructure for key projects wherever possible. The BCC has highlighted key business transport priorities that will generate benefits of £86 billion at cost of £30 billion, presented overleaf, that must be prioritised over the life of the next Parliament;
- **Create a National Infrastructure Bank –** The BCC believes that it is vital that in the early

stages of a new Parliament to initiate a debate around how to attract private finance into infrastructure provision. In particular, we urge the political parties to expand ideas already put forward by organisations such as the Institute of Chartered Engineers for a National Infrastructure Bank;

- **Build a full UK High Speed Rail network –**
The BCC welcomes the Government’s announcement to progress with a new high speed rail line to the West Midlands and beyond. However, this cannot be the end of the line, and we call on all political parties to reach consensus on this critical long-term project and to ensure that it is extended beyond the West Midlands and beyond to the North of England and Scotland;
- **Retain the Infrastructure Planning Commission**
– Businesses have resolutely backed the Infrastructure Planning Commission (IPC) in this survey. The BCC strongly appeals to the Conservative Party to drop its plans to abolish the IPC and to ensure that planning for major projects of national significance is subject to a stable regime and not the whims of the politics of the day;
- **Build a minimum 100Mbps UK broadband network –** British business requires a broadband infrastructure that is suitable for emerging and future technologies. It is critical that the UK’s proposals aim for speeds in excess of 100Mbps and benefit all technologies. However, the Government’s digital levy is not the preferred option of businesses and further discussions should be had with the major telecommunications companies to ensure that the market pays its fair share; and
- **Refocus energy efficiency on small businesses**
– Although awareness of energy efficiency measures such as the Carbon Trust’s interest-free loans scheme and energy companies’ advice lines is high, the actual take up is still far too low. Government must now ensure that the focus of the Carbon Trust and the energy companies is on small businesses and that money made available gets through to SMEs so that they can realise cost and carbon savings.

BUSINESS TRANSPORT PRIORITIES

Cost £30.1bn* | Benefit £86.3bn | BCR 2.9

With limited resources available over the lifetime of the next Parliament, Chambers of Commerce and business members have come together to prioritise a set of regional projects that will unlock economic growth over the next decade. This powerful package of road, rail and airport improvements will deliver economic benefits worth around three times their cost. The UK economy cannot afford to put off these vital upgrades – so we call upon the next Government to protect key infrastructure spending and deliver these critical improvements.

Key
2.9 Benefit to Cost Ratio (BCR)
 * Private sector costs (£14.3bn) and public sector costs (£15.8bn) included in the figure.
 ** Cost split between 2/3 public funding, 1/3 private funding
 *** Cost borne by the private sector

Scotland **Forth Replacement Bridge**

Forth Replacement Bridge
 Construction to replace the current road bridge with a motorway-standard two lane crossing. Source: Transport Scotland

Cost £1.7bn | Benefit £7.3bn | **4.3**

Northern Ireland **Westlink**

M1 / Westlink
 Construction of a flyover to replace the current traffic light system at York Junction. Source: Department for Regional Development Northern Ireland

Cost £46m | Benefit £201m | **4.4**

West Midlands **Birmingham Motorway Box**

Birmingham Motorway Box
 Implementation of hard shoulder running on the roads that make up the Birmingham Motorway Box (M5, M6, M40 and M42). Source: Highways Agency

Cost £149m | Benefit £399m | **2.7**

Wales **M4**

M4 Relief Road
 A relief road between Junctions 23 to 29 to ease congestion around Newport and Cardiff. Source: Welsh Assembly

Cost £478m | Benefit £2.1bn | **4.5**

South West **A303/A358**

A303 / A358
 Junction improvements and road widening on the A303 / A358 to Junction 25 of the M5. Source: Highways Agency

Cost £184m | Benefit £1.1bn | **6**

British Chambers of Commerce
 The Ultimate Business Network

National



Heathrow
 A third runway at Heathrow Airport. Source: BCC Aviation Report
 Cost £9bn***
 Benefit £30.7bn
3.4

A19 North East

A19
 The widening and upgrading of four key road junctions around the Tyne Tunnel. Source: Highways Agency

Cost £171m | Benefit £707m | **4.6**

Manchester Hub North West

Manchester Hub
 Expanding and improving current rail capacity in and around central Manchester. Source: Network Rail

Cost £937m | Benefit £3.7bn | **4**

Yorkshire and the Humber



East Coast Mainline
 Enhancements and upgrading of the track on the East Coast mainline, especially around London, Peterborough and Doncaster. Source: Network Rail

Cost £606m | Benefit £1.7bn | **2.9**

A453 East Midlands

A453
 Road widening between Junction 24 of the M1 and Farnborough Road Junction. Source: Highways Agency

Cost £98m | Benefit £320m | **3.3**

A14 East of England

A14
 Road widening and a new dual carriageway system between Ellington and Fen Ditton. Source: Highways Agency

Cost £765m | Benefit £2bn | **2.6**



Crossrail London

Crossrail
 A new rail line to link East and West London. Source: Transport for London

Cost £15.9bn** | Benefit £36bn | **c3.1**



M20 Operation Stack South East

M20 Operation Stack
 A lorry park able to prevent motorway closures due to Port / Channel Tunnel overflow. Source: Kent County Council

Cost £48m | Benefit £75m | **1.7**

2.1. BACKGROUND

British business requires effective and reliable transport, energy and digital communications infrastructure. Past surveys undertaken by the British Chambers of Commerce (BCC) amongst Chamber members have shown that the majority of businesses believe that the country's infrastructure is insufficiently developed to promote economic growth.

Despite high levels of recent investment, the BCC does not believe that the Government's attempts to address failings are translating into the improvements that businesses need to see. The reputation of the UK as an accessible nation and a good place to do business is being undermined by inadequate infrastructure. The ability of business to compete in a global marketplace is at stake, as are jobs and the future economic attractiveness of the UK.

In order to support sustained policy attention, and investment in the UK's infrastructure, the BCC commissioned this survey to update its understanding of the experiences and views held by UK businesses.

2.2. RESEARCH OBJECTIVES

The research objectives of this study were to:

1. Determine the business impact of deficiencies in the UK's transport, energy and digital communications infrastructure;
2. Understand the measures that businesses have taken to improve their energy efficiency; and
3. Probe business opinion on possible solutions to infrastructure problems and issues of sustainability.

2.3. RESEARCH METHODOLOGY

BCC commissioned Research by Design Ltd to design and implement an online survey on its behalf. To facilitate this, Accredited Chambers of Commerce were asked to supply email addresses for all their members where they were held.

Each member was emailed an invitation from David Frost, Director General of the BCC, asking for their participation. Within the email, background information to the survey, a unique web link and assurances of anonymity and confidentiality were provided. An additional web

link was included for those who preferred not to participate, allowing them to opt out of reminder emails.

Where a response was not received from a business, a reminder email invitation was sent. In all, an initial invitation and two reminder emails were sent.

Where Accredited Chambers of Commerce felt unable to supply membership email addresses, a separate web survey was hosted on the BCC website. Chambers were provided with a template of the email text and the fieldwork schedule and asked to contact members directly.

2.4. SAMPLE AND RESPONSE RATE

In all, 53 Accredited Chambers chose to participate in the study. 43 Chambers provided data allowing Research by Design Ltd to automate the initial invitation to participate and subsequent reminder emails, with the remaining 10 supporting the online survey only. Fieldwork was undertaken between 12th January and 29th January 2010.

In total 3,299 business members responded to the 2010 Infrastructure Survey. 2,973 replied to an invitation administered by Research by Design Ltd, and 326 completed a survey administered in-house by selected Chambers.

Appendix 1 provides profile details of respondents to the survey.

2.5. ANALYSIS AND REPORTING

This report provides the findings given by the total sample (all member businesses). It also provides the findings of sub-groups of the total sample, defined by number of employees, business sector, and region/country, where they are statistically significant compared to the national picture.

As surveys typically represent the views of a sample of the population, sampling error must be considered when evaluating the findings. This is measured by the confidence level and interval of the data. Most commonly, market research studies require a 95% confidence level, indicating that we can be 95% confident that we have not arrived at the estimate by chance.

The confidence interval shows the variation that may exist in the findings drawn from a sample.

For example, the survey shows that 76% of businesses rate value for money as the single most important aspect to address on the UK rail network. However, due to intrinsic characteristics of sampling, this will be surrounded by a confidence interval, in this case $\pm 1.5\%$. This indicates that the real figure, (the 'true' figure if the whole population were surveyed) lies somewhere between 74.5% and 77.5%.

The following table gives the confidence intervals for those findings that centre around 10% or 90%, 30% or 70% and 50% given varying sample sizes. (These assume a 95% confidence level using random sampling).

Confidence intervals for given results, based on a 95% confidence level)

Size of sample	10% or 90% \pm	30% or 70% \pm	50% \pm
3000	1.1	1.6	1.8
2500	1.2	1.8	2.0
2000	1.3	2.0	2.2
1500	1.5	2.3	2.5
1000	1.9	2.8	3.1

When comparing the results from different groups within a sample, say those with less than 50 employees and those with 50 or more, the difference in results are tested for statistical significance. This way we know whether the

Percentage difference required before the results may be considered statistically significant

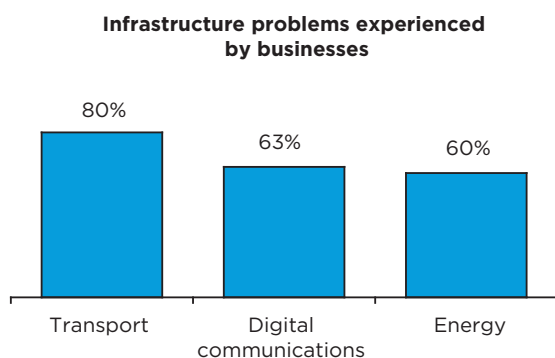
Size of sample	10% or 90% \pm	30% or 70% \pm	50% \pm
1000 versus 1500	2.4	3.8	4.0
1000 versus 1000	2.7	4.1	4.4
1000 versus 500	3.3	5.0	5.4
500 versus 500	3.8	5.7	6.3

differences are 'real' or whether they could have occurred by chance. The test reflects the size of the samples, the percentage giving a certain answer and the degree of confidence chosen. Assuming a 95% confidence level, the differences between the results of two separate groups must be greater than the values given in the table below to be statistically significant.

Analyses of the findings in this report are based on all respondents less those who chose not to answer specific questions and those who stated 'don't know' or 'not applicable' to certain questions. The base (sample) size for each question is given in each chart. Where figures are not shown in the charts, these are 3% or less. Where figures do not sum to 100%, this is due to rounding. *% indicates less than 0.5%.

3.1. INFRASTRUCTURE PROBLEMS EXPERIENCED BY BUSINESSES

Which of the following problems, if any, has your business experienced as a direct result of deficiencies in the UK's transport, energy and digital communications infrastructures?



Base: 3066, 2300, 2245

The majority of businesses are affected by deficiencies in the UK's transport, energy and digital communications infrastructures.

80% state that they are specifically affected by shortcomings in the UK's transport infrastructure. Proportionately more large companies are affected, particularly those employing 50 or more staff (86%). Significantly more businesses located in Yorkshire (83%), the South of England (84%), East of England (85%), Wales (87%) and Northern Ireland (89%) claim to have been affected.

63% of UK businesses have been impacted by deficiencies in the UK's digital communications

infrastructure, rising to 66% amongst those operating in the business/professional services sector. Proportionately, more businesses located in the East of England (72%) and Northern Ireland (73%) claim to have been affected.

60% have experienced problems as a direct result of deficiencies within the UK's energy infrastructure. This figure rises significantly for companies with five or more employees; 73% for those employing over 250 employees.

Proportionately more of those operating in manufacturing, engineering and construction³ (69%) and the hotel, restaurant and leisure sectors (75%) have been affected. And regionally, these figures are significantly higher for those located in Yorkshire (66%), the East of England (67%), Scotland (68%), Wales (72%) and Northern Ireland (78%).

For those experiencing problems as a direct result of deficiencies in the UK transport infrastructure, almost two thirds (64%) have been affected by a loss of man hours. Just under half (49%) have been impacted with increased operating costs. For 21%, a loss of business has resulted and a further 16% have experienced recruitment difficulties. 12% have experienced difficulty finding or securing an appropriate business location.

Amongst those businesses affected by shortcomings in the UK's digital communications infrastructure, 45% have experienced a loss of man hours. 32% have suffered an increase in operating costs. 18% report a loss of business.

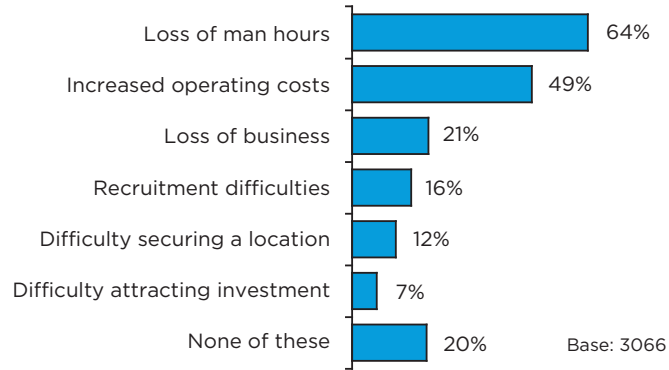
Just over half of those affected by problems with the UK energy infrastructure have experienced an increase in operating costs (54%). 12% report a loss of man hours.

Infrastructure deficiencies experienced by UK businesses

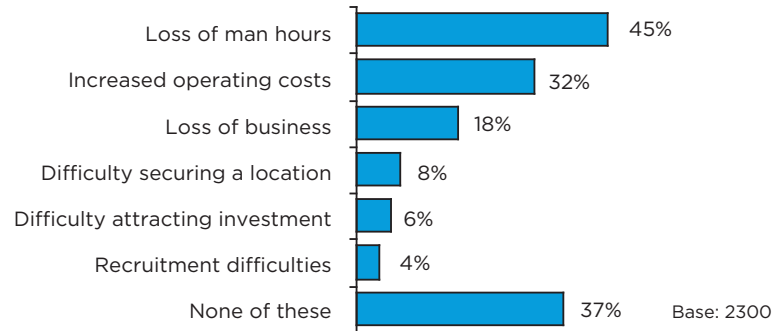
Number of employees:	0 to 4	5 to 49	50 to 249	250+	Total
Transport	74%	81%	85%	87%	80%
Digital communication	61%	65%	64%	61%	63%
Energy	48%	63%	71%	73%	60%
Base:	706 - 997	895 - 1218	292 - 429	167 - 267	2245-3066

³ This also includes businesses operating in the electrical sector, building services and security.

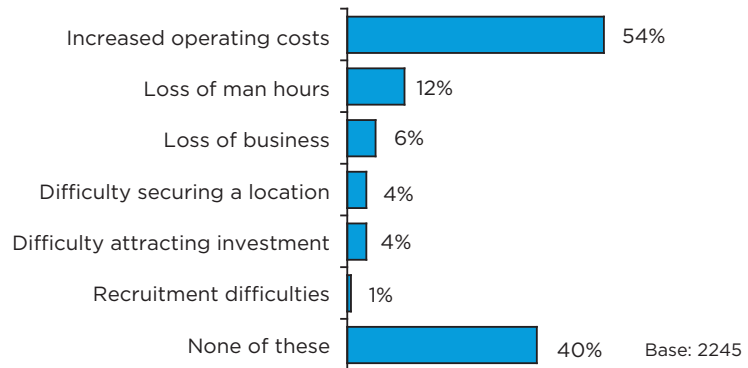
Problems experienced as a result of the UK's transport infrastructure



Problems experienced as a result of the UK's digital communications infrastructure



Problems experienced as a result of the UK's energy infrastructure

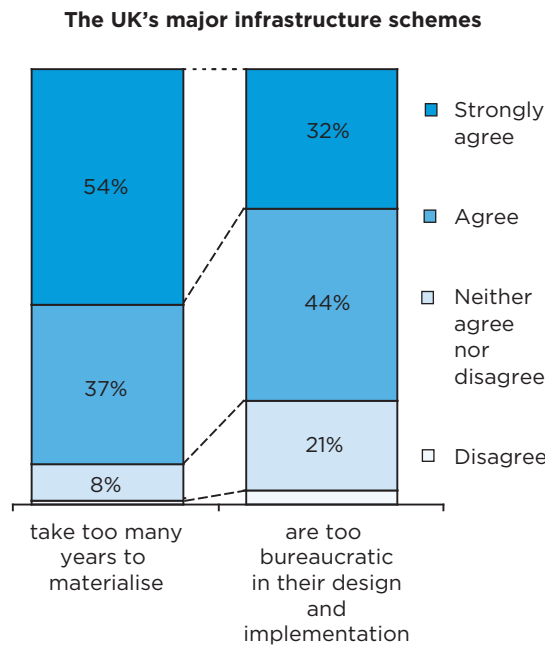


3.2. INFRASTRUCTURE SCHEMES

To what extent do you agree or disagree that the UK's major transport, energy and digital communications infrastructure schemes...

...take too many years to materialise?

...are too bureaucratic in their design and implementation?



Base: 3037 to 3153

The vast majority of businesses (91%) believe that the UK's major transport, energy and digital communication infrastructure schemes take too many years to materialise; 54% strongly agree.

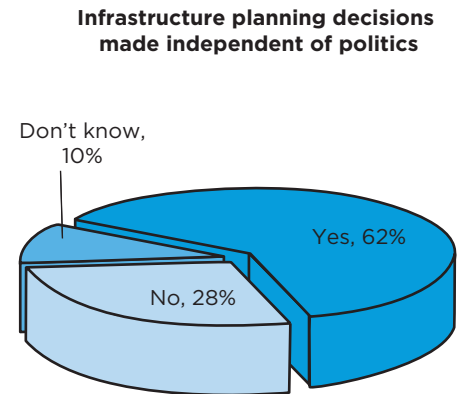
The majority of businesses (76%) also agree that these schemes are too bureaucratic in their design and implementation; 32% strongly agree.

3.3. PLANNING DECISIONS

The Government's Planning Act has created an independent Infrastructure Planning Commission to make decisions on major infrastructure schemes of national significance in order to streamline and shorten the planning process.

Do you agree that the UK's major infrastructure planning decisions should be made independent of local and national politics?

Just over six in ten businesses agree that the UK's major infrastructure planning decisions should be made independent of local and national politics, rising to 67% amongst those in Scotland, 70% in Northern Ireland and 71% amongst those employing 250 or more employees. Nationally, 28% disagree.



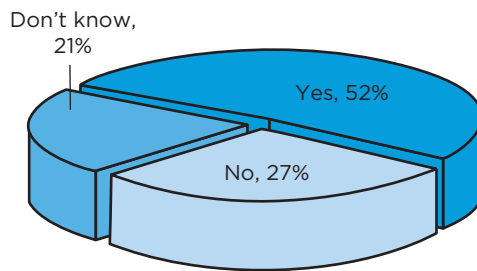
Base: 3268

3.4. FINANCING

Do you believe there should be greater private finance in the funding of infrastructure capacity in the UK?

Just over half of UK businesses believe that there should be greater levels of private finance in the funding of improvements to the UK's infrastructure capacity. Significantly more of those located in Scotland and the East of England (57%) and Northern Ireland (68%) agree. 27% disagree, while 21% are unsure.

Greater private finance in funding of UK infrastructure

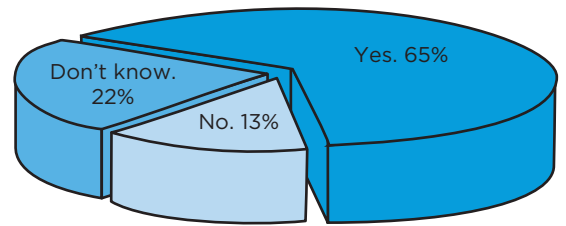


Base: 3263

Some countries are considering the creation of an infrastructure bank to bring together public and private resources for infrastructure investment. Would you back the creation of such a bank here in the UK?

65% of businesses would back the creation of an infrastructure bank in the UK to bring together public and private resources for infrastructure investment. This figure rises to 69% in the East of England and 73% in Northern Ireland. 13% disagree, whilst 22% are unsure.

Whether businesses would support the creation of an infrastructure bank



Base: 3265

4.1. CAUSES OF CONGESTION

What do you think are the main causes of congestion across the transport infrastructure?

UK businesses cite the sheer volume of traffic as being the main cause of congestion across the nation’s road infrastructure; 73% identify this as being a cause regionally and 85% nationally. Amongst businesses operating in the public sector⁴, 80% state that sheer volume of traffic is a regional problem, with 89% identifying this as a national issue.

School start and end times are identified as being an issue regionally by two thirds of businesses, whilst around a third identify other peak times as a cause of congestion. 60% also mention poor design and planning of the transport infrastructure, the lack of alternatives and a lack of infrastructure capacity in their region.

Nationally, 58% attribute congestion to a lack of infrastructure capacity and 53% to a lack of alternatives and poor design and planning of the transport infrastructure. 44% identify school start and end times and 41% highlight accidents as a main cause of congestion.

4.2. COST TO BUSINESS

Approximately, how much have problems with the UK’s transport infrastructure cost your business in the past 12 months (e.g. in terms of loss of man hours and business, increased operating costs, recruitment difficulties, etc.)?

89% of businesses believe that the problems associated with the UK transport infrastructure over the last 12 months have resulted in a real cost to their business. 27% suggest that this cost is under £2,500 whilst 32% indicate that it is £10,000 or more.

On average, the estimated cost to business for those who participated in the survey is £19,080, up £1,730 on last year.

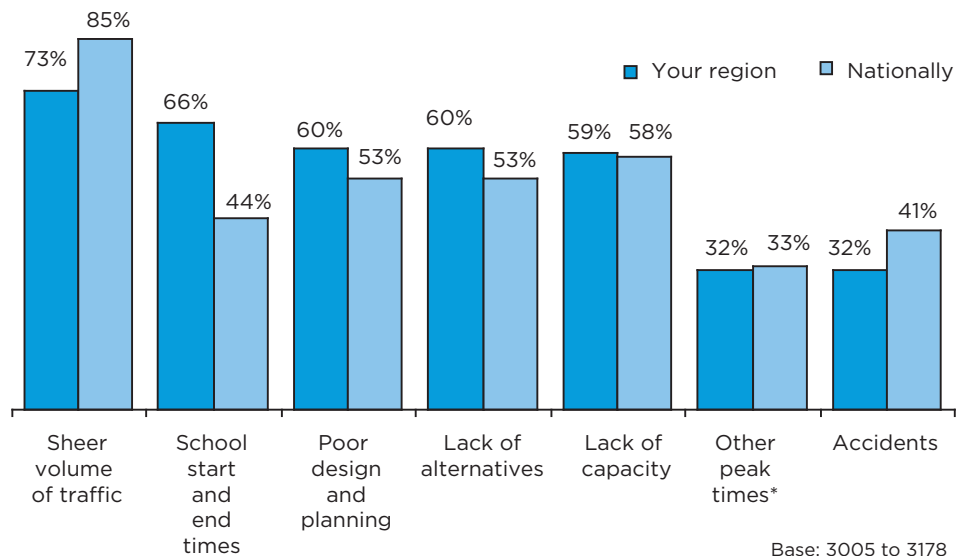
4.3. FUNDING FOR ROAD CAPACITY ENHANCEMENTS

Which of the following measures, if any, would you support if they secured the necessary funds for specific road capacity enhancements?

70% of businesses support at least one of the measures specified if they secure the necessary funds for road capacity enhancements. This statistic falls to 64% in the North East of England and 63% in Yorkshire.

37% favour motorway toll roads (e.g. M6 toll), rising to 42% for those located in the South East of England, though falling to 30% for those in Yorkshire and 31% for those in the North East. Toll lanes and ring fencing future fuel duty increases are supported by 25%, with a further 22% supporting ring fencing additional increases in road tax. 12% support national road pricing.

Main causes of congestion

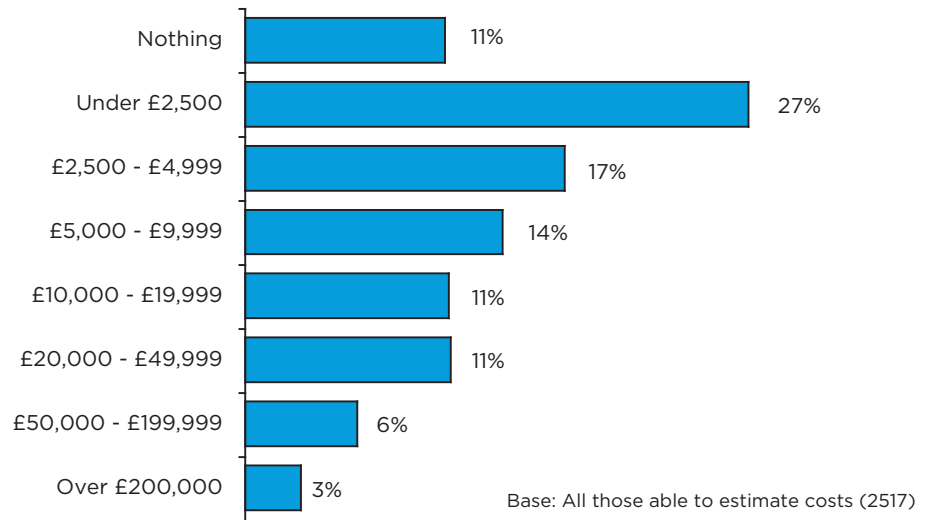


*Outside school start and end times

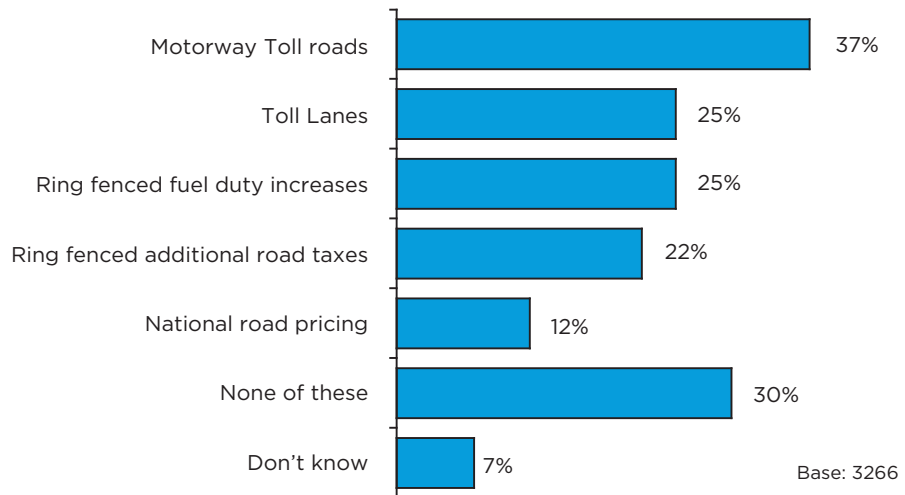
⁴ This includes businesses and organisations operating in education, voluntary services, healthcare.

SECTION FOUR: TRANSPORT INFRASTRUCTURE

Cost to business of transport infrastructure problems



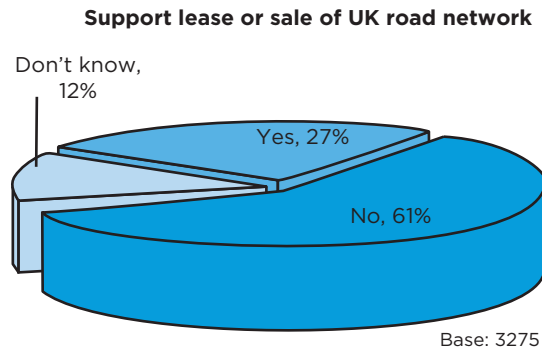
Measures supported to secure funding



4.4. RAISING FUNDING TO COMBAT INFRASTRUCTURE PROBLEMS

The RAC Foundation recently suggested proposals for a review looking into partial or full privatisation of the Highways Agency that could provide the Government with up to £85 billion in revenue which could then be used to fund major infrastructure projects.

Would you support the lease or sale of the UK road network to private operators to generate funds for improvements, even if this could lead to tolls or charges in certain areas?

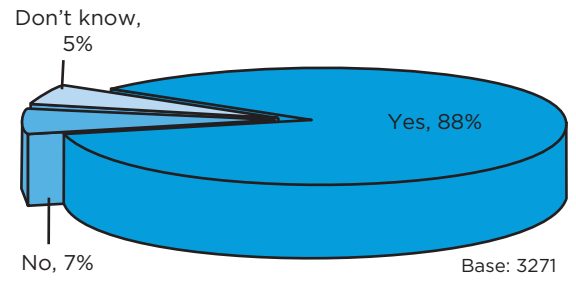


Nationally, 61% of businesses do not support the lease or sale of the UK road network to private operators in order to generate funds for improvements. Just over a quarter of businesses (27%) support this initiative.

Should foreign freight lorries pay to use the UK road infrastructure, as they do in Germany and Austria for example?

The vast majority of UK businesses (88%) feel that foreign freight lorries should pay to use the UK road infrastructure, as they do in Germany and Austria. A significantly greater proportion of those operating in the manufacturing, engineering and construction (90%) and transport⁵ sectors (91%) support this policy.

Whether foreign freight should pay to use the UK road infrastructure

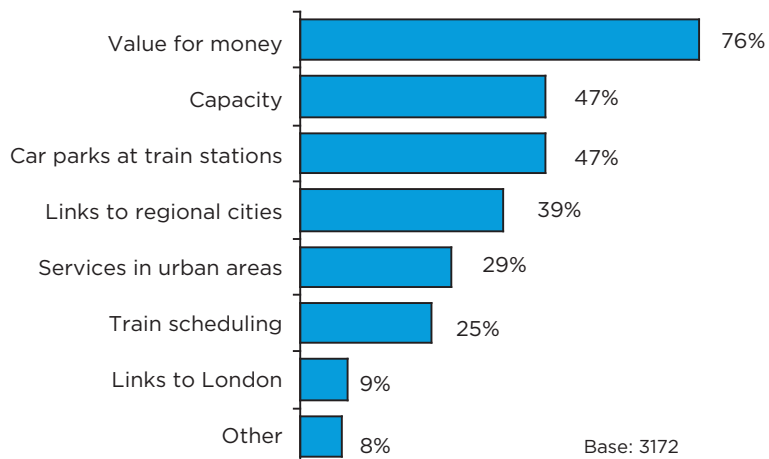


4.5. RAIL NETWORK IMPROVEMENTS

Which of the following aspects of the UK rail network, if any, do you believe need improving to support business needs?

Over three quarters of businesses (76%) rate value for money as the single most important aspect to address on the UK rail network, rising to 80% for businesses located in South West England. Rail network capacity is identified by 47%, rising to 53% in the South East and East of England.

Rail network improvements required



⁵ This includes businesses operating in the following sectors: transport, distribution, storage, export, retail, wholesale.

Car parks at train stations are highlighted by just under half (47%), falling to 38% amongst London based businesses. 39% feel links between regional cities need improving. 29% identify the need to improve commuter services within or around big urban areas, whilst a quarter focus upon train scheduling.

“ Clearer, fairer and more consistent ticket pricing.”

“Integrated with other transport facilities, i.e. rail, tube & bus stations.”

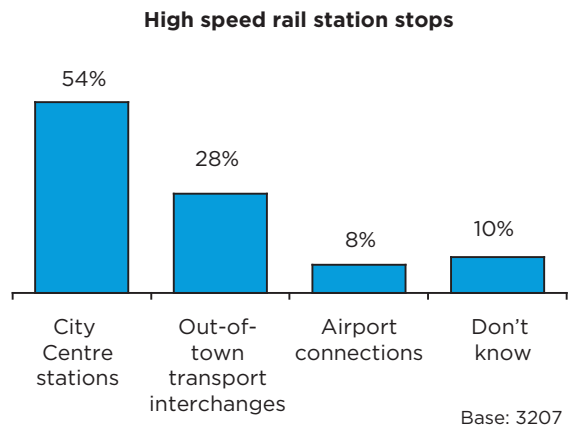
“All aspects of rail travel have to come up to the standards offered in Italy, Belgium etc. On time and cost effective.”

HIGH SPEED RAIL

In order for high speed rail to maximise connectivity where, in your opinion, should the trains come to a halt?

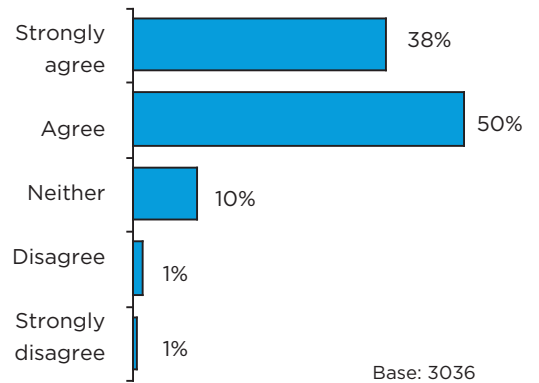
The majority of businesses (54%) would prefer high speed rail trains to stop at city centre stations, rising to 60% amongst London-based businesses.

28% favour out-of-town transport interchanges, though this statistic rises to 35% in the West Midlands and falls to 22% in Scotland. 8% feel airport connections would be most convenient; 16% of businesses located in Scotland agree.



*To what extent do you agree or disagree that...
...the proposed high speed rail link to the West Midlands should be extended to form part of a full UK network?*

High speed rail link should be extended to form part of a full UK network



The vast majority (88%) feel the proposed high speed rail link to the West Midlands should be extended to form part of a full UK network. This statistic rises to 91% for those businesses in the West Midlands and 92% in the North East and North West of England.

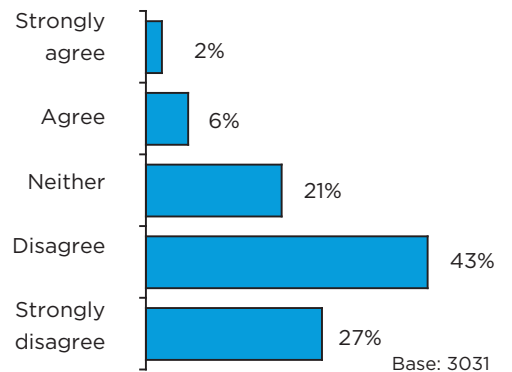
COMMUNITY RAIL

To what extent do you agree or disagree that...

...the Government devotes adequate resources to commuter travel at peak times?

70% of UK businesses claim that the Government does not devote adequate resources to commuter travel at peak times. Proportionately more businesses in the South East, North West (74%) and the East of England (75%) agree. Nationally, just 8% feel that resources are sufficient in this area.

Government devotes adequate resources to commuter travel at peak times



4.6. INVESTMENT IN PUBLIC TRANSPORT

Which of the following, if any, would be more likely to encourage your business to use public transport (rail, bus and tram) services for local business journeys?

Four in five businesses identify at least one area where increased investment would encourage them to use the public transport network more often for local business journeys.

49% believe that cheaper fares would be most likely to encourage them to use the local public transport network, rising to 58% and 59% respectively for those operating in the public and marketing and media sectors. 48% suggest that improved reliability/punctuality would have the same effect, rising to 60% amongst those employing 250 or more employees.

27% wish to see congestion beating routes and modern network interchanges to encourage usage, whilst 21% feel real-time information at stops and stations would encourage more businesses to utilise public transport. New buses, trains and trams would motivate 15% and easier payment solutions would encourage 13%. A safer environment is highlighted by 8%.

One in five businesses state the use of public transport is not applicable to their business, falling to around one in ten amongst businesses employing 250 or more staff.

A significant number of businesses providing further comment mention the provision of more routes with more frequent services and the requirement for these services to be better integrated. A number of those based outside of urban areas bemoan the lack of public transport in their area.

“ A service that makes it cheaper and faster to use than your own transport.”
“Better interconnectivity and more services.”

Most likely to attract business users to public transport



5.1. BUSINESSES' ENERGY EFFICIENCY

The Government has set binding targets to reduce the UK's carbon emissions by 80% by 2050. In order to meet these targets, business will be expected to make cuts in its emissions through energy efficiency measures.

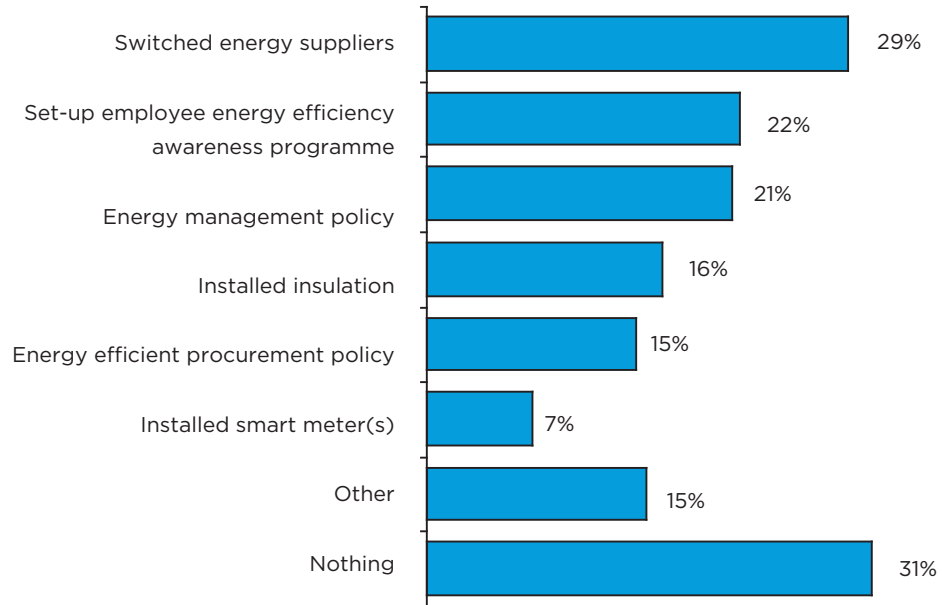
Over the past 12 months which of the following measures, if any, has your business taken to help improve its energy efficiency?

Just under 70% of businesses have undertaken measures to help improve their energy efficiency and reduce costs, rising to 75% for those in the public sector and 81% amongst those operating in the hotel, restaurant and leisure sectors. 29%

have switched energy suppliers, whilst 22% have setup an employee energy efficiency awareness programme. 21% have agreed an energy management policy, 16% have installed insulation and 15% have agreed an energy efficient procurement policy. Just 7% have installed a smart meter.

Significantly more businesses employing fifty or more staff have implemented two or more measures; 49% of those employing 250 or more staff have undertaken three or more measures to improve efficiency. More businesses with less than five staff have not undertaken any measures (40%).

Measures taken to improve energy efficiency



Base: 2985

Measures undertaken by businesses to help improve energy efficiency

Number of employees:	0 to 4	5 to 49	50 to 249	250+	Total
1 measure	77%	68%	51%	29%	66%
2 measures	23%	33%	49%	71%	35%
3 or more measures	8%	12%	27%	49%	16%
No measures undertaken	40%	33%	19%	8%	31%
Base:	1042	1247	416	248	2985

“ Installed smart heating controls with a Carbon Trust Loan. Gas bill reduced from £25k to £13k p.a.”

“Replaced lighting, installed PFC & voltage optimisation devices, preparing to invest in a 3MW wind turbine.”

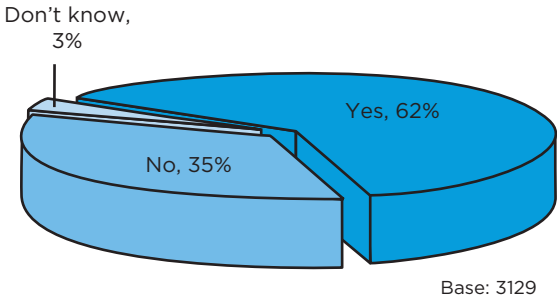
Businesses have provided commentary on a number of additional measures they have undertaken to help improve their energy efficiency. Several mention utilising energy saving devices or technology (e.g. more efficient heating, low energy lighting, switch off timers), whilst a number have reduced their business mileage, encouraged home working or even moved business premises. Conversely, a number have highlighted that they are located within serviced offices and thus have very little control over their energy consumption.

5.2. ADVICE AND ENERGY AUDITS PROVIDED TO BUSINESSES

Were you aware that energy suppliers provide advice and energy audits to small and medium sized businesses?

62% of businesses are aware that energy suppliers provide advice and energy audits to small and medium sized businesses. Proportionately more of those operating in the public sector (67%) and those employing fifty or more staff (70%) are aware.

Awareness of energy suppliers’ advice and energy audits



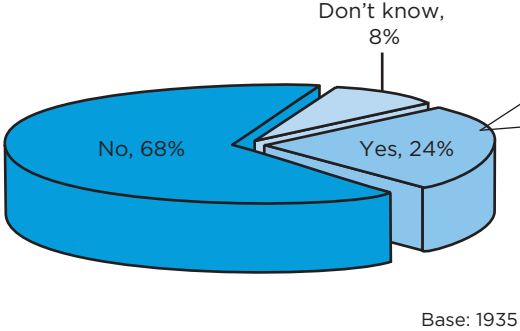
Have you ever been provided with an energy audit or energy efficiency advice by an energy supplier?

How would you rate your energy supplier in terms of the quality of energy efficiency advice they provided you?

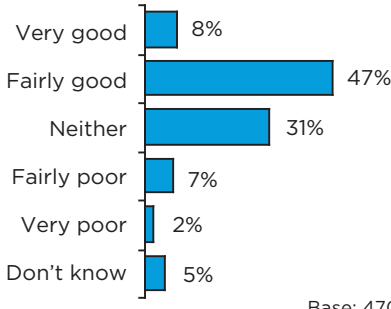
Amongst those aware that energy suppliers provide advice and energy audits to small and medium sized businesses, 24% have been provided with an energy audit or received energy efficiency advice.

Perhaps unsurprisingly, those businesses that generally consume the greatest quantities of energy have sought an energy audit or advice. Significantly more of those operating in the hotel, restaurant and leisure (42%) and

Provided with an energy audit or advice



Energy supplier rating



manufacturing, engineering and construction (30%) sectors have been provided with an audit or advice, whilst fewer of those working in the marketing and media (20%) and business/professional services (16%) sectors have used this service.

Of the 24% that have been provided with an energy audit or energy efficiency advice, 78% rate the quality of advice given as either fairly good or just okay (neither good nor poor).

5.3. CARBON TRUST

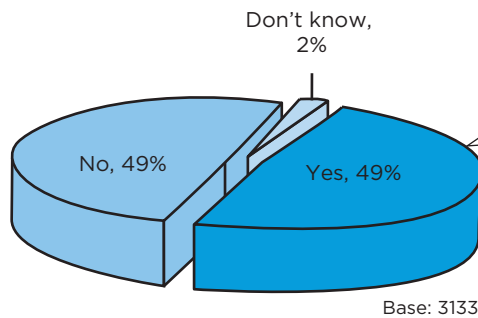
In 2009, the Government announced £100m of additional funding to be made available for small and medium sized businesses via the Carbon Trust, the body responsible for helping businesses lower their carbon footprint. The additional funding will be made available through interest-free energy efficiency loans.

Were you aware of the Carbon Trust's interest-free energy efficiency loans?

Has your business taken up, or is it thinking of taking up, any loans from the Carbon Trust to support its energy efficiency measures?

Approximately half of businesses are aware of the Carbon Trust's interest-free energy efficiency loans; an equal proportion are unaware. 56% of those operating in the manufacturing, engineering and construction sector are aware, rising to 57% of businesses employing fifty or more staff. Regionally, significantly more businesses located in the West Midlands (53%), North East England (55%), Northern Ireland (56%) and Wales (57%) are aware of the interest-free energy efficiency loans.

Aware of the Carbon Trust's efficiency loans



Of those aware nationally, just 3% have taken up a loan, whilst a further 14% are currently thinking about it. Of those aware and operating in the hotel, restaurant and leisure sector, 12% have taken up a loan.

5.4. ALTERNATIVE SOURCES OF ENERGY

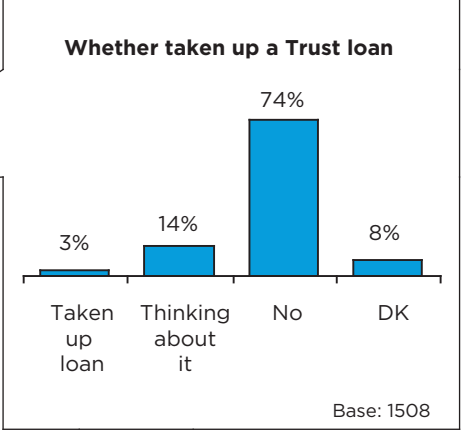
The UK relies heavily on gas as its primary source of fuel for energy production. In order for the UK to meet its agreement with the European Union that 15% of its total energy sources will come from renewable supplies by 2020, the UK will urgently need to expand its renewable energy mix.

Which one of the following alternative sources of energy do you think the UK should prioritise investment in?

Over a third of UK businesses (36%) favour prioritising investment in nuclear power, rising to 41% amongst those employing more than fifty staff. 22% prefer to focus investment upon marine sources (wave and tidal), and 18% support wind as the primary source for alternative energy.

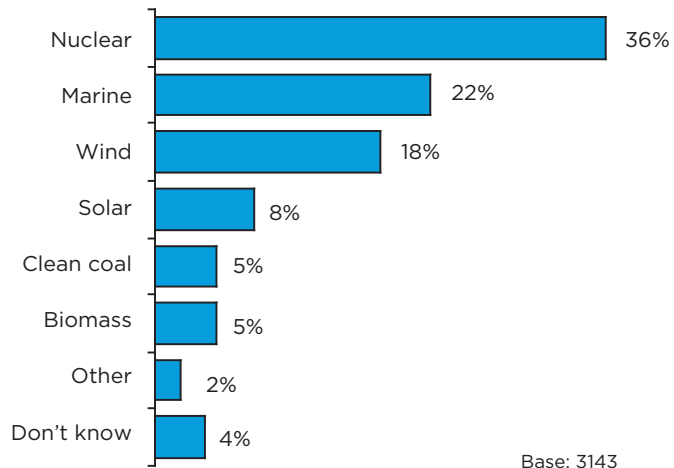
Solar energy, clean coal and biomass are least favoured.

“ An energy mix is essential. To prioritise one source only would be a disaster.”
“There is no single solution; it has to be a sensible balance of all of the above.”



SECTION FIVE: ENERGY INFRASTRUCTURE

Preferred alternative energy source



Proportionately more of those operating in the manufacturing, engineering and construction sector (42%) favour investment in nuclear power, falling to 31% and 24% respectively amongst those based in the public and marketing and media sectors.

Significantly more in marketing and media prefer to see investment concentrated on marine sources (29%) whilst more of those public sector businesses favour wind power (24%).

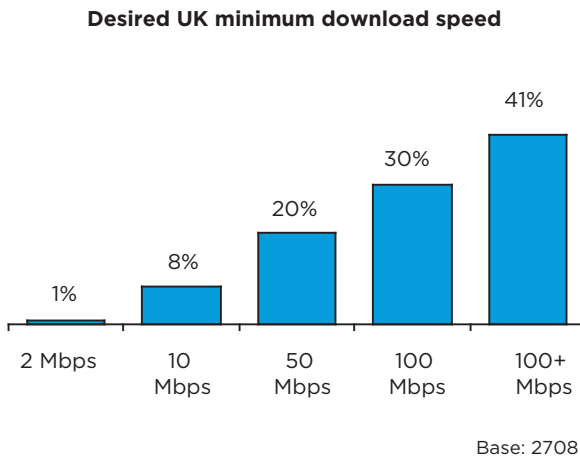
Compared with the national picture, significantly more businesses based in the East of England (40%) favour nuclear power, falling to 30% amongst those in Scotland; where 32% favour energy generated from marine sources (wave and tidal). Over a quarter of businesses in Northern Ireland (27%) favour the use of wind as a primary source for alternative energy.

Sector:	Manufacturing, engineering, construction	Marketing and media	Public sector	Total
Nuclear	42%	24%	31%	36%
Marine	20%	29%	23%	22%
Wind	15%	22%	24%	18%
Base:	785	203	315	3143

SECTION 6: DIGITAL AND COMMUNICATIONS INFRASTRUCTURE

The Digital Economy Bill is proposing that there should be a universal minimum download speed of 2 megabytes per second (Mbps) across the UK. However, Finland is already averaging speeds of over 100 Mbps, whilst Japan is proposing speeds in excess of 1000 Mbps.

To allow the UK to effectively compete in a global marketplace, what speed do you think the UK should set its base target at?



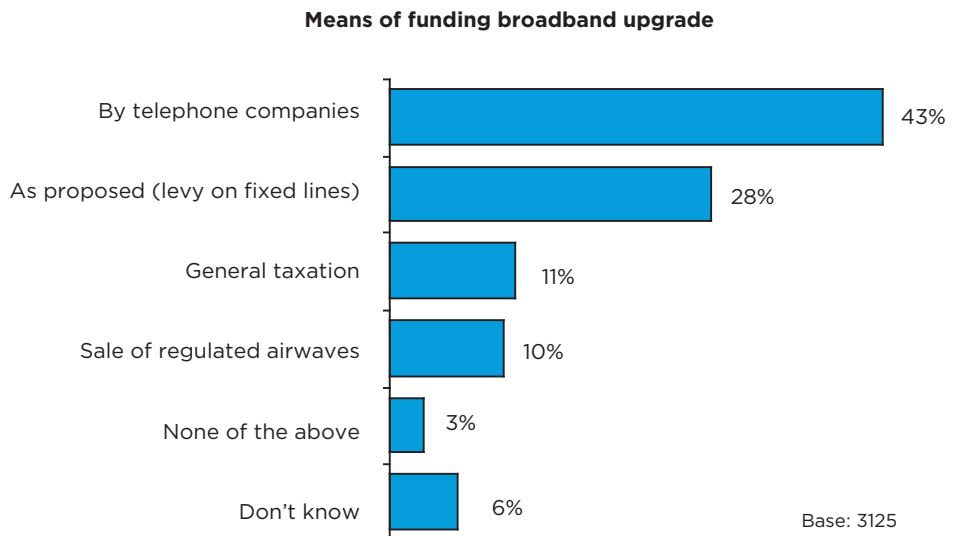
99% of businesses expressing an opinion believe the universal minimum download speed should be greater than the 2Mbps proposed in the Digital Economy Bill.

71% advocate the base target to be set at 100Mbps or greater to allow effective global competition.

The Digital Economy Bill is proposing to set a 50p a month levy on all fixed phone lines to homes and businesses from 2010. The resulting fund would then help pay for the upgrading of the existing communications network to fibre-optic cables.

By what means do you think upgrading of the UK's broadband infrastructure should be funded?

43% of businesses state that the upgrading of the UK's broadband infrastructure should be funded by telephone communication companies. The proposed methodology of a levy on all fixed line phone customers is supported by 28%. 11% favour funding the upgrade through general taxation, with a further 10% preferring to utilise revenue from the sale of parts of the radio and TV regulated airwaves.



In total 3,299 business members responded to the 2010 Infrastructure Survey. 2,973 replied to an invitation administered by Research by Design Ltd, and 326 completed a survey administered in-house by selected Chambers.

76% of those taking part in the 2010 survey and stating their number of employees are smaller-sized businesses, having less than 50 UK employees. 15% have between 50 and 249 employees and the remaining 9% have 250 or more employees.

No. of employees	
Sole trader	9%
1 - 4	25%
5 - 9	16%
10 - 49	26%
50 - 99	8%
100 - 249	7%
250 - 499	3%
500+	6%
Total stating no. of employees:	3,125 (of 3,299)

The largest sector represented in this survey is the business and professional services sector, with 33% of participants from this sector. This is followed by manufacturing, engineering and construction at 24% and transport, distribution, storage, export retail and wholesale at 11%.

Primary business sector	
Business & professional services	33%
Manufacturing, engineering & construction	24%
Transport, distribution, storage, export retail & wholesale	11%
Public, education, voluntary services, healthcare, charities	9%
Marketing & media	6%
Leisure, hotels & restaurants	5%
Other services & not stated	12%
Total:	3,294

APPENDIX TWO: CHAMBERS PARTICIPATING IN THE SURVEY

BUSINESSES THAT PARTICIPATED IN THE SURVEY ARE MEMBERS OF THE FOLLOWING 53 CHAMBERS:

Aberdeen and Grampian Chamber of Commerce
Ayrshire Chamber of Commerce & Industry
Barnsley and Rotherham Chamber of Commerce & Industry
Bedfordshire & Luton Chamber of Commerce
Birmingham Chamber of Commerce & Industry
Black Country Chamber of Commerce
Bradford Chamber of Commerce & Industry
Cambridgeshire Chamber of Commerce
Channel Chamber of Commerce
Cornwall Chamber of Commerce
Coventry & Warwickshire Chamber of Commerce
Cumbria Chamber of Commerce & Industry
Derbyshire and Nottinghamshire Chamber of Commerce
Doncaster Chamber of Commerce
Dorset Chamber of Commerce & Industry
East Lancashire Chamber of Commerce
Edinburgh Chamber of Commerce
Essex Chamber of Commerce
Fife Chamber of Commerce
Glasgow Chamber of Commerce
Greater Manchester Chamber of Commerce
GWE Business West
Hereford & Worcestershire Chamber of Commerce
Hertfordshire Chamber of Commerce & Industry
Hull and Humber Chamber of Commerce, Industry & Shipping
Kent Invicta Chamber of Commerce
Leeds, York and North Yorkshire Chamber of Commerce & Industry
Leicestershire Chamber of Commerce
Lincolnshire Chamber of Commerce & Industry
Liverpool Chamber of Commerce & Industry
London Chamber of Commerce
Milton Keynes & North Bucks Chamber of Commerce
Norfolk Chamber of Commerce & Industry
North and Western Lancashire Chamber of Commerce
North East Chamber of Commerce
North Staffordshire Chamber of Commerce & Industry
Northamptonshire Chamber of Commerce
Northern Ireland Chamber of Commerce
Portsmouth & South East Hampshire Chamber of Commerce & Industry
Renfrewshire Chamber of Commerce
Sheffield Chamber of Commerce & Industry
Shropshire Chamber of Commerce & Enterprise
Somerset Chamber of Commerce
South East Cheshire Chamber of Commerce
South Wales Chamber of Commerce
Southern Staffordshire Chamber of Commerce & Industry
St Helens Chamber of Commerce
Suffolk Chamber of Commerce
Surrey Chambers of Commerce
Sussex Enterprise
Thames Gateway
Thames Valley Chamber of Commerce & Industry
West Cheshire & North Wales Chamber of Commerce



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