

CONSULTATION SUBMISSION – MAYOR OF LONDON DRAFT BUDGET

On behalf of the London Chamber of Commerce and Industry (LCCI) we request your consideration of this submission to the Mayor of London's Budget consultation process.

LCCI is the capital's largest independent business advocacy organisation. We represent the interests of over 10,000 firms of all sizes, from micro-businesses and sole traders through to large, multi-national corporates, across all 33 London local authority areas – genuinely reflecting the broad spectrum of London business opinion.

Public transport

London Chamber of Commerce and Industry strongly urges the Mayor to work with central Government and secure a long-term capital funding settlement for Transport for London (TfL).

Whilst this decision ultimately lies with central Government, LCCI believes that the next Mayor must continue to make the case for a capital funding agreement with TfL that supports investment into critical transport infrastructure in the capital. The Mayor of London should advocate in every sense possible for a deal that enables TfL to undertake vital maintenance work on the network, whilst also enabling more ambitious projects such as the Bakerloo Line Extension.

London's status as a global city relies on its world-class transport network, which in the absence of a long-term funding settlement risks falling into decline. Whichever candidate is elected must ensure that TfL has a long-term, structured funding deal. Special consideration should be given to London being a university city.

The role of higher education is critical to London's success. That is why we support London Higher's call that:

With many of London's students commuting across the city to study the incoming Mayor explores ways to expand discounted travel to all widening participation students, building on the recently announced discounts for care-experienced students on London's trams and buses, to ensure that the cost of transport across the city does not have to be a barrier to students' success

Net zero and skills

We welcome the continued commitment of the Greater London Authority to the goal of London being net zero by 2030. We are clearly facing a climate emergency which is not just damaging for the environment and health but also for business in terms of extreme weather events and the disruption to supply chains. Therefore investment in green skills is critical so that retrofitting of buildings across London can be undertaken.

We have provided detailed proposals for how the AEB can be shaped in pages 14 -15 of the Chamber's Mayoral manifesto - [LCCI-London-Elections-Manifesto.pdf_ext.pdf](#)

This budget consultation does not cover the Adult Education Budget (AEB). The AEB is key to addressing the skills gaps that businesses across London have to cope with.

Affordable housing

In the context of a tight labour market, LCCI's members recognise that affordable housing is key to supporting Londoners to work in the capital. In our latest London Business 1000 survey for 2023, 50% of companies said the cost of housing had a negative impact on their ability to recruit and retain workers. More than half (58%) of London businesses said that making London a more affordable place to live should be one of the next Mayor's top three priorities.

Two fifths (40%) of firms felt that increasing the number of affordable homes to buy in London should be a priority for the Mayor. Therefore it is clear that the Mayor must make affordable housing a key priority and increase the level of building, working with businesses to identify sites that are suitable for co-location whilst also being reticent of the needs of firms for industrial land.

We also support the call from London Higher that the special needs of London as a university city should lead to the planning regime enabling affordable student accommodation to be provided. We therefore support London Higher's recommendation that there should be:

...more affordable student accommodation and travel by including accommodation in the strategic planning for London, alongside plans to build more homes. Increasing supply of both student accommodation and housing will help to rebalance the housing market in London and ensure London remains an attractive place for students to study, work and live.

LCCI recognises that London faces a housing shortage, and supports the Mayor in their efforts to increase the number of homes in the capital. However, this should not lead to increased pressure on businesses to give up their premises or make significant changes to their operations in order to accommodate new developments.

The Mayor must ensure that industrial land for businesses, particularly those in key sectors such as freight and logistics, is protected. As part of this process, LCCI is pleased to see that the Agent of Change principle remains in the London Plan, and the next Mayor should ensure the upcoming revision to this document does not remove the Agent of Change principle.

However, LCCI would like to see further guidance on how the principle is applied, and can be used by businesses to ensure that undue restrictions on their operations are not placed following co-location with new residential development.

EDI and Procurement

The diversity of London is the capital's strength. We therefore welcome the commitments from the Mayor of London to ensure the number of women-owned and ethnic minority-owned businesses that win procurement work are measured.

In June 2024, the London Anchors Institutions Network produced statistics that found GLA linked organisations as well as the NHS in London and the University of London had awarded £807.5 million worth of contracts to micro businesses and SMEs in 2023/24. However, within this figure only £1.16 million worth of contracts were awarded to what are termed as "diverse led" micro firms and SMEs.

Within the London Chamber of Commerce and Industry, the Asian Business Association (ABA), Black Business Association (BBA) and Women in Business Group have expressed concern at the low percentage of diverse led businesses winning work. We therefore propose enhanced partnership working between the GLA with the ABA, BBA and Women in Business Group to improve our understanding of the barriers they face so that all businesses can have access to procurement opportunities.

Workshops and other online and offline events can be held to assist businesses from all backgrounds so that they are prepared to bid for tenders.

In the London Chamber's manifesto for the Mayoral election, we proposed an agile procurement policy that had been developed in partnership with the Federation of Small Businesses. We urge active consideration of this proposal – that can be read on pages 22- 24 of the manifesto - [LCCI-London-Elections-Manifesto.pdf ext.pdf](#). We believe this flexible procurement strategy can help to ensure there is value for money and that more small businesses are in a position to win work and contribute to the wider London economy.

Police funding

We believe there should be a clear focus on crime affecting businesses, especially retail, alongside other important priorities listed such as terrorism. Statistics from the Metropolitan Police has shown a year on year increase in business crime and this is now one of the top immediate concerns for many businesses.

The rise in business crime across London, which comes on top of the costs facing businesses such as high supply chain prices and the impact of the Budget on business viability, is having a direct negative impact on London's economic growth which, in turn, has a knock-on impact on the national economy as a direct consequence.

Therefore, we are very concerned that despite business crime rising, this is not cited as major issue to be addressed. This should be corrected if the economy of London is not to be harmed even further by the rise in crime affecting businesses.

Marketing and FDI

One of the core aims of the GLA budget is to encourage investment into London. FDI and tourism are key drivers of the London economy. It is in that context that support for London and Partners to drive forward further investment into our city is key. This is especially the case when other global cities have stepped up their marketing as tourist numbers increase as we move further away from the pandemic.

London cannot be complacent that its global status will continue. Further marketing is critical. As we saw with New York City, their marketing towards the end of the pandemic led to an uplift in tourist numbers and it took London some time to catch up with a similar marketing initiative. Therefore secure funding for marketing with clear KPIs on projected outcomes is vital to ensure London not only stays as the most googled city in the world but it also leads to sustained tourist and FDI investment across London.

We have consistently called for closer co-operation between the GLA/London and Partners with the Government to further market London. This is vital for the UK as London is widely acknowledged as the gateway to the United Kingdom economy. At the same time, the marketing of London needs to go beyond the Central Activity Zone (CAZ).

Whilst the CAZ is pivotal to London's success, we need to consider the business opportunities for inward investors in other boroughs such as Croydon, with its strong entrepreneurial base or Havering with its plans for green tech developments.

The tourist opportunities beyond the CAZ should also be marketed effectively – from Kew Gardens in the south to Forty Hall Estate in the north. It is the diversity of the offer across Greater London that will enhance the offer to tourists and investors from across the world.

Conclusion

The need for London's economy to be robust must mean that no borough – and no community – is left behind. Unemployment and inactivity rates varies between boroughs. Boroughs in the North and West of the capital tend to have higher rates of unemployment and inactivity than boroughs in the South.

In 2022, Brent had the highest unemployment rate and Kingston upon Thames had the lowest. Kensington and Chelsea had the highest levels of economic inactivity of all London boroughs, with 28% of 16-64 year olds not active in the labour market in 2022. Other boroughs with particularly high levels of inactivity are Westminster (27%), Camden (25%) and Waltham Forest (25%). The borough with the lowest level of inactivity is Wandsworth, with only 9% of 16-64 year olds economically inactive. The low rate of economic inactivity in Wandsworth may be related to it being the borough with the lowest proportion of people with no qualifications.

Compared to Camden and Westminster, Wandsworth also has a much smaller student population and slightly fewer people who are economically inactive due to being long-term sick or disabled, as a proportion of the borough's population.

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To this end, the London business community remains willing to work with the GLA to ensure that London's economy remains robust and strong as we look ahead to the 2030s.