

Crisis-hit CBI business group faces new cash crunch amid talks with rival

The CBI, once Britain's most influential business organisation, is facing an urgent cash crunch as it races to cut costs and seal a potential tie-up with a fellow lobbying group.

Sky News has learnt that the CBI could be within weeks of running out of cash, spurring it to hold detailed talks about a tie-up with Make UK, the manufacturers' trade body.

Sources said on Friday that talks between the two groups – which both had insisted were focused on areas of potential collaboration – were taking place against a backdrop of an increasingly parlous cash position for the CBI.

“Insolvency is definitely a risk again,” said one.

One insider said uncertainty over member renewals was among the factors contributing to the group taking further advice on contingency planning for an insolvency event.

In a statement on Friday morning, a CBI spokeswoman said: “As we previously stated, the board has sought advice on matters of restructuring and rightsizing as may be appropriate, as any responsible board would.”

The CBI did not respond directly to questions about its cash position or preparations for insolvency, although one source insisted there was confidence it would avert that threat.

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The latest chapter of a crisis which has engulfed the CBI since the spring comes in the wake of a sexual misconduct scandal which triggered the [sacking of its former director-general, Tony Danker](#), and sparked a police investigation into rape allegations unconnected to him.

An exodus of corporate members including Aviva, John Lewis Partnership and NatWest Group, has drained the CBI's cash reserves, forcing it to start slashing jobs and closing overseas offices.

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One area said to be under discussion with cash-rich Make UK is the implications of a merger for the two bodies' respective pension schemes.

As the CBI's future hung in the balance earlier this year, Sky News revealed its pension trustees were exploring ways to protect members' interests.

The group also drafted an unnamed law firm to advise its board on matters related to insolvency.

The revelation of its talks with Make UK on Thursday evening highlights the growing likelihood that the CBI, which was established by royal charter in 1965, will cease to exist as a standalone entity.

Although it proclaimed overwhelming support for its new director-general, Rain Newton-Smith, and her mandate to reinvent the group, it emerged that few of the 190,000 businesses it said it represented had actually voted for it.

Further details of a merger with Make UK remain unclear, while precise details of the CBI's cash position could not be ascertained.

In virtually identical statements issued to Sky News on Thursday, the two groups acknowledged they were "in early-stage discussions to explore how the two parties might work closer together".

"These discussions are positive and constructive but remain at an early stage."

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The closure of CBI offices in Beijing, Delhi and Washington, DC have been seen as symbolic of the retrenchment of what was

for decades Britain's dominant business representative organisation.

As part of an attempt at renewal, the CBI said it would also seek a new president to replace Brian McBride and make efforts to rebuild ties with the government.

Ms Newton-Smith also suggested that she may seek to change the organisation's name, although a merger with Make UK would probably see the CBI disappear anyway.

Jeremy Hunt, the chancellor, said earlier this year that there was "no point" interacting with it after it was deserted in droves by leading corporate members.

It has already embarked on a compulsory redundancy programme, sources told Sky News, with roughly a third of the workforce said to be vulnerable.

The other members of the B5 quintet are the British Chambers of Commerce, the Federation of Small Businesses and the Institute of Directors.

Many of the large companies which suspended their membership pending the conclusion of a police investigation face a decision in the coming months about whether to renew their memberships.