

GENERAL  
ELECTION

LONDON CHAMBER OF COMMERCE AND INDUSTRY (LCCI)

GENERAL ELECTION  
MANIFESTO 2024

**DOWNING  
STREET SW1**

**CITY OF WESTMINSTER**

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# LONDON'S COMPETITIVENESS

## Marketing and Trade

- There is a need for effective co-ordination between the Government and the Greater London Authority to promote London.
- A need for business support for exporters and potential exporters to be recognised as essential to help drive the national economy forward
- We urge the next Government to reverse the cuts to international trade advisers (ITAs) in London.
- LCCI is the leading specialist in digital based trade documentation and we would be happy to offer our services to help advance the Government's important work in this area.

## Carnets

- We remain supportive of the regular HMRC meetings with their French counterparts to discuss operational issues at border offices.
- We would support a roundtable between LCCI, DBT, HMRC and Border Force to ensure that the digitalisation of ATA Carnets remains one of the objectives of HM Government's drive to digitalise international trade.
- Essential that HMRC is given encouragement and support to continue engagement at the World Customs Organisation eCarnet group meetings and driving the agenda forward.

## VAT free shopping

- We need the return of VAT free shopping for overseas visitors.
- There can be a new market for shopping-led mini breaks from the EU to London if VAT free shopping was extended to visitors from the EU.

## R&D Tax Reliefs

- HMRC should adopt a two-tiered process for reviewing claims by engaging endorsement bodies to undertake a technical assessment of whether a claimant's activities qualify as R&D for tax purposes.
- HMRC should work with the industry to establish a standardised framework which includes best practices and templates for technical assessments.

## Arts and Exhibitions

- There is a need to secure funding for the arts.
- We urge the Government to act so that the clear rules on VAT for overseas exhibitors that were in place before Brexit are in place today.
- Government should make the temporary movement of goods a frictionless environment for contractors servicing business and consumer events and the arts.

## Recommendations

# SUPPORTING THE CAPITAL'S BUSINESSES

## Equalities, Diversity and Inclusion

- Ensure feedback from businesses and people from ethnic minority backgrounds at the heart of entrepreneur support programmes. It should also ensure these programmes are inclusive.
- Monitor outcomes of its Get the Jump: Skills for Life communications campaign and the impact featuring ethnic minorities has had. It should track the apprenticeship uptake by ethnic minorities and go further to measure their participation in other vocational routes.
- The Government and employers should work together to ensure that the progression plans relating to in-work support are underpinned by the development of skills that equip people to climb the career ladder.
- The Government should include representatives of businesses of a wide number of sectors and sizes in devising its 'Inclusion at Work Panel,' Equality Hub, Positive Action Guidance and the 'Inclusion Confident' Schemes. It should ensure that these initiatives are capable of being used by a wide range of businesses and have a strong emphasis on inclusion from an ethnicity perspective.
- Awareness of the Government's lifelong learning entitlement and skills training schemes should be promoted especially among people from ethnic minority backgrounds.
- The Government's guidance on voluntary ethnicity pay reporting should be simple and capable of being used by a wide range of businesses irrespective of size and sector.
- The establishment of a Strategic Growth Fund that specifically targets or contains criteria to address the funding problems ethnic minority founders and business leaders face would be helpful.
- Targeted programmes should be introduced to assist ethnic minority-led businesses to access finance. There should also be wide promotion of these programmes to ensure that those who can benefit the most are fully aware of opportunities.
- Government should allocate funding to researching the funding of Black and Asian entrepreneurship through Venture Capital in the UK.
- Government should support and work with entrepreneurial ecosystems, that build strong networks for capital, expertise and information to flow between Black and Asian people. This could be through online training, incubator programmes and webinars.
- A dedicated Government taskforce should be convened to establish effective measures to boost the inclusion of ethnic minority-led businesses in public procurement. It should particularly seek to address moving beyond a best endeavour approach and identifying more effective and appropriate ways for boosting supplier diversity, such as introducing minimum target percentages.
- As the Government develops its new procurement regime, it should consult more with ethnic minority businesses (and their representative networks), as well as take full account of their concerns and interests to shape regulation, policies and support including funding.
- Enable contractors to score highly on points related to diversity including having or proving efforts at having diversity within their supply chain as part of evidence of an advantageous rather than economically advantageous tender.
- Simplify the procurement process - review language and requirements on procurement forms and remove jargon and references that might be difficult for people who do not have extensive expertise or networks to understand
- The Government should establish a prestigious awards system to highlight ethnic minority businesses.

- Entities that “win contracts” without following due guidelines and process should be penalised.
- The Government should also put in measures to build the capacity of ethnic minority-owned businesses and work with business organisations like Chambers of Commerce and dedicated networks of ethnic minority led business owners, to understand the hurdles that they face in the procurement process and address these challenges.
- Modern-day technology solutions should be adopted to equip the deployment of the necessary measurement instruments to deliver real time analytics and data-sets as well as better and more informed decision making.
- Capacity building and support for women entrepreneurs: Governments and private entities involved in FTA negotiations should provide capacity building and support for women entrepreneurs to participate in international trade. This can include training on trade regulations, access to finance, and business development services.
- Inclusion of women in trade-related decision-making: Women should be included in trade related decision-making at all levels. This includes government officials, trade negotiators and civil society organisations. Women’s organisations should be consulted and engaged throughout the negotiation and implementation of free trade agreements.

## Women and Free Trade Agreements

To make free trade agreements more inclusive and address the disadvantage to women, the LCCI proposes the following policy positions:

- Gender impact assessments (GIAs): Governments and private entities involved in FTA negotiations should conduct GIAs to assess the potential impact of trade policies on women. GIAs should examine how FTAs may affect women’s economic participation in the global market place, labour rights, access to healthcare, education, and other services, as well as their social, cultural, and political participation. These analyses should be made public to ensure transparency and accountability.
- Consultation with women’s groups and organisations: Governments and private entities involved in FTA negotiations should consult with women’s groups and organisations to get their input on proposed trade policies. This engagement should take place at all stages of the negotiation process. This will ensure that the policies take into account the unique needs and perspectives of women, and that they are not adversely affected by the FTAs.
- Inclusion of gender provisions: Governments and private entities involved in FTA negotiations should include gender provisions in their trade policies. Gender provisions should address issues such as equal pay, non-discrimination, and gender-based violence, as well as women’s access to credit, land, and property rights.
- Gender-sensitive language in free trade agreements: Free trade agreements should use gender-sensitive language to promote the participation of women in trade. This includes provisions that eliminate gender-based discrimination in trade and measures that support women’s entrepreneurship and access to finance.
- Data Collection and Analysis: To effectively address gender disparities in trade and commerce, there is a need for comprehensive and disaggregated data on women’s participation and contributions to international trade. This should include data on women- owned businesses, women entrepreneurs, and women workers in the export sector. This data should be used to inform policies and programmes that promote women’s participation in international trade.
- Partnerships and Collaboration: To effectively address the challenges facing women in trade and commerce, there is a need for partnerships and collaboration with international organisations, trade unions, education and research organizations, other non-governmental organisations, and their representatives, as appropriate. This should include partnerships that promote women’s economic empowerment, such as public-private partnerships that provide access to finance, technology, and markets for women entrepreneurs.

## PREVENTING CRIME

- The police funding formula needs to keep up with inflation.
- The police funding formula also needs to address population density and demand for policing.

## AFFORDABLE HOUSING

- The next Government must make affordable housing a key priority and increase the level of building, working with businesses and the Mayor of London to fund much needed affordable housing.
- HMRC should enable a housing association or council to issue developers with a certificate to state that they will be constructing affordable housing meaning that the sale of the land from the developers to the housing associations and councils can be zero-rated.

- To avoid abuses of this proposal, there would need to be some kind of clawback provision so that if affordable housing was not built within a certain period, then VAT would be charged.
- The legacy of the Grenfell Tower tragedy must mean that the only issue is to remove dangerous cladding as quickly and safely as possible to save lives. Therefore, the Government should make all cladding remediation works zero-rated and extend this to any other associated works that are required as a result of planning applications made for cladding remediation works.



## Recommendations

# INFRASTRUCTURE AND PLANNING

## Transport

- Long term capital funding agreement with TfL that supports investment into critical transport infrastructure in the capital.
- We need the next Government to provide assurances that HS2 will be completed to Euston and that the Euston link will be opened at the same time as the completed HS2 connection between Birmingham and Old Oak Common.
- We also need HS2 to go to Manchester at the very least.
- A Manchester Piccadilly HS2 station – which also incorporate Northern Powerhouse Rail (NPR) links – would be key to unlocking seamless east-west journeys, further boosting the UK's economy and productivity.
- Government should heed the advice of industry experts and public bodies and introduce price support schemes, such as a Contracts for Difference scheme, for Sustainable Aviation Fuels (SAFs), to provide price stability to the market and support inward investment into a domestic SAF industry.
- The Government should not delay any further its plans for developing SAF plants in the UK, and work with the aviation industry to rapidly upscale domestic production of SAF to avoid becoming a net importer of SAF fuels. The aviation industry's contribution, both directly and indirectly, to the UK economy should be recognised by local and national governments.
- Government should prioritise feedstocks for use in the production of SAF, in order to secure a domestic supply of SAF. LCCI recommends the Government to give priority to SAF production over Energy-from-Waste (EfW) plants when it comes to non-recyclable municipal solid waste (MSW) as a feedstock.







## SKILLS AND ENTREPRENEURSHIP

### Visas and Immigration

- Options for shorter terms visas should be introduced more widely across routes.
  - The option of spreading payments of fees over the lifetime of a visa should be introduced.
  - Work permitted under short-term visas should be further expanded.
  - Those on skilled worker visas should be given the right to engage in self-employment for a period after ending employment.
  - Independent and trusted organisations, such as chambers of commerce who represent businesses on a local and regional basis, should be permitted to act as trusted intermediaries to address administrative requirements of making visa applications.
  - A comprehensive review of existing immigration routes, ensuring their viability and utility should be conducted.
  - Business-body knowledge should be harnessed in undertaking such reviews.
  - Attention should be directed towards the establishment of routes and policies that accommodate individual sector needs and shortages.
  - Home Office officials should meet with London businesses on a sectoral basis to ascertain the key occupation shortages.
  - Migration processes for foreign entrepreneurs with a track record of success should be eased.
  - The High Potential Individual visa and the Youth Mobility Scheme should be expanded and reformed to include a much wider range of eligible universities and countries.
  - New routes with moderated and more pragmatically calibrated criteria should be established.
  - A distinct route for entry of entrepreneurs should be re-established offering a longer time frame and providing stability and a clear path to permanent residency.
- An industrial strategy providing a framework and certainty for immigration rules should be established.
  - Immigration fees should be used to fund training and support of UK businesses.
  - Government should provide entrepreneurial migrants easy access to training, technological infrastructure, local networks, and access to capital upon emigration.
  - Partnerships with business schools and VCs for 'Global Entrepreneurship Programmes' and 'International Entrepreneurship Competitions' should be established to train and handpick potential entrepreneurs. Selected immigrants can be granted entrepreneur visas without going through ordinary bureaucratic processes.

### Skills

- Flexible and agile learning is critical if we are to witness a step change in improving skills levels across our city.
- Link more effectively the training of people for a range of technical skills to the Government's Innovate UK agency.
- Making the Apprenticeship Levy system simpler and more user-friendly for employers and learners.
- Provide additional Government support to SMEs including allowing some Apprenticeship Levy funding to cover administration costs.
- Allowing for pooling and joint purchasing of transferred apprenticeships via the Apprenticeship Levy system.

## BUSINESS CERTAINTY

### Procurement

- The Government should go beyond the Public Services (Social Value) Act 2012 in addressing economic inequality, the climate emergency and societal wellbeing.
- The requirement for a small business to have half a decade's audited accounts before being able to bid for procurement does not provide value for money for the Government as it shuts out many competitive firms who could do so much to support public services. We propose at least two years audited accounts is a sufficient period of time to assess the viability of a local business bidding for work.
- Ensure that small value contracts worth £10,000+ are advertised, as this acts as an entry point for many 'first time' SMEs into public procurement.
- Ensure there are proportionate insurance requirements relative to the size of award, so as not to place unnecessary barriers in the way of small businesses.
- Make it easier for small organisations to come together to bid in consortia or in partnership, through the provision of information and practical advice.
- Adopt a "tell us once" system, where potential suppliers can bid for different contracts by passporting the same regularly used information across bids i.e. accreditations.
- Simplify the procurement process - review language and requirements on procurement forms and remove jargon and references that might be difficult for people who do not have extensive expertise or networks to understand.
- Set a once or twice yearly targeted event on procurement for procurement officers and businesses interested in bidding for contracts;
- To support best practice, the Government would ask small business, that are part of the supply chain, to share their experiences and successes.
- The Government provides the equalities data, which it collects, on the diversity of its supply chains.
- Pay invoices within 30 days or sooner; and ensure that these terms are passed down the supply chain.
- Ensure that no businesses will have to pay, or invoice discount, in return for prompt payment.
- Provide timely and useful feedback to unsuccessful applicants – this could include three areas to improve.
- Regularly monitor spend with SMEs and payment performance, to set targets for growth and ensure that these targets and requirements are being met in the future.

# LONDON AND THE GENERAL ELECTION

The decisions taken by the next Government will affect the whole country – from taxes to public services.

This is why the London Chamber of Commerce and Industry is supporting the stance of the British Chambers of Commerce to ensure the needs of British businesses is fully addressed by whomever is elected to the next Parliament.

However, the London Chamber believes there is a need for a separate manifesto to highlight the needs of the capital's businesses. For while firms in London often share the same concerns as firms across the country, there are specific needs in the capital which must be addressed by the next Government.

This is because London businesses contribute over 20% towards UK GDP.

London is the engine of the national economy – if the engine stutters the national economy stalls.

In addition, over 13% of the UK population is in London and the capital returns 73 MPs to Parliament – a big proportion when there is a total of 650 MPs. Therefore, what happens in London matters to the whole country. This manifesto supports levelling up. A stronger Britain means a stronger London – if all areas of the country were stronger this would benefit London as well as the wider UK economy.

But this manifesto calls for a levelling up of London too. While there is wealth in the capital, the level of child poverty across London is very high and too many London boroughs have been sidelined with communities suffering severe deprivation, living side by side to centres of wealth. This is not just bad for those communities affected, it holds back London's economic potential and hinders the capital's business growth.

It is true that the directly elected Mayor of London has significant powers to transform London and that is why the London Chamber produced our manifesto for the Mayoral and London Assembly elections.

However, devolution has stalled in London compared to Britain's other great cities and this is the time to ask whether further devolved powers could boost the capital's productivity.

In addition, while the Mayor has power over policing, the Metropolitan Police Commissioner is also accountable to the Home Secretary. So - we must campaign for the Government as well as the Mayor to take business crime seriously and to tackle this problem once and for all.

While the Mayor has the powers over transport, it is the funding formula from HM Treasury and the Department for Transport which is holding back the investment needed for London to keep fully moving.

Some policies have a disproportionate impact on the capital. The removal of VAT free shopping for overseas tourists has held back business growth in London.

London is unlike any other city in the country.

It has a population which is bigger than, say, Ireland or Norway. It is also a global city – what happens in London matters to the world in terms of financial services, the creative industries, tourism, science, higher education and much more.

So – Government needs to pay especial attention to London if the country is to grow and prosper in a global economy.

This manifesto – to be read in conjunction with the British Chambers of Commerce national manifesto – is critical to get the step change we need for London and the UK to prosper.

The days of complacency as to the strength of the London economy has come to an end. Whilst the capital is key to the global economy, there are many challenges that must be addressed if London is to prosper into the 2030s and beyond.

This General Election will be key to ensuring London remains the engine of the UK and global economies.

# LONDON'S COMPETITIVENESS



## Marketing and Trade

We need a step change in the marketing of London. For many international businesses and investors, London is the gateway to the UK economy. Therefore, effective marketing of London means the effective marketing of the UK.

However, we note **there is a need for effective co-ordination between the Government and the Greater London Authority to promote London.** Instead, disparate efforts are made by various public agencies and this lack of a joined-up approach means that the full force of London on the world stage is being held back.

This, at a time when London needs to ensure it maintains its competitive edge with rival European cities producing post Brexit offers to entice firms from the capital. The stakes are too high for this lack of coordination to be left to administrative demarcation disputes or to political tensions between Ministers and the Mayor.

Alongside the need for action on marketing, there is also **a need for business support for exporters and potential exporters to be recognised as essential to help drive the national economy forward.** A more balanced economy, where exports play a bigger part in the GVA of the nation would also help to realise the Government's ambition, which the Chamber shares, of Global Britain.

Therefore **we urge the next Government to reverse the cuts to international trade advisers (ITAs) in London.** This decision seemed to be on the basis that London is prosperous and funds need to be allocated to other regions and nations of the UK as part of the levelling up agenda. We strongly back the levelling up agenda. We cannot have a strong London without a strong United Kingdom.

If it was true that London is primarily prosperous, we may have understood the decision to withdraw ITAs from London. That, though, is not the reality. For instance, research from the Institute for Fiscal Studies has shown that 28% of Londoners were in relative poverty between 2016 and 2019, compared to 22% across the whole of the UK. Therefore ITAs are needed for SMEs across London to grow and help to end the institutional deprivation levels which exists in the capital.

We back the current Government's plans to digitalise international trade documentation. The costs to business of paper based documentation in an era of online business transactions is significant – from lost productivity with time spent on needless procedures and paper work through to the cost of applying and gaining paper based documentation. At the practical level, paper documents are susceptible to being mishandled, lost or used fraudulently.

**LCCI is the leading specialist in digital based trade documentation and we would be happy to offer our services to help advance the Government's important work in this area.**

## Carnets

The London Chamber of Commerce and Industry has found that there has been a noticeable variation in requests for Carnets between different Member States, and even between Customs Offices within the same State. This could be a reflection of the fact that certain countries subsidise issuance of ATA Carnets at the national level and subsequently promote ATA Carnets as a preferred means of temporary admission. Consequently, businesses are facing a series of problems due to differences between EU member states – and even within EU member states as to whether carnets are required in the first place.

LCCI has a positive relationship with the Department for Business and Trade, HMRC and Border Force and significant effort has been made to ensure Border Force is sufficiently trained on ATA Carnets to assist SMEs and all businesses with Carnet requirements at airports and ports across the United Kingdom. We have produced Carnet Processing Manuals for the traders and Border Force and provided guidance on various issues concerning temporary exports. This has meant that at airports and ports across the United Kingdom, officers are ready to assist SMEs and all businesses with carnet requirements.

However, the difficulties can sometimes arise when British businesses enter the European Union. We are aware, for instance, that Carnets are checked in larger ports that are traditionally used to dealing with international shipments, but smaller internal offices may still not be comfortable with processing Carnets and the trader can simply be waived through. If those traders subsequently end up going

to a larger office (for example Calais) they may be penalised for having no Customs Documentation.

We have even heard of cases where EU Customs requested Carnets for leisure boats being sailed to the EU (whether for leisure or a competition). This is causing additional bureaucracy for British tourists.

**We remain supportive of the regular HMRC meetings with their French counterparts to discuss operational issues at border offices.**

In addition, **we would support a roundtable between LCCI, DBT, HMRC and Border Force to ensure that the digitalisation of ATA Carnets remains one of the objectives of HM Government's drive to digitalise international trade.**

However, even with the good work of DBT, HMRC, Border Force and LCCI, it remains unclear when the EU and other Carnet countries will have the capacity to process digital Carnets. It is, therefore, **essential that HMRC is given encouragement and support to continue engagement at the World Customs Organisation eCarnet group meetings and driving the agenda forward.**

## VAT free shopping for overseas visitors

The removal of VAT free shopping has been damaging for the London economy.

London is the gateway to the UK for most tourists and business visitors but with the removal of VAT free shopping, HM Treasury has lost tax income that would have been generated via these shoppers and businesses – large and small – have lost out to potential custom. **We need the return of VAT free shopping for overseas visitors.**

Many non-EU visitors who are now choosing to spend their money in Paris, Milan and Madrid rather than shopping in London.

Now that international travel has returned to comparable levels to the pre-Covid period, actual spending level analysis across the piece is consistently showing that Britain is performing significantly worse than our major EU competitors in terms of attracting non-EU visitor spend.

Individual companies and trade bodies have submitted evidence to HM Treasury which

demonstrates how hundreds of millions of pounds are being diverted away from Britain and towards France, Italy and Spain.

The New West End Company (NVEC), a business improvement district covering Oxford Street, Regents Street and Bond Street has reported visitors from the Gulf area (Gulf Co-operation Council member states) up 1% in 2022 compared to 2019 but with shopping expenditure down 17%. Meanwhile in the EU non-EU visitors is far exceeding 2019.

Global Blue, a firm that processes tax refunds on shopping reports that in 2022, spending by visitors from the USA in Britain was 101% of 2019 levels but in France it was 198%.

**There can be a new market for shopping-led mini breaks from the EU to London if VAT free shopping was extended to visitors from the EU.**

For example, in 2022, British visitors in the EU spent over £500 million on tax-free shopping. Experts have indicated that this is set double to £1 billion in 2023.

The potential for Britain to attract EU tax free shoppers is therefore very significant. Analysis by the international retail industry shows that VAT refunded would be far less than the amount raised by additional spending on travel, hotels, restaurants, theatres and cultural attractions.

Britain could create a unique new market, thanks to Brexit, in shopping-led trips from EU countries. This would particularly help the UK regions whose airports mainly serve European destinations.

## R&D Tax Reliefs

The UK's R&D Tax Relief Scheme is one of the largest and most generous R&D tax relief programs in the world. Countless businesses in a diverse range of sectors have benefitted from the scheme, and the number of R&D tax relief claims continues to rise year-on-year. After two decades, R&D tax relief has become a central pillar of the UK tax system and a fundamental way the Government seeks to help drive innovation and competitiveness. Recent studies by the Government indicate that for every £1 spent on R&D tax relief, an additional £2 of R&D expenditure is generated in the UK economy.

Large scale government relief programmes carry an inherent risk of abuse. However, oversight and compliance issues in the R&D Tax Relief Scheme remained largely unaddressed until 2019, when HMRC decided to tackle abuse in the R&D Tax Relief Scheme.

In July 2023, HMRC published a corporate report (the "[July 2023 Corporate Report](#)") analysing the scale and shape of non-compliance in the R&D Tax Relief Scheme and detailing its compliance approach to R&D tax relief.

While HMRC's compliance efforts and approach have thus far centred around combatting abuse of the R&D Tax Relief Scheme, its own analysis of its mandatory random enquiry programme ("[MREP](#)") paints a picture not of a scheme that is abused, but rather one that is grossly misunderstood by all parties around the table. By HMRC's own admission, while fraud was found in fewer than 10% of claims, 46% of the claims were non-compliant due to genuine errors in (i) assessing whether a claimant undertook qualifying R&D activity, (ii) identifying which activities qualify as R&D, or (iii) interpreting the R&D legislation.

HMRC's ongoing compliance measures and reforms, which initiated from its anti-abuse consultations in 2019 and 2020, have primarily been reactive measures to the perceived belief by HMRC that non-compliance in the R&D Tax Scheme stemmed from abuse of the scheme. The July 2023 Corporate Report addresses this perception and shows there is a fundamental lack of understanding by all parties about what qualifies as R&D compounded by the absence of independent technical validation processes within the R&D Tax Relief Scheme.

A claimant's eligibility for tax relief hinges on a dual assessment – first, a technical assessment of its activities to determine which (if any) of its activities qualify as R&D for tax purposes (which HMRC acknowledges in CIRD 81300 "*is one of the more complex areas of the relief*"), followed by a tax assessment of the expenditure associated with the qualifying activities to determine if it satisfies the conditions for tax relief. The efficiency of the R&D Tax Relief Scheme is jeopardized when businesses, despite their technical capabilities, have no choice but to navigate tax regulations without a compass. It is exasperated further when HMRC officers, who may not have a technical background, become the ultimate decision makers on whether an activity

qualifies as R&D. Without external validation or expertise, claims can easily diverge from the intended criteria set by HMRC, exposing companies to potential enquiries, complications, and penalties and ultimately increasing the burden on HMRC and taxpayers alike.

In order to successfully combat non-compliance in the R&D Tax Relief Scheme, HMRC should incorporate independent technical assessments during the claim preparation and the claim review processes and collaborate with the industry to develop an industry framework for undertaking such technical assessments.

HMRC compliance officers are primarily legal, compliance and tax professionals who are well-versed with the DBT/DSIT Guidelines, CIRD, and the applicable tax regulations. However, since they are not often professionals in the field of the R&D projects that they are enquiring on, they do not necessarily possess the scientific or technological knowledge or expertise required under the DBT/DSIT Guidelines to determine what constitutes a scientific uncertainty or a scientific advance in the field of such projects.

HMRC states in CIRD 81300 that an opinion offered by the company's competent professional as to whether there is an advance in science or technology being sought is not necessarily conclusive of the issue, and further enquiry may still be needed.

In support of a claim for R&D tax relief, the claimant needs to provide technical documentation or a technical narrative. Since the introduction of HMRC's compliance reforms, the technical narrative has become the key determinant of a claimant's eligibility for tax relief. However, there is no standard format for presenting the information in a technical documentation to HMRC and, thus, no standard template for an R&D technical narrative.

In order to combat non-compliance within the R&D Tax Relief Scheme, we propose the following three recommendations to recalibrate the imbalance in assessing claims for tax relief by focusing on the crux that the R&D Tax Relief Scheme is about scientific and technological innovation,

**HMRC should adopt a two-tiered process for reviewing claims by engaging endorsement bodies to undertake a technical assessment of whether a claimant's activities qualify as R&D for tax purposes.**



As a remedy to the current compliance challenges within the R&D Tax Relief Scheme, we recommend that HMRC work with the industry to establish one or more endorsement bodies to handle technical assessments. This would allow HMRC to focus its compliance efforts on reviewing the accounting and tax elements of claims.

One approach is to set up a central endorsement body which is equipped to handle technical assessments across multiple industries. Such an endorsement body, set up independently through cross-functional and cross-industry collaboration, would then hire qualified professionals across legal, tax and technical expertise to carry out assessments on behalf of HMRC and endorse claims before they are sent to HMRC for final approval. This mirrors the approach adopted by the Home Office for its Innovator Founder Visa programme. The German Government has also adopted such an approach for a new tax credits program it established in 2020.

Alternatively, HMRC could collaborate with the industry to set up endorsement bodies that specialise in particular industries or niches and would be tasked with monitoring and overseeing HMRC's agenda for innovation in the industry, requirements for record keeping, and guidance to applicants. For example, HMRC may collaborate with the Engineering Council and its 39 professional institutions, such as the Energy Institute, the Physics Institute, and the Institution of Mechanical Engineers, to have their members review and endorse claims made in their respective fields before HMRC undertakes a tax assessment. HMRC has previously adopted such an approach for another corporation tax relief scheme – creative industry tax reliefs.

While the optimal solution, given the sheer volume of claims processed by HMRC, would be to set up a central endorsement body that reviews and endorses all claims for R&D tax relief, it is a considerably longer and more expensive process than working with existing technical professional bodies across various industries.

**HMRC should work with the industry to establish a standardised framework which includes best practices and templates for technical assessments.**

While leveraging the expertise of endorsement bodies will enhance accuracy in identifying qualifying activities, their success hinges on being able to evaluate their work against industry best practices

and templates. For this, we recommend that HMRC work with the industry to establish a standardised framework for quality control, internal checks, and certification of claims by chartered technical professionals. Such a framework would not only enable independent chartered technical professionals and endorsement bodies to undertake effective and efficient technical assessments, it would also provide claimants and the industry with clear guidance on the best practices for preparing a robust and accurate claim for R&D tax relief.

Until independent technical assessments are introduced into the R&D Tax Relief Scheme, HMRC's reform measures will fail to address the root cause of non-compliance within the scheme and end up impacting genuine R&D claimants. Claimants will continue to face greater risk of HMRC enquiries on their existing R&D claims, with the result being less certainty for R&D incentives and future investment in innovation within the UK. This has long term implications not only for companies undertaking R&D within the UK, but also for the UK economy.

The financial advantages gained through R&D tax relief constitute a crucial infusion of capital into a company, empowering it to reinvest in ongoing and upcoming projects. As emphasised by HMRC, the incentive of encouraging companies to invest in R&D holds significant value for the economy. The R&D Tax Relief Scheme's longevity depends on introducing independent technical assessments to ensure that only businesses genuinely engaged in R&D activities and aligning with HMRC criteria receive these incentives.

## Arts and Exhibitions

London's cultural offer is unparalleled, and its success is intertwined with the overall success of the city. Museums, galleries, and live performances attract international tourists, with many citing them as their main reason for visiting.

The same holds for visitors from within the UK as London recorded 12 million overnight visitor trips last year. London does not depend on one area and there are several cultural hubs with different offerings from the West End to Shoreditch to the City to Brixton to name a few. London also excels across various arts from theatre to film to art to fashion.

There is something for everyone in London matching the diversity of people who call it their home. Every night, nearly 14,000 people go to a gig in a grassroots music venue in London. They bring £92 million to the economy every year and £44 million of that is spent developing and showcasing new musical talent. By taking a risk on new artists, these venues play a vital part in an industry that is now worth £4.1 billion to the UK. They develop and showcase new and emerging talent by spending £500,000 demonstrating their commitment to supporting Londoners and their city.

One of the United Kingdom's most famous exports is its TV and film productions which are famous the world over. Lots of these productions heavily involve London contributing significant financial and cultural capital to the city. The screen industry in the London Metropolitan area contributes £18 billion annually to the economy and employs significant workforce. It continues to go from strength to strength with the recent 30% growth in London's film industry driven by movie and TV productions.

Theatres across London have produced some of the finest productions and it continues to cover a range of themes - from Shakespeare to the trials and tribulations of England's football team.

The arts as a whole are one of the key drivers of the London economy – ensuring London is a global city.

- £10 million generated every hour by the Creative Industries
- 1 in 6 jobs in London are in the creative economy
- £52 billion contributed by Culture and creativity to London's economy per year
- No. 1 Googled city in the world
- £7.3 billion generated from cultural tourism to London
- The London arts scene generates £47 billion for the national economy. This will only grow as the demand for the arts will grow as it is estimated that by 2030, there will be ten million people living in London.

However, such statistics and status cannot be maintained without proactive initiatives to protect this position. Considerable effort should be made to identify any issues arising which could lead to London's status as a leading centre for the arts being challenged.

Therefore **there is a need to secure funding for the arts**. London's cultural institutions are rightly renowned the world over and bring in millions of tourists who then go on to enjoy many of the other attractions the city has to offer.

When it comes to the interrelationship between the arts and business and consumer events in London, a series of issues need to be addressed. Since Brexit, there has been regulatory uncertainty impacting the sector.

This is not due to Brexit per se, but the response from Government to respond to the new circumstances following Brexit. One example of this is VAT. Before Brexit, it was fairly straightforward for overseas exhibitors and sponsors to come to London and ensure VAT is refunded to them as they had just been in the country for a short period of time. Today, we have regulatory uncertainty. His Majesty's Revenues and Customs (HMRC) remain unclear when VAT refunds can take place and this ambiguity is not just harming London – it is harming Britain.

This is because there are trends that indicate that holding business and consumer events in Vienna or Barcelona or Amsterdam – where there is no doubt about the VAT regime – means that when tight margins are being considered, London may not be the number one choice. This regulatory ambiguity has the potential of holding back economic growth and jobs here in Britain. It is unnecessary red tape that must now end.

**We urge the Government to act so that the clear rules on VAT for overseas exhibitors that were in place before Brexit are in place today.** This simple rule change can have a big impact on restoring London and the UK as the world's number one centre for business and consumer events.

**In addition we proposed the Government should make the temporary movement of goods a frictionless environment for contractors servicing business and consumer events and the arts** if London and the UK is to remain an attractive location for investment.

# SUPPORTING THE CAPITAL'S BUSINESSES



## Equalities, Diversity and Inclusion (EDI)

It is the diversity of London which is its strength as a global city. Over 300 languages are spoken in the capital and communities have come together which has enriched the capital culturally, socially and economically. London's complex history as a trade and commercial city is underpinned by a rich tapestry of ethnic diversity. However, discrimination continues to harm life chances for too many people across London and this includes people who want to establish businesses.

In the London Chamber report, *Ethnic Diversity in Business: Removing barriers impeding business success*, the chairs of the London Chamber's Black Business Association and Asian Business Association, Lord Hastings of Scarisbrick CBE and Tony Matharu, wrote of the challenges faced by many ethnic minority owned businesses in the capital:

*While an increasing trend of people from ethnic minority led backgrounds operating hugely successful businesses (as well as in high growth sectors) continues to emerge, many of them are being held back due to several factors including stereotyping and outdated perceptions of the businesses which others feel ethnic minorities should run.*

They also noted that:

*Black people are also more likely to report negative experiences with banks and people from Asian backgrounds are likely to report difficulties with attracting funding outside of their communities. Similarly, the power of procurement as a taxpayer tool to provide social value and boost ethnic diversity is seemingly not being maximised.*

The report highlighted a series of measures which the next Government should act upon to ensure that ethnic minority owned businesses no longer face the systemic discrimination and barriers which has existed for far too long.

### Education

The next Government should:

- Ensure students from ethnic minority backgrounds can make ambitious decisions about the courses they choose and universities they attend to reduce the drop-out rate and increase their chances of enrolling on high quality courses at higher tariff universities.

- Ensure feedback from businesses and people from ethnic minority backgrounds at the heart of entrepreneur support programmes. It should also ensure these programmes are inclusive.
- Ensure its engagement with ethnic minority representatives is extensive and business focused
- Monitor outcomes of its Get the Jump: Skills for Life communications campaign and the impact featuring ethnic minorities has had. It should track the apprenticeship uptake by ethnic minorities and go further to measure their participation in other vocational routes.
- The Government and employers should work together to ensure that the progression plans relating to in-work support are underpinned by the development of skills that equip people to climb the career ladder.
- The Government should include representatives of businesses of a wide number of sectors and sizes in devising its 'Inclusion at Work Panel,' Equality Hub, Positive Action Guidance and the 'Inclusion Confident' Schemes. It should ensure that these initiatives are capable of being used by a wide range of businesses and have a strong emphasis on inclusion from an ethnicity perspective.
- Awareness of the Government's lifelong learning entitlement and skills training schemes should be promoted especially among people from ethnic minority backgrounds.
- The Government's guidance on voluntary ethnicity pay reporting should be simple and capable of being used by a wide range of businesses irrespective of size and sector

### Venture Capital

- The establishment of a Strategic Growth Fund that specifically targets or contains criteria to address the funding problems ethnic minority founders and business leaders face would be helpful.
- Targeted programmes should be introduced to assist ethnic minority-led businesses to access finance. There should also be wide promotion of these programmes to ensure that those who can benefit the most are fully aware of opportunities.
- Government should allocate funding to researching the funding of Black and Asian entrepreneurship through Venture Capital in the UK.

- Government should support and work with entrepreneurial ecosystems, that build strong networks for capital, expertise and information to flow between Black and Asian people. This could be through online training, incubator programmes and webinars.

## Procurement

A dedicated Government taskforce should be convened to establish effective measures to boost the inclusion of ethnic minority-led businesses in public procurement. It should particularly seek to address moving beyond a best endeavour approach and identifying more effective and appropriate ways for boosting supplier diversity, such as introducing minimum target percentages.

- As the Government develops its new procurement regime, it should consult more with ethnic minority businesses (and their representative networks), as well as take full account of their concerns and interests to shape regulation, policies and support including funding.
- Enable contractors to score highly on points related to diversity including having or proving efforts at having diversity within their supply chain as part of evidence of an advantageous rather than economically advantageous tender
- Simplify the procurement process - review language and requirements on procurement forms and remove jargon and references that might be difficult for people who do not have extensive expertise or networks to understand
- The Government should establish a prestigious awards system to highlight ethnic minority businesses.
- Entities that “win contracts” without following due guidelines and process should be penalised.
- The Government should also put in measures to build the capacity of ethnic minority-owned businesses and work with business organisations like Chambers of Commerce and dedicated networks of ethnic minority led business owners, to understand the hurdles that they face in the procurement process and address these challenges.

Modern-day technology solutions should be adopted to equip the deployment of the necessary measurement instruments to deliver real time analytics and data-sets as well as better and more informed decision making.

The London Chamber of Commerce and Industry and the Federation of Small Businesses have worked together to develop our joint recommendations in respect of procurement. We are grateful to the Federation of Small Businesses for our joint working in this critical area for small businesses.

## Women and Free Trade Agreements

Trade agreements are important tools for promoting economic growth, increasing trade, including the provision of professional services and creating job opportunities but they can also have unintended consequences that may disproportionately affect marginalized groups such as women. Historically, trade agreements have largely been negotiated by men, and their provisions have largely reflected male perspectives and priorities.

Women have long been underrepresented in international trade and commerce, particularly in the negotiation and implementation of free trade agreements (FTAs).

Despite the fact that women make up nearly half of the global workforce, they continue to face significant barriers to participating fully in international trade, including unequal access to education and training, discriminatory laws and regulations, and limited access to finance and markets. This has led to a variety of negative impacts on women's economic opportunities, including discrimination, exploitation, and exclusion from formal economic sectors.

The Government is obliged under goal 5 of the sustainable development goals (SDGs) of the United Nations 2030 agenda, to contribute towards achieving gender equality and empowering all women and girls.

In addition, the United Kingdom is also obliged to take cognizance of CEDAW (Convention on the Elimination of all Forms of Discrimination Against Women).

The London Chamber of Commerce and Industry (LCCI) believes that women should be included and involved in free trade agreements. Women represent a significant and growing percentage of the global workforce and have an important role to play in shaping the future of trade and commerce.



This is not only a matter of gender equality but also an economic imperative, as studies have shown that gender-inclusive trade policies can lead to increased economic growth and prosperity. As such, we propose a policy position aimed at making FTAs more inclusive to address the disadvantage to women.

Free trade agreements historically have been negotiated by governments and private entities, with little or no input from women's groups or organisations. This can result in trade policies that fail to address the unique needs and perspectives of women, leading to adverse effects on their participation in the economy.

Despite progress in recent years, gender inequality remains a significant issue in the global economy. Women are disproportionately affected by economic inequalities, including access to finance, employment, and education. The underrepresentation of women in trade and commerce, and particularly in free trade agreements, exacerbates these inequalities. Women's experiences and perspectives are often neglected, leading to inadequate protection of their rights and interests. Therefore, it is essential to recognise the unique role and perspectives of women in trade and commerce and to ensure their inclusion and involvement in free trade agreements.

## Importance of Including Women in Free Trade Agreements

The inclusion of women in free trade agreements brings numerous benefits. Women's participation in trade can contribute to economic growth, poverty reduction, and the advancement of gender equality. By including women in free trade agreements, governments and trade negotiators can gain a more comprehensive understanding of the impacts of trade on women's lives, identify areas of discrimination and exclusion, and develop strategies to address these issues. Additionally, the inclusion of women in trade can help to create more diversified and sustainable economies, increase competitiveness, and enhance regional and global trade relations.

To make free trade agreements more inclusive and address the disadvantage to women, the LCCI proposes the following policy positions:

1. **Gender impact assessments (GIAs):** Governments and private entities involved in FTA negotiations should conduct GIAs to assess the potential impact of trade policies on women. GIAs should examine how FTAs may affect women's economic participation in the global market place, labour rights, access to healthcare, education, and other services, as well as their social, cultural, and political participation. These analyses should be made public to ensure transparency and accountability.
2. **Consultation with women's groups and organisations:** Governments and private entities involved in FTA negotiations should consult with women's groups and organisations to get their input on proposed trade policies. This engagement should take place at all stages of the negotiation process. This will ensure that the policies take into account the unique needs and perspectives of women, and that they are not adversely affected by the FTAs.
3. **Inclusion of gender provisions:** Governments and private entities involved in FTA negotiations should include gender provisions in their trade policies. Gender provisions should address issues such as equal pay, non-discrimination, and gender-based violence, as well as women's access to credit, land, and property rights.
4. **Capacity building and support for women entrepreneurs:** Governments and private entities involved in FTA negotiations should provide capacity building and support for women entrepreneurs to participate in international trade. This can include training on trade regulations, access to finance, and business development services.
5. **Inclusion of women in trade-related decision-making:** Women should be included in trade related decision-making at all levels. This includes government officials, trade negotiators and civil society organisations. Women's organisations should be consulted and engaged throughout the negotiation and implementation of free trade agreements.

6. **Gender-sensitive language in free trade agreements:** Free trade agreements should use gender-sensitive language to promote the participation of women in trade. This includes provisions that eliminate gender-based discrimination in trade and measures that support women's entrepreneurship and access to finance.
7. **Data Collection and Analysis:** To effectively address gender disparities in trade and commerce, there is a need for comprehensive and disaggregated data on women's participation and contributions to international trade. This should include data on women-owned businesses, women entrepreneurs, and women workers in the export sector. This data should be used to inform policies and programmes that promote women's participation in international trade.
8. **Partnerships and Collaboration:** To effectively address the challenges facing women in trade and commerce, there is a need for partnerships and collaboration with international organisations, trade unions, education and research organizations, other non-governmental organisations, and their representatives, as appropriate. This should include partnerships that promote women's economic empowerment, such as public-private partnerships that provide access to finance, technology, and markets for women entrepreneurs.
3. **Increased trade and investment:** The proposed policy positions will enable more women entrepreneurs to participate in international trade, which will lead to increased trade and investment.
4. **Stronger Partnerships and Collaboration:** Partnerships and collaboration between governments, the private sector, civil society, and international organizations can help to leverage resources, expertise, and knowledge to promote women's economic empowerment in trade and commerce.
5. **Improved Data and Analysis:** Comprehensive and disaggregated data on women's participation in trade can help to inform policies and programmes that promote women's economic empowerment and address gender disparities in trade and commerce.

### Expected Policy Outcomes

Adopting the proposed policy positions will have several positive outcomes:

1. **Improved gender equality:** The proposed policy positions will help to address gender inequalities by ensuring that women's needs and perspectives are taken into account in FTA negotiations. This should include financial inclusion for women, including but not limited to access to finance.
2. **Increased economic growth and development:** By supporting women's economic participation, the proposed policy positions will lead to increased economic growth and job creation. Women's involvement in FTA's can also help drive sustainable economic growth and development, particularly in developing countries.



# PREVENTING CRIME

The rise in business crime across London, which comes on top of the costs facing businesses such as energy prices and the impact of the pandemic, 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.

The Metropolitan Police Commissioner, Sir Mark Rowley, has made some good initial steps to reduce crime. Superintendents have been introduced for each London borough. There have been some good initiatives, such as in Hayes, where the PCSO and local officers are based in a local church on the High Street so that the police can be in regular contact with local businesses.

Despite this good work from the Commissioner, the Metropolitan Police has recorded a month on month rise in business crime from February 2020 with boroughs such as Westminster, Camden, Southwark, Newham, Lambeth and Islington, amongst others, being badly affected by business crime such as theft and handling and violence against the person. In respect of the City of London, the overall crime rate in City of London in 2021 was 665 crimes per 1,000 people. This compares poorly to London's overall crime rate, coming in 667% higher than the London rate of 87 per 1,000 residents.

We recognise and support the national roles of the Metropolitan Police and the City of London Police whether in terms of addressing terrorism or fraud and cybercrime. This is a recognition not just of the expertise of officers in these two forces but also of the role of London in the national life of the country, particularly in respect of the economy.

Therefore, we are very concerned that despite business crime rising and the specialism of these forces to tackle business crime, there is a need for change. **The police funding formula needs to keep up with inflation.** Effectively, across England and Wales, we are witnessing a 3.6% cash increase on the current year, well below the rate of inflation which remains high.

**The police funding formula also needs to address population density and demand for policing.** We have become aware that the Home Office itself recognises the need for this formula to change. In December 2022, the Home Office stated that the formula was *"out of date and no longer accurately reflects demand on policing. The way forces are funded is being reviewed to ensure that it fairly and transparently distributes the circa £8.6 billion of annual core grant funding to the 43 police forces in England and Wales"*.

We support the Home Office in reviewing this funding formula whilst at the same time urging the Government to reconsider its funding allocations for the financial year ahead.

London is recovering from the pandemic and is resilient in the face of cost pressures caused by conflict in Ukraine and Gaza. For some businesses, the impact of business crime can be a step too far when examining day to day issues such as insurance premiums and monitoring P&L accounts.

The need for action to crack down on business crime is now.

# 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.<sup>1</sup>

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.<sup>2</sup> 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 next Government must make affordable housing a key priority and increase the level of building, working with businesses and the Mayor of London to fund much needed affordable housing.**

One way to help with the construction of affordable housing with limited impact to taxpayers is with amendments to the tax regime.

Currently, when developers build affordable homes for housing associations or local authorities, they are currently able to transfer title to the land at what is known as the "Golden Brick".

This is defined as when the building is under construction and has reached the first brick above foundation. In essence, this means is that the transfer of title qualifies as a new build home and therefore is zero-rated from a VAT perspective meaning that housing associations and councils do not incur significant VAT costs. If the title is transferred at Golden Brick to a registered charity, then it should also qualify for relief from stamp duty land tax (SDLT).

Such a system is necessary to ensure there is a flow of new affordable built homes. Despite the good advantages of this tax regime, it does need

amendment as there remains a disincentive in the tax system for developers to be engaged in the construction of affordable homes.

This is because from a developer's perspective, there is a vast amount of cost incurred in getting any affordable housing development to the "Golden Brick" stage, which includes the cost of the site, SDLT, planning costs (most sites are acquired with outline planning permission), infrastructure costs and subsequent construction costs beyond ensuring the basic foundations of properties are in place. All this occurs before developers receive any income from housing associations and local authorities.

To save on costs, developers could consider whether they could acquire land and ensure the housing association or council acquire it on the same day as the developer. For the Developer this means that they will probably not incur SDLT and would receive some funding from the housing association or council before incurring significant up front costs.

There is a drawback to this option, however. If the land the Developer is acquiring is subject to VAT, the housing association or council can disapply the option to pay tax so that the transaction is treated as exempt from VAT. In that scenario, the developer could incur a sizable VAT charge which is not recoverable.

To address these unintended disincentives for developers to build homes, **HMRC should enable a housing association or council to issue developers with a certificate to state that they will be constructing affordable housing meaning that the sale of the land from the developers to the housing associations and councils can be zero-rated.**

This means that the housing associations and councils will have no VAT charged to them and developers could also recover any VAT they incur on acquiring land.

<sup>1</sup> London Business 1000 2023, London Chamber of Commerce and Industry and London Councils

<sup>2</sup> Savanta surveyed 519 London businesses between 1 August and 1 September 2023.

The only cost to HM Treasury is the SDLT which would, if the development reached “Golden Brick” stage, not be due in any event.

**To avoid abuses of this proposal, there would need to be some kind of clawback provision so that if affordable housing was not built within a certain period, then VAT would be charged.**

### **Removing dangerous cladding**

After the Grenfell Tower tragedy, some London Chamber members raised concerns that insurance cover remained an issue for contractors who want to remove dangerous cladding from buildings due to ambiguity in the regulatory regime as stipulated by the Health and Safety Executive (HSE).

The Chamber’s Research and Policy Manager, Stephen Jones, asked the HSE as to their stance on this issue. The HSE did respond to Stephen and the answer was not clear.

We raised our concerns with Department for Levelling Up, Housing and Communities (DLUHC) Ministers, which included the Kensington MP, Felicity Buchan, whose constituency is where the Grenfell Tower tragedy took place.

Local Government Minister, Lee Rowley MP responded positively to our call for action. In a letter to the London Chamber the Minister stated:

*We have recently agreed a new PII clause with the International Underwriting Association (IUA) which insurers can use to provide fire safety cover for the Building Safety Fund (BSF). This clause will act as an endorsement to existing PII policies by creating specific cover for BSF works, enabling works to take place with sufficient PII cover in place. It will not remove restrictions or exclusions for wider fire safety work. The clause, which industry experts have said ought to lead to the insurance market increasing its cover for fire safety work more widely, should give insurers increased confidence in the risk management processes employed by the construction sector.*

This was a welcome intervention and we thank the Government for the action it took to address these concerns.

However, there remains a disincentive in the tax system for dangerous cladding to be removed.

HMRC have advised businesses that the only way that cladding remediation can be treated as zero-rated is where the work is treated as snagging (the

process of checking a newly completed building for minor faults which need to be rectified).

As the properties with dangerous cladding have already been built, there is a significant tax liability for businesses. There is also a heavy cost for housing associations and councils who want this cladding removed. VAT can be an issue if they are letting out affordable housing. When a business is incurring the cost of remediating cladding then they should in most cases be able to recover the majority of VAT they incur, however not all of the VAT may be recoverable.

Where the Housing Association or Local Authority are charged an amount by the contractors for remediation works, then they will have an additional tax cost of 20% of remediating the building. In theory, to offset this tax burden, social housing providers could claim from the Government’s remediation fund. However, in practice, seeking such funds can be slow and laborious and could lead to long delays.

**The legacy of the Grenfell Tower tragedy must mean that the only issue is to remove dangerous cladding as quickly and safely as possible to save lives. Therefore, the Government should make all cladding remediation works zero-rated and extend this to any other associated works that are required as a result of planning applications made for cladding remediation works.**

Ultimately if VAT is a cost and this VAT cost is recovered from the Government’s remediation fund then this is a bureaucratic process and this red tape slows the amount of remediation work that is urgently required.



# INFRASTRUCTURE AND PLANNING



# Transport

London is the only major global city in the world that does not have reliable funding for its transport network.

Transport for London (TfL) – which is the responsibility of the Mayor of London – is funded by:

- fares income, which is TfL's largest source of income;
- other income, including from commercial activity and income from the Congestion Charge;
- grants;
- borrowing and cash reserves.

TfL is a public body which can reinvest its income into the transport network. TfL suggests that for every pound it receives around 79% is spent on the everyday running costs of the network and 21% is spent on future improvements.

TfL has seen changes to its funding model in recent years. In the 2015 spending review, the then Government announced that it would be phasing out TfL's annual operating grant from April 2018.

This decision combined with the reliance on fare income has proven to be damaging to London's transport network, especially since the Covid-19 pandemic, where passenger numbers on the London Underground have fallen.

Therefore there is a case for a **long term capital funding agreement with TfL that supports investment into critical transport infrastructure in the capital.**

Such a deal would enable TfL to undertake vital maintenance work on the network, whilst also enabling more ambitious projects such as the Bakerloo Line Extension to Hayes.

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 party is elected must ensure that TfL has a long-term, structured funding deal.

## HS2 link to Euston

The continued uncertainty as to whether HS2 will go to Euston is not just harming the livelihoods of small businesses in Camden nor is it just leading to planning blight for local Camden residents.

The lack of an HS2 station at Euston will also lead to severe congestion and problems for all travellers going to and from central London and this, in turn, will lead to inevitable costs in the future.

While the current Government is stating private sector funding will be found for Euston, the lack of certainty for this project is harming what should be a flagship transport project for the country.

For London businesses, connectivity is at the heart of everything that we do. There is a need to address the legacy of the United Kingdom being the only industrialised economy without high speed rail links across the country.

The impressive developments at Old Oak Common and Park Royal will transform Ealing, creating the jobs and business growth that this once overlooked area of the capital requires. However, the early planning for HS2 removed the direct link between the central London terminus and HSI – to the cross channel Eurostar services.

We reluctantly accepted this state of affairs in the knowledge that HS2 will at least have a central London terminus at Euston.

Therefore with the uncertainty as to the final link to Euston, we are now very concerned as to the efficacy of the HS2 project. To expect passengers to change at Old Oak Common and then transfer to other rail services to connect to central London would lead to severe delays, substantially increase journey times and would send the wrong message as to whether HS2 really was fit for purpose.

**We need the next Government to provide assurances that HS2 will be completed to Euston and that the Euston link will be opened at the same time as the completed HS2 connection between Birmingham and Old Oak Common.**

**We also need HS2 to go to Manchester at the very least.** Boosting capacity between the capital and northern England and maximising the long-term benefits of HS2 by ensuring the scheme is truly future-proofed, are critical for future growth.

**A Manchester Piccadilly HS2 station – which also incorporate Northern Powerhouse Rail (NPR) links – would be key to unlocking seamless east-west journeys, further boosting the UK's economy and productivity.**

HS2 is meant to be Europe's largest infrastructure project that will narrow the economic disparities across the UK. An HS2 station at Manchester Piccadilly is just what Britain needs to level up economic and financial opportunities.

Delivering Britain's cutting-edge and a modern rail line like HS2 requires joint effort and cooperation. This will allow business professionals and tourists to get in and out of London to Northern England regional centres, as quickly and efficiently as possible and strengthen the thriving business communities of Manchester and Northern England.

### **Sustainable Aviation**

It is incumbent on every business to take action to decarbonise, in order to mitigate the effects of climate change. Research has shown that there are many steps businesses are already taking to lower their emissions and reduce their carbon impact. The aviation industry is no different.

Developing a sustainable aviation industry should be a principal aim of this government, and future governments, as well as being driven by the industry itself. Aviation is vital to the UK and world economies, enabling people to travel and experience different cultures, and connecting people for leisure and business. As a sector, aviation supports businesses of all sizes throughout its supply chain, and indirectly through the benefits it brings. Aviation is also critical to the movement of freight into and out of the UK, underpinning economic growth.

Polling by LCCI and Savanta highlighted that around four in five London business decision-makers surveyed agree that air connectivity is important to London's global competitiveness (83%), international trade (82%), the London economy overall (82%) and building and maintaining international business connections (79%). Just over half (52%) said it is important to the operations of their business. The impacts of COVID-19 have brought to the fore just how important aviation is to businesses in London. This has been where the retail, hospitality, culture, and leisure have been hit particularly hard.

Research commissioned by the Greater London Authority (GLA) highlights the loss of international visitors as a key contributor to the disproportionate impacts of the pandemic on central London compared with elsewhere in the country. Before the pandemic, international visitors' spending within Westminster, the City of London, Kensington

and Chelsea amounted to as much as 40% of international spending in the whole of the UK. Combined with a loss of footfall from workers and domestic visitors, the loss of international travel meant many businesses were either unable to reopen or earn a profit at all, even as restrictions were eased.

The number of inbound tourists to the UK totalled 21.6 million in the first three quarters of 2022, up from a total 11.1 million in 2020 and 5.9 million in 2021.5 While the figure was still below 2019 levels (40.9 million), this is an encouraging upward trend. London received 50% of international visitors in the year to September 2022, and 50% of spending by tourists. International visitor spending reached £9.3 billion in the year to September 2022, still 17% below the same period in 2019.

The loss of tax-free shopping for visitors from outside the European Union may be continuing to have an impact of the recovery of tourism, and LCCI has recommended repeatedly that the scheme be reintroduced to further support inbound international tourism.

Aviation has played a pivotal role in London's competitiveness as a world-leading global city. Best Cities' report into the world's top 100 cities showed that London ranked first for 'product' in their 2023 World's Best Cities report,<sup>13</sup> which includes airport connectivity, with London Heathrow Airport placed top of the report's Connectivity sub-category in previous editions of the report. The Global Power City Index (GPCI) ranked London sixth in its Accessibility function for 2022: this was down from first in the 2020 GPCI, reflecting the sizeable impact that COVID-19 had on international travel on London. Nevertheless, ACI Europe's Airport Industry Connectivity Report for 2023 suggested that London Heathrow's connectivity to North America is more than twice that of its closest competitor (Paris-Charles de Gaulle), while the report suggests London Heathrow also offers the best direct connectivity to the Asia Pacific region.

Developing and investing in sustainable aircraft technology is important, and it is right that London has already started playing its part as home to NAPKIN, which has been awarded Government funding.

But alongside this, sustainable aviation fuels (SAF) will be key to reducing aircraft carbon emissions,

as they currently present the only viable solution for longhaul flights. The significant role London's air connectivity plays as a global hub and gateway makes the need to support the delivery of SAF all the more vital to greening the capital's aviation sector.

According to Sustainable Aviation, SAF can reduce lifecycle carbon emissions by at least 70% compared to fossil fuels. It presents an opportunity to start having an immediate impact on UK aviation emissions by the mid-2020s and reduce aviation emissions by "at least 32% in 2050". Sustainable Aviation's roadmap from 2020 suggested this could be achieved by rolling out commercial plants and undertaking ongoing fuel testing and qualification by 2025, with the aim of producing around 1 million tonnes of SAF per year across 14 UK plants by 2035 and around 4.5 million tonnes of SAF a year by 2050.

Sustainable Aviation has published an updated roadmap for 2023, upgrading these estimates to 5.4 million tonnes of SAF per year by 2050.<sup>43</sup> Developing a SAF industry in the UK could contribute £1.8 billion to Gross Value Added and support more than 10,000 jobs by 2030, potentially rising to £10.1 billion and 60,000 jobs by 2050.<sup>44</sup> With SAF also being a 'drop-in' fuel, there is little additional training required and brings an opportunity for the UK to become a leader in sustainable aviation.

However, progress towards developing sustainable fuels needs to move at a much greater pace. The risks of the UK missing out on developing a domestic SAF industry are significant, and would lead to a far greater reliance on SAF imports in the future. The Inflation Reduction Act in the US and the EU's Fit for 55 policies are attracting investment in SAF at the expense of the UK, and urgent action is needed to realise the benefits of developing a domestic SAF industry and preventing the UK from being left behind.

It was therefore encouraging to see that SAF is a key pillar in the Jet Zero Strategy published by Government in 2022, which sets out how net zero aviation will be delivered by 2050. The policy objectives set out by Government, which includes mandating that 10% of jet fuel be SAF by 2030, and supporting the development of SAF through funding competitions, could help to accelerate the progress towards transitioning to SAF. With that being said, a recent independent report commissioned by the

Government has identified that for the UK to have any chance of meeting its aviation decarbonisation targets, the development of a domestic supply base will be essential at a quicker pace.

**Government should heed the advice of industry experts and public bodies and introduce price support schemes, such as a Contracts for Difference scheme, for Sustainable Aviation Fuels, to provide price stability to the market and support inward investment into a domestic SAF industry.**

**The Government should not delay any further its plans for developing SAF plants in the UK, and work with the aviation industry to rapidly upscale domestic production of SAF to avoid becoming a net importer of SAF fuels. The aviation industry's contribution, both directly and indirectly, to the UK economy should be recognised by local and national governments.**

**Government should prioritise feedstocks for use in the production of SAF, in order to secure a domestic supply of SAF. LCCI recommends the Government to give priority to SAF production over Energy-from-Waste (EfW) plants when it comes to non-recyclable municipal solid waste (MSW) as a feedstock.**



# SKILLS AND ENTREPRENEURSHIP



## Visas and Immigration

We respect the democratic decision for the country to leave the European Union. We are concerned, however, that the current post-Brexit immigration architecture and its operation is stifling the London economy:

- London contributes over 20% to the national GDP. Its ability to attract skilled and entrepreneurial talent from around the world plays an important role in this success.
- Such talent fills critical skill shortages, brings capital, attracts investment, and creates demand that is pivotal in fostering significant wealth generation.
- But London's attractiveness and growth is compromised by an immigration system that is increasingly expensive, yet inflexible and unresponsive, lacking a coherent and consistent direction.

## Cost and Burden

The UK immigration system is amongst the most expensive in the world. It is set to become even more expensive when the new Immigration Health Surcharge rates come into effect from February. Users of the Skilled Worker routes are compelled to pay for visas of either 3 or 5 years-duration and settle all fees up-front<sup>3</sup>. The Immigration Skills Charge costs business £1000 per year of the visa but there is no transparency about how this money is invested to develop skills and metrics about whether this policy is successful.

We recognise the high costs of a system that is operationally efficient may be justified, but an expensive system must also offer greater flexibility and transparency.

London businesses have also expressed concern at what they see as red tape to seek permission for skilled workers to fill gaps in our labour force.

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<sup>3</sup> Visa fees rose by between 15-20% in October 2023. The Immigration Health Surcharge paid on most applications per person per year will rise in February to £1035 for most main applicants. If you take Skilled Worker (the main category used by businesses to sponsor workers), a business could expect to pay £9500 when sponsoring a visa for 5 years in January 2023. By February 2024, this figure is over £11800 if there are no discounts available, a 24 % increase. Going rates for eligibility under the Skilled Worker routes are also set to rise. They will be based on the median, 50th percentile rather than as currently the 25th percentile.

We consider that:

- Options for shorter terms visas should be introduced more widely across routes.
- The option of spreading payments of fees over the lifetime of a visa should be introduced.
- Work permitted under short-term visas should be further expanded.
- Those on skilled worker visas should be given the right to engage in self-employment for a period after ending employment.
- Independent and trusted organisations, such as chambers of commerce who represent businesses on a local and regional basis, should be permitted to act as trusted intermediaries to address administrative requirements of making visa applications.

## Greater Choice and Engagement

The range of immigration categories and the criteria they apply are not fit for purpose. They do not operate to actually deliver the brightest and best or those otherwise with the skills and talent requisite to fill shortages and nurture London's growth prospects:

- **Entrepreneurs find it hard to come to the UK as they cannot fit into any existing categories: the investor route remains closed, and endorsement bodies for Innovator Founder have been reduced; whilst all sole rep routes under Global Business Mobility route are very challenging – and criteria under Global Talent route is extremely restrictive. The Scale-up route is hardly used. There is no category for an entrepreneur with an established record or with an idea that would not be deemed 'innovative'.**
- **The HPI is a good route, but its definition of eligible universities imports a clear bias in favour of US universities which then excludes alumni of non-US universities that are as worthy of recognition for the quality of potential they represent.**
- **The YMS routes have been expanded recently but greater expansion within EU countries is also needed.**
- **There is a review of the Graduate visa announced as part of the recent 5-point plan but there is a concern that changes might be to the detriment of those looking to build/scale a business in the UK.**

Moreover, the system for adopting change is too slow, inadequately transparent and aggravates a sense of uncertainty<sup>4</sup>.

We consider that:

- **A comprehensive review of existing routes, ensuring their viability and utility should be conducted.**
  - Business-body knowledge should be harnessed in undertaking such reviews.
  - Attention should be directed towards the establishment of routes and policies that accommodate individual sector needs and shortages<sup>5</sup>.
  - Home Office officials should meet with London businesses on a sectoral basis to ascertain the key occupation shortages.
  - Migration processes for foreign entrepreneurs with a track record of success should be eased.

The High Potential Individual visa and the Youth Mobility Scheme should be expanded and reformed to include a much wider range of eligible universities and countries. New routes with moderated and more pragmatically calibrated criteria should be established. A distinct route for entry of entrepreneurs should be re-established offering a longer time frame and providing stability and a clear path to permanent residency.

### Direction and Support

Objective immigration policymaking has been compromised by the political heat created by debates around migration statistics, in particular net migration. Policy decisions appear to be made on the hoof with little or no consultation and without reference to a coherent strategic plan or policy direction.

This aggravates a sense of uncertainty for business.

This uncertainty inhibits planning and long-term investment.

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4 A pending review of Government Authorised Exchange schemes was signposted as prohibiting decisions on the expansion of the scheme and the consideration of new proposals, whilst there was, in any event, a lack of clarity as to how businesses should submit new proposals or requests for scheme expansions.

5 To take green businesses as just one example, Savanta ComRes were commissioned by LCCI to question a cross section of large firms and SMEs across inner and outer London as to the skills and training needs of London businesses and found skills shortages for this sector in London were profound.

Greater support is also needed for businesses as quid pro quo for investment and commitment to the UK.

We consider that:

- **An industrial strategy providing a framework and certainty for immigration rules should be established.**
- **Immigration fees should be used to fund training and support of UK businesses in the development of a skilled workforce delivering on a promise made but unfulfilled. The government should report back on the investments and success.**
- **Governments should provide entrepreneurial migrants easy access to training, technological infrastructure, local networks, and access to capital upon emigration.**
- **Partnerships with business schools and VCs for 'Global Entrepreneurship Programmes' and 'International Entrepreneurship Competitions' should be established to train and handpick potential entrepreneurs. Selected immigrants can be granted entrepreneur visas without going through ordinary bureaucratic processes<sup>6</sup>.**

A comprehensive and responsive immigration policy is indispensable for sustaining London's economic vibrancy. By addressing uncertainties, creating targeted visa categories, and collaborating with trusted organisations, the way can be paved for an environment that supports economic growth, tackles skill shortages, and ensures the resilience and prosperity of the London.

## Skills

For Londoners wanting to enhance their life chances and for businesses who want the skills crisis tackled, training is the key driver for change.

**Flexible and agile learning is critical if we are to witness a step change in improving skills levels across our city.**

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6 In its most recent 'Job Creators' report The Entrepreneurs Network (who Fragomen is sponsoring this year) included a number of policy recommendations to help further nurture rather than drive down the benefits of foreign entrepreneurs and is worth exploring. International benchmarks of successful reform are also discussed in the TEN's recent Passport to Progress Report, A Blueprint for the World's Most Pro-Innovation Visa System.

There has been a range of models that has been developed to ensure flexible and agile learning via modular training programmes are effective and are accredited. Alongside this requirement, we believe that adult training provision needs to be more integrated into the R&D work which takes place in the capital.

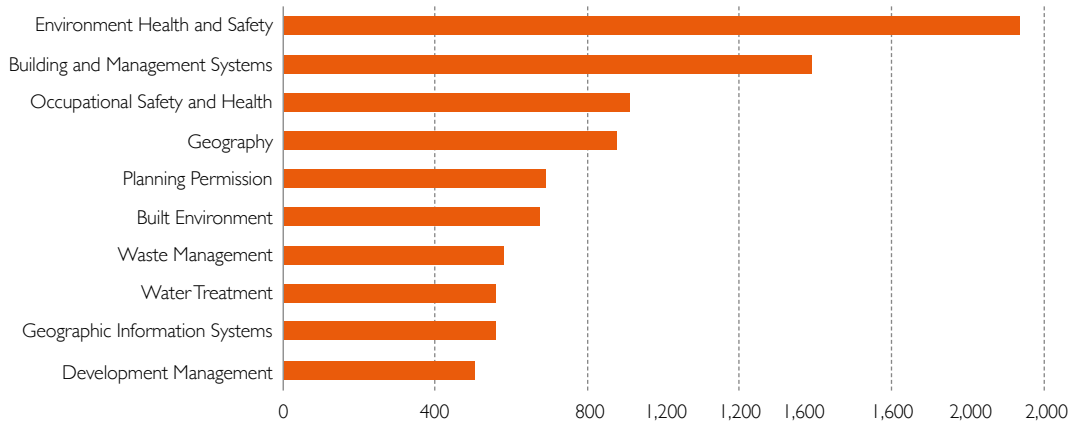
In particular, consideration should be given as to how **we can link more effectively the training of people for a range of technical skills to the Government’s Innovate UK agency.** Innovate UK

support business-led innovation in all sectors and technologies in London by helping businesses grow through the development and commercialisation of new products, processes and services.

We need to end the silo working patterns in the public sector and link more effectively R&D and training provision. These two issues are interlinked if we want to ensure the creation of high quality skilled green jobs across London. The need for green skills gaps to be addressed is clear:

Lightcast data, analysed by GLA Economics, showed that in the 12 months to December 2022, there were a number of job postings with demand for green skills:

**Top 10 in-demand green skills for all jobs over the last 12 months**  
Lightcast online job postings, 12 months to early December 2022



Apprenticeships should also be a key avenue to boost economic and productivity growth through employee upskilling, but instead there has been a low take-up in the number of apprenticeship starts in London. This is directly contributing to the skills shortage in London's economy.

The apprenticeship system is seen as complex and bureaucratic. According to the 2023 Businesses 1000 survey commissioned by the London Chamber of Commerce and Industry and London Councils, two of the three largest barriers to firms taking on apprentices are the administrative burden of the apprenticeship system, and the workload involved in apprenticeship management.

We urge the next Government to address these issues by:

**Making the system simpler and more user-friendly for employers and learners.**

Employers face challenges with bureaucracy at several points in the process: pulling together and managing the 10 employers required to form a Trailblazer; sourcing quality training providers to work with; and the regulation and accreditation of provision once on stream. These barriers need to be addressed to increase apprenticeship starts, especially in SMEs.

**Allow some levy funding to cover administration costs**

SMEs are likely to have very little capacity to support apprenticeships, and enabling them to put some levy funding toward the administrative costs could help small firms employ apprentices.

**Allowing for pooling and joint purchasing of transferred apprenticeships**

This would allow employers to collaborate and could reduce the administrative burden on businesses considering using the levy transfer.





# BUSINESS CERTAINTY



# Procurement

Effective public procurement systems can help the Government gain better value for money, reduce pressure on budgets and leave the Government better prepared to invite private investment to deliver for a range of projects.

Public funds are scarce and the public sector must invest with intention. Improving public procurement systems contributes to a vibrant private sector, helps the Government gain the most out of its investments and supports growth.

With an active private sector, the Government is better equipped to crowd in private investors in sectors such as infrastructure, transport or energy.

However, there are gaps and inconsistencies in public procurement markets. The systems in place do not always fall in line with best practices. When this happens, firms can miss important opportunities.

We are also concerned that not only are micro firms and SMEs missing out on procurement opportunities, which is harming the GLA to achieve true value for money but recent research by the Federation of Small Businesses (FSB) and the London Chamber of Commerce and Industry (LCCI) has found that minority ethnic owned businesses are particularly disadvantaged by general public sector procurement processes.

In addition, LCCI strongly endorse social value principles within public procurement practices. **LCCI believe that the Government should go beyond the Public Services (Social Value) Act 2012 in addressing economic inequality, the climate emergency and societal wellbeing.**

Social value has the potential to be transformational in bringing opportunity across London and to the many small businesses that are the lifeblood of our local communities.

Consequently, the London Chamber of Commerce and Industry therefore make the following recommendations for the Government's consideration:

- **The requirement for a small business to have half a decade's audited accounts before being able to bid for procurement does not provide value for money for the Government as it shuts out many competitive firms who could do so**

**much to support public services. We propose at least two years audited accounts is a sufficient period of time to assess the viability of a local business bidding for work.**

- **Ensure that small value contracts worth £10,000+ are advertised, as this acts as an entry point for many 'first time' SMEs into public procurement.**
- **Ensure there are proportionate insurance requirements relative to the size of award, so as not to place unnecessary barriers in the way of small businesses.**

Make it easier for small organisations to come together to bid in consortia or in partnership, through the provision of information and practical advice

Adopt a "tell us once" system, where potential suppliers can bid for different contracts by passporting the same regularly used information across bids i.e accreditations. Simplify the procurement process - review language and requirements on procurement forms and remove jargon and references that might be difficult for people who do not have extensive expertise or networks to understand.

## Monitoring Framework

Alongside this direction of travel for procurement practices, the London Chamber of Commerce and Industry also believe that active consideration is required for the monitoring framework to ensure that the Government receives value for money from contractors whilst, at the same time, ensuring sustainable economic and equalities objectives are met.

Consequently, we propose the Government should implement the following recommendations to achieve a positive step change in procurement procedures:

- **Set a once or twice yearly targeted event on procurement for procurement officers and businesses interested in bidding for contracts;**
- **To support best practice, the Government would ask small business, that are part of the supply chain, to share their experiences and successes.**



- The Government provides the equalities data, which it collects, on the diversity of its supply chains
- Pay invoices within 30 days or sooner, and ensure that these terms are passed down the supply chain.
- Ensure that no businesses will have to pay, or invoice discount, in return for prompt payment.
- Provide timely and useful feedback to unsuccessful applicants – this could include three areas to improve.
- Regularly monitor spend with SMEs and payment performance, to set targets for growth and ensure that these targets and requirements are being met in the future.



This manifesto has been produced thanks to the ideas and work of London Chamber of Commerce and Industry (LCCI) Members. In particular, this manifesto was produced thanks to the work of the following LCCI committees:

**Asian Business Association**

**Black Business Association**

**Business Crime committee**

**Connected, Livable London committee**

**Environment, Sustainability and Green Growth committee**

**Skills, Innovation and Entrepreneurship committee**

**Women in Business Group**





**POLLING  
STATION**

SECRET SIGNS



SCAN ME

