TOP BUSINESS LEADERS CALL FOR URGENT INFRASTRUCTURE INVESTMENT

- Business leaders perceive the UK's national infrastructure to be ‘worse’ than other developed economies
- Uncertainty about global economic conditions has increased since last year’s survey
- Geo-political risk is most significant concern followed by volatile economic growth
- Businesses think UK government should prioritise trade and skills in EU negotiations

British business leaders fear that UK infrastructure is lagging behind the rest of the world and feel less confident about global economic conditions over the next 12 months, according to new research from Lloyds Bank ahead of its Business Leaders’ Summit, which takes place in London on 6 February.

The study, which canvassed the views of boardroom-level executives from leading UK companies and global corporates, shows that two thirds of respondents (66 per cent) believe that UK national infrastructure is worse than other developed economies while only eight per cent think it is better.

The respondents said that digital infrastructure (61 per cent), the rail network (51 per cent) and energy (41 per cent) were the areas most in need of modernising. Concern about airport infrastructure, the top issue in 2016’s survey fell from 57 per cent to 28 per cent.

To help combat these issues, businesses said that the government’s top priority following the EU referendum should be to accelerate infrastructure spending (45 per cent). Over three quarters (78 per cent) believe that a substantial increase in infrastructure spending would significantly improve the likelihood of investment in the UK.

Clare Francis, Managing Director, Global Corporates at Lloyds Bank Commercial Banking, commented: “Britain needs world class infrastructure in the UK to maintain its attractiveness as a modern and global hub. The government’s draft industrial strategy is a good start but we need to ensure that the country invests in its infrastructure to drive economic growth over the long-term. We are helping to understand and meet this challenge and have provided financial assistance to projects worth £20billion over the past two years in the UK as part of our Helping Britain Prosper plan.”
The Business Leaders’ Summit, now in its fifth year, hosts more than 150 executive level attendees - CEOs, CFOs and other senior leaders from the world’s largest corporates. This year’s Summit explores the key themes in the survey including infrastructure, the exit from the EU and the challenges and opportunities facing global businesses in 2017.

Uncertain outlook but firms still focused on targeting growth
The majority of businesses feel less confident about global economic conditions this year and expect them to deteriorate over the next 12 months. Over two fifths (43 per cent) of the leading UK companies and global corporates surveyed expect global economic conditions to worsen in 2017 – an increase from 29 per cent last year.

This worsening sentiment stems from a combination of risks facing UK businesses in the coming 12 months. Over seven in ten respondents (73 per cent) identified geo-political risk as their biggest concern, following political shifts in the UK and the US; upcoming European elections; and global escalating tensions in Russia and Asia.

Business leaders also expect further instability ahead. Six out of ten business leaders (60 per cent) put volatile economic growth as their second most significant risk in the coming 12 months, followed by volatility of financial markets (47 per cent).

However almost a third (31 per cent) think that the economic climate will improve in the next 12 months – an increase from 18 per cent in last year’s survey. More than three quarters of businesses (78 per cent) said that targeting growth remains businesses’ top focus to boost performance, closely followed by managing risk (60 per cent) and targeting cost efficiencies (60 per cent).

Trade and workforce skills top EU negotiation wish list
Businesses put trade and access to workforce skills as their top priorities for the UK government in its negotiations with the EU. Over half of respondents (55 per cent) said they wanted to maintain access to a skilled workforce from overseas while two fifths (42 per cent) cited developing international trade outside the EU.

Apart from infrastructure spending, two fifths of businesses (43 per cent) said that the government’s other priorities for the UK following the EU referendum should be to reduce corporate taxation or introduce other measures to attract overseas investors. This was
followed by a reduction in commercial regulations (35 per cent) and increased investment in core workforce skills (19 per cent).

**Clare Francis, Managing Director, Global Corporates at Lloyds Bank Commercial Banking, concluded:** “The last twelve months have shown that businesses need to be able to react quickly to new developments, risks and challenges. Encouragingly our survey shows that business leaders are ready to face these economic headwinds head on and continue to target growth while keenly managing their costs.

“There is no doubt that businesses will be following the EU negotiations closely so that they can prepare for any impact on skills and international trade. Against a backdrop of geopolitical uncertainty, we stand ready to support our clients and help Britain prosper globally.”

**ENDS**

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**Notes to Editors**

**Business Leaders Survey**

The Lloyds Bank Business Leaders Survey 2017 was designed by Lloyds Bank, with data collection managed by Ipsos MORI. The survey was carried out online and had responses from 77 Lloyds Bank clients of its Global Corporates division. This is made up of large UK companies and UK subsidiaries of major overseas companies.

Ipsos MORI was responsible for hosting the online survey, for sending out reminders to those who had not responded and for the production of the computer tables. Fieldwork was conducted between 17th November, 2016, and 27th January, 2017.

Lloyds Bank was responsible for the questionnaire design, the interpretation of the survey results and the production of the report and corresponding communications materials. To address an imbalance in the profile achieved Ipsos MORI was instructed to weight Real Estate and Construction in line with the gross value added to the UK economy in 2016 (Source: ONS — United Kingdom National Accounts, The Blue Book, 2016 Edition).

The resulting sample:
76% lead UK companies, while 24% work for companies whose head office is outside the UK. 29% have turnover of £5 billion and over, and 19% have turnover between £1 billion and £5 billion. 12% employ more than 50,000 people worldwide and 37% employ between 5,000 and 50,000. 44% are Chairman/CEO/M.D and 37% are CFO/Finance Directors.

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