

Weekly policy update from London Chamber of Commerce and Industry

A round-up of key policy changes from the past seven days

Labour Party Conference: Promises to back business

Commitments were made by Ministers at the Labour Party conference to back business.

The Prime Minister, Sir Keir Starmer KC MP, in his keynote speech to the conference:

- Focused on the “necessity” to drive “national renewal”.
- Committed to not introducing “austerity” but pledged to restore confidence in the economy and to tackle the “£22 billion black hole”.
- Confirmed that the Government would tackle illegal migration and reduce the economy’s dependence on migration, including through a “youth guarantee” to ensure skills training is available for young people

The Chancellor of the Exchequer, Rachel Reeves MP, in her remarks looked ahead to the Budget which will be held on 30 October:

- Argued that because of the legacy left by the previous Government, the road ahead was likely to be harder and steeper than expected.
- Said that during her first weeks at the Treasury, the extent of the Conservative’s economic mismanagement was revealed to her and referred to the £22 billion “black hole” which if not dealt with now would impact the economy for years to come.
- Noted that it became clear to her that failure to act swiftly could undermine the UK’s fiscal position with implications in the wider economy.
- Said that next month she would deliver Labour’s first Budget for 14 years which will contain “no return to austerity”.
- Noted that the Government would soon host an International Investment Summit where the message will be made loud and clear that Britain is once again open for business.
- Said that this mission is why the UK is reforming its pension system, overhauling business rates, giving powers to regional mayors (including the Mayor of London) and forming closer ties with partners in the EU whilst pursuing global trade opportunities.
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- Outlined Labour’s “new deal for working people” which would deliver a genuine living wage in the UK. Noted that the plan for working rights would ensure “dignity, security and growth”.

The Business and Trade Secretary, Jonathan Reynolds MP, told delegates:

- The Government would make Britain more investable.
- Said the Government wanted to ensure that its plan for growth benefitted all workers.
- Stressed the importance of moving towards a Britain “where everyone earns a real living wage”.
- Said this Government was both “pro-business and pro-workers”.

Government promises to crack down on late payment to small businesses

The Government will consult on new laws which will hold larger firms to account so that suppliers are paid on time.

In addition, new legislation being brought in the coming weeks will require all large businesses to include payment reporting in their annual reports - putting the onus on them to provide clarity in their annual reports about how they treat small firms. This will mean company boards and international investors will be able to see how firms are operating.

Enforcement will also be stepped up on the existing late payment performance reporting regulations which require large companies to report their payment performance twice yearly on GOV.UK.

Under current laws, responsible directors at non-compliant companies who don’t report their payment practices could face criminal prosecutions including potentially unlimited fines and criminal records.

The consultation which will be launched in the coming months, will also consider a range of further policy measures that could help address poor payment practices.

Apprenticeship Levy to be reformed

The Government announced a new growth and skills levy which will replace the existing apprenticeship levy and include new foundation apprenticeships.

The new levy will allow funding for shorter apprenticeships, giving learners and employers greater flexibility over their training than under the existing system – where apprenticeships must run for at least 12 months.

The training eligible for funding under the new levy will develop over time, informed by Skills England’s assessment of priority skills needs.

The Department for Education will set out further details on the scope of the offer and how it will be accessed in due course.

To fund this, employers are being asked by Ministers to rebalance their funding for apprenticeships, asking them to invest in younger workers. This will also involve businesses funding more of their level 7 apprenticeships – equivalent to a master’s degree and often accessed by older or already well qualified employees – outside of the levy.

Extent of skills crisis laid out in official report

- The first report from Skills England, the Government's new body for the skills system, has found that employer investment in training has been in steady decline over the past decade, with training expenditure at its lowest level since records began in 2011, with investment per employee down by 19% in real terms. It also shows that, across the UK, almost 1 in 10, or over 2.5 million roles are in critical demand, with more than 90% being in roles that require training or education.

Oxford Street development plans announced

- The Mayor of London, Sadiq Khan, announced plans to pedestrianise Oxford Street. Mr Khan has stated that the Government will support these proposals for change
- The Mayor intends to designate a Mayoral Development Area to develop Oxford Street. As part of this, the Mayor is proposing that a Mayoral Development Corporation (MDC) is established, which will have planning powers to provide the framework for delivery of a world-leading scheme that works for residents, visitors and businesses.
- Oxford Street welcomes more than 500,000 visitors every day and generates approximately five per cent of the capital's economic output (GVA), the equivalent of £22.75 billion.

London promoted in New York

- The Mayor of London, Sadiq Khan, is in New York to promote London as a place to invest, hold sporting events and as a tourism destination. The Mayor will hold meetings with, amongst others, Accordion, CLA Global, Salesforce and Thoropass.
 - Last year saw New York firms invested \$1.7 billion into London climate start-ups and climate focused companies, with London being the top city for foreign direct investment from the United States over the last 10 years, when compared to all other cities globally. Around 3.5 million visits were made between the US and London in 2023, surpassing pre-Pandemic levels by 12 per cent.
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