

Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer

22 September 2023

Dear Mr Hunt,

Great British ISA (GB ISA)

I am writing to you on behalf of Premier Miton Investors, a UK-listed and UK-focused investment manager, outlining our proposals to ensure British companies have access to the capital they need to encourage them to scale up and list here in the UK.

We know the Government wants a flourishing UK economy, with thriving businesses able to grow, expand and list their shares here. Helping UK companies scale up and list here in the UK means that their headquarters, and all the associated high-paying roles, tax receipts and international prestige, remain here in the UK.

That's why we've come up with a proposal to boost investment in UK companies, and help our economy grow.

Our proposal is for an additional £5,000 to be added to the annual ISA allowance, for investment exclusively into a new Great British ISA (GB ISA) designed to invest solely in UK companies (equities). The GB ISA would specifically direct investment into UK listed companies, helping provide an attractive listing environment for UK start-ups and private companies to stay and grow here in the UK.

The GB ISA would complement the Government's Edinburgh Reforms, to help make the UK a technology and life sciences leader through early-stage investment in private, unlisted startups across tech, innovation and science.

Our proposals are designed to fit into the existing ISA policy framework, and would:

- Sit alongside other existing ISAs, and funnel retail investor savings into listed UK equities.
- Take up to £5,000 a year, as an addition to the annual ISA allowance, for investment exclusively into the GB ISA. This should be on top of the current £20,000 annual ISA allowance.
- Follow a similar legal and regulatory structure to existing ISA products, and could be readily available at all fund supermarkets, with limited regulatory change required.

According to FCA data, 8.4 million people who have £10,000 or more of investable assets hold the majority or all of it in cash. Assuming these 8.4 million people invested the maximum £5,000 in the GB ISA, £42 billion could be raised for listed British businesses in the first year alone. If this was repeated over 5 years, UK plc could benefit to the tune of £210 billion.

£40bn could buy Tesco twice, given its current market capitalisation. Last year Tesco employed over 330,000 people and paid £700m in business rates, £560m in employee related tax, £123m corporation tax and £139m in customs and fuel duty. It is the third largest corporate taxpayer in the UK, and this additional UK investment could make a significant difference to UK businesses.

Such investment figures could drastically drive down the cost of capital and deepen liquidity which in turn could support improved company valuations - a key consideration for why many home-grown companies choose to list abroad. It will also help to defend the UK's best companies from being acquired cheaply by overseas businesses.

The benefits of this investment stem far beyond the upper echelons of British business. Retaining and growing companies in the UK can be a catalyst for additional skilled employment, increased tax revenues, tangible improvements to productivity and ultimately higher wages that sustainably increase faster than prices.

We think a tax break for British savers should benefit British businesses and the cost in lost tax revenue will be minimal. Instead, the GB ISA would fully unlock the potential of the City, to not only scale up smaller private companies, but provide those same companies an attractive listing environment to stay and grow here in the UK.

With the political will, we can deepen the capital liquidity on offer to British businesses and make the UK listing regime the global capital of capital.

I would welcome the opportunity to discuss these proposals with you at a time of your convenience.

Yours sincerely

Mike O'Shea
Chief Executive
Premier Miton Investors