



LONDON CHAMBER OF COMMERCE AND INDUSTRY (LCCI)

# PROGRAMME FOR GOVERNMENT 2024



## OVERVIEW

This document sets out London Chamber of Commerce and Industry's (LCCI) recommendations for the new Government on a department-by-department basis, building out from the key recommendations of LCCI's General Election Manifesto published in June 2024.

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# OBJECTIVES FOR THE DEPARTMENT FOR BUSINESS AND TRADE

## Carnets

LCCI is the largest UK issuer of trade documentation services and the national guaranteeing authority for ATA Carnets. LCCI has produced Carnet Processing Manuals for traders and Border Force and provided guidance on various issues concerning temporary exports to improve processing at airports and ports across the UK. Given this role, we hear firsthand from businesses about the issues with the ATA Carnet system.

There is a general lack of alignment and no coherent policy at ports across EU member states on the requirements for ATA Carnets, and therefore a lack of clarity for businesses.

There is a noticeable variation in requests for Carnets between different EU 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 preferred means of temporary admission.

LCCI is supportive of ongoing discussions between HMRC and their French counterparts to discuss operational issues at border offices. We also feel strongly that HMRC is given encouragement and support to continue engagement at the World Customs Organisation eCarnet group meetings and driving the agenda forward.

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.

LCCI would also like to see more engagement between DBT, HMRC and Border Force to discuss the digitalisation of ATA Carnets, which is essential to drive the digitisation of international trade.

## Trade

LCCI provides its members with a suite of support on international trade, recognising that London is the best city in the world to do business, and that we can help businesses reach new markets and unlock opportunities for international growth.

LCCI recommends that the Department for Business and Trade to provide continued and targeted support for exporters and potential exporters. Unfortunately, a decision was made by the last Government to cut the amount of international trade advisors in London, seemingly allocating the fund to other regions and nations of the UK as part of the levelling up agenda.

This will detrimentally affect businesses in London, especially SMEs which are the lifeblood of our economy, looking to export, and therefore we urge the Government to reverse the cuts made by the last Government to international trade advisers (ITAs) in London.

## Marketing / Promoting London as a Global City

London is a global city, and the Government must ensure it maintains its competitive edge with rival European cities producing post Brexit offers to entice firms from the capital.

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.

Currently, London's promotion to the rest of the world is made through disparate efforts of 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.

LCCI recommends London is given a branding and marketing campaign, similar to recent marketing campaigns for cities like Oslo, Seattle and Milan. The Government should drive this centrally in partnership with organisations such as LCCI and London & Partners.



# OBJECTIVES FOR HM TREASURY

## VAT-free shopping

The removal of VAT-free shopping for international visitors is effectively a tax on tourists and we have seen London's international competitiveness and attractiveness take a dramatic nosedive as a result.

The VAT Retail Export Scheme was abolished in 2020, discouraging international visitors to visit London as a shopping destination, which in turn has hit tourism, travel, hospitality and food and beverage businesses. It will have disproportionately affected small British businesses in particular, making it harder for them to compete with European competitors and grow their market.

London is now seen as 20% more expensive than its European counterparts, such as Paris and Milan, and in turn the tourism industry is losing out, which will have a long-lasting effect on London's employment, investment flows, and the overall economy.

The re-introduction of VAT -free shopping could contribute a £4.1 billion boost to the economy and sustain over 78,000 jobs – we hope that the new government recognises this and makes the decision to reintroduce VAT free shopping for overseas visitors immediately.

## R&D tax reliefs

The UK's R&D Tax Relief Scheme, renowned for its generosity, has been instrumental in fostering innovation and competitiveness across diverse sectors. For every £1 spent on R&D tax relief, an additional £2 of R&D expenditure is generated in the UK economy. Despite its success, the scheme has faced challenges related to oversight and compliance. HMRC's initiative, and its 2023 report, to tackle abuse in the scheme highlighted that non-compliance often stems from genuine misunderstandings rather than deliberate fraud.

The current compliance approach, primarily reactive and focused on anti-abuse measures, fails to address

the fundamental issue of misunderstanding what qualifies as R&D. The absence of independent technical validation processes exacerbates this problem, leading to inefficiencies and increased burdens on businesses and HMRC alike.

We recommend the introduction of a standardized framework for technical assessments which will address the root causes of non-compliance, reduce the risk of HMRC enquiries, and provide greater certainty for businesses investing in R&D. This framework should be developed in consultation with industry-specific organisations, such as the Engineering Council.

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.



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# OBJECTIVES FOR THE DEPARTMENT FOR CULTURE, MEDIA AND SPORT

## Arts funding

London's cultural offerings, from museums and galleries to theatres and live performances, attract millions of international and domestic tourists annually, driving significant economic benefits. London's diverse cultural hubs, from the West End to Shoreditch, showcase various arts, including theatre, film, art, and fashion. Every night, grassroots music venues draw nearly 14,000 people, contributing £92 million to the economy annually and supporting new musical talent.

London is the third busiest city for film making in the world, behind Los Angeles and New York" and the industry contributes £18 billion to the economy and continues to grow, with a recent 30% increase driven by movie and TV productions. London's theatres produce world-class performances, enhancing the city's cultural prestige. The creative industries generate £10 million every hour, accounting for 1 in 6 jobs in London and contributing £52 billion annually to the local economy. Cultural tourism to London alone brings in £7.3 billion per year.

However, maintaining this cultural and economic success requires proactive measures and adequate Government funding.

Funding for London's cultural institutions has been decimated by DCMS & the Arts Council, who slashed £50 million a year from orgs in London for 2023-26, in favour of funding projects outside of London, which an example of economic short-sightedness. Unfortunately, due to the designation of many institutions in London as arm's length bodies, funding decisions and priorities are made at the whims of the government of the day. We urge the Government to look for long-term funding for the arts which is not dependent on the electoral cycle, and recognises that London's institutions should be categorised and funded separately from local and regional spending budgets.

## Overseas exhibitors

Since Brexit there has been regulatory uncertainty regarding the VAT rules for overseas exhibitors. Before Brexit, they received an automatic VAT refund fairly quickly but this is no longer happening and the UK is at risk of losing MICE tourism as a result.

This detrimental impact is set to worsen, unless a return to the status quo can be put in place whereby international firms coming to the UK to participate in recognised trade shows and fairs are acknowledged as being exempt. The Government must act so that act so that the clear rules on VAT for overseas exhibitors that were in place before Brexit are in place today.

In addition, if London and the UK is to remain an attractive location for investment, the Government must consider ways in which to make the temporary movement of goods as frictionless as possible for contractors servicing business and consumer events and the arts.

To do this, the new government should replace the current costly and lengthy customs procedures for importing and exporting goods for business and consumer events, as well as the arts, with a simplified process. This new procedure should involve:

- Streamlined Documentation: Accept CMR documents, a supporting commercial invoice, and a packing list from the organiser, exhibitor, or their nominated contractor.
- Special Event Designation: Mark documents with "for event or exhibition purposes only" to signal a "green light" at customs, allowing goods to enter and depart the UK smoothly.
- Temporary Entry Conditions: Ensure the arrangement applies exclusively to events, with goods remaining in the UK for up to one month and not for sale.



# OBJECTIVES FOR THE CABINET OFFICE

## Equalities, Diversity and Inclusion (EDI)

London's strength as a global city is rooted in its diversity. With over 300 languages spoken and a rich history of ethnic diversity, the capital thrives culturally, socially, and economically. However, discrimination continues to impede the life chances of many, including those aspiring to establish businesses.

LCCI's report, "Ethnic Diversity in Business: Removing Barriers Impeding Business Success," highlights the challenges faced by ethnic minority-owned businesses. Despite the growing success of these businesses, they are often held back by stereotyping, outdated perceptions, negative experiences with banks, and difficulties in attracting funding. Additionally, the potential of public procurement to boost ethnic diversity is not being fully utilized.

To eliminate systemic discrimination and barriers faced by ethnic minority-owned businesses, the new Government should implement the following measures:

### Education:

- Ensure students from ethnic minority backgrounds can make ambitious educational choices, reduce dropout rates, and increase enrolment in high-quality courses.
- Entrepreneur support programs must be inclusive, with extensive engagement with ethnic minority representatives.
- Monitor the impact of the "Get the Jump: Skills for Life" campaign on ethnic minority participation in vocational routes
- Progression plans should focus on developing career-advancing skills.
- Involve diverse business representatives in the "Inclusion at Work Panel," Equality Hub, and related schemes.

- Promote lifelong learning entitlements and skills training among ethnic minorities, and simplify ethnicity pay reporting for businesses.

### Venture Capital:

- Establish a Strategic Growth Fund to address funding challenges for ethnic minority founders.
- Introduce and widely promote programs to help ethnic minority-led businesses access finance.
- Allocate funding to research Black and Asian entrepreneurship through Venture Capital in the UK.
- Support entrepreneurial ecosystems that build strong networks for capital, expertise, and information flow among Black and Asian communities through online training, incubator programs, and webinars.

### Procurement:

- Create a Government taskforce to increase the inclusion of ethnic minority-led businesses in public procurement, with minimum target percentages for supplier diversity.
- Consult ethnic minority businesses and networks when developing the new procurement regime, ensuring their concerns shape regulations and support.
- Simplify the procurement process by removing jargon and complex requirements.
- Establish an awards system to highlight ethnic minority businesses and penalize entities that win contracts without following due process.
- Work with organizations like Chambers of Commerce to understand and address procurement challenges.
- Use modern technology for real-time analytics and informed decision-making.

# Women and Free Trade Agreements

Trade agreements are essential for economic growth, increasing trade, and creating job opportunities. However, they often have unintended consequences that disproportionately affect marginalized groups, particularly women. Despite women making up nearly half of the global workforce, they face significant barriers to fully participating in international trade, such as unequal access to education, finance, and markets. This exclusion leads to discrimination, exploitation, and limited economic opportunities for women.

The UK is obligated under the United Nations Sustainable Development Goal 5 and the Convention on the Elimination of All Forms of Discrimination Against Women (CEDAW) to promote gender equality and empower women. Including women in free trade agreements (FTAs) is not only a matter of equality but also an economic imperative, as gender-inclusive trade policies can drive growth and prosperity.

To make free trade agreements more inclusive and address the disadvantages women face, the Government should implement the following measures:

- 1. Gender Impact Assessments (GIAs):** Conduct GIAs to evaluate the potential impact of trade policies on women. These assessments should consider women's economic participation, labour rights, access to healthcare and education, and social and political involvement. The results should be made public to ensure transparency and accountability.
- 2. Consultation with Women's Groups:** Engage women's groups and organizations at all stages of FTA negotiations to incorporate their perspectives and needs, ensuring policies do not adversely affect women.
- 3. Inclusion of Gender Provisions:** Integrate gender-specific provisions in trade policies addressing issues such as equal pay, non-discrimination, gender-based violence, and women's access to credit, land, and property rights.
- 4. Support for Women Entrepreneurs:** Provide capacity building and support for women

entrepreneurs, including training on trade regulations, access to finance, and business development services.

- 5. Women in Trade Decision-Making:** Ensure women are included in trade-related decision-making at all levels, including government officials, trade negotiators, and civil society organizations.
- 6. Gender-Sensitive Language in FTAs:** Use gender-sensitive language in FTAs to promote women's participation and eliminate gender-based discrimination in trade.
- 7. Data Collection and Analysis:** Collect comprehensive and disaggregated data on women's participation in international trade to inform policies and programs promoting gender equality.
- 8. Partnerships and Collaboration:** Foster partnerships with international organizations, trade unions, educational institutions, and NGOs to promote women's economic empowerment through access to finance, technology, and markets.

## Procurement

Effective public procurement is vital for ensuring value for money, reducing budget pressures, and attracting private investment for key projects. However, current systems often fall short of best practices, leading to missed opportunities, particularly for micro firms, SMEs, and minority ethnic-owned businesses. Public funds are scarce, and strategic investment is necessary to foster a vibrant private sector and support economic growth. Additionally, integrating social value principles in public procurement can significantly address economic inequality, the climate emergency, and societal wellbeing.

- 1. Adjust Audited Accounts Requirement:** Reduce the requirement for small businesses to have five years of audited accounts to at least two years. This change will enable more competitive firms to support public services, enhancing value for money.
- 2. Advertise Small Value Contracts:** Ensure that contracts worth £10,000 or more are advertised, providing an entry point for 'first-time' SMEs into public procurement.

3. **Proportionate Insurance Requirements:** Set insurance requirements that are proportionate to the size of the award to avoid unnecessary barriers for small businesses.
4. **Facilitate Consortium Bidding:** Make it easier for small organizations to bid in consortia or partnerships by providing information and practical advice.
5. **Implement a “Tell Us Once” System:** Allow potential suppliers to use the same regularly used information, such as accreditations, across multiple bids to streamline the process.

6. **Simplify Procurement Processes:** Review and simplify the language and requirements on procurement forms to remove jargon and make them accessible to businesses without extensive expertise or networks.

Alongside this direction of travel for procurement practices, we 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.



# OBJECTIVES FOR DEPARTMENT FOR EDUCATION

## Flexible and agile learning to address skills shortages

London desperately needs a skills system that works for businesses and learners and for this we need to develop flexible and agile training programmes that address current skills challenges, and ensure the workforce is equipped handle future challenges and opportunities.

Businesses are crucial drivers of the UK's economic recovery, but without access to adequately skilled workers, they will not be able to deliver the growth needed to lift living standards. Three-fifths (60%) of all London firms who tried to recruit in Q1 (QES Q1 2024) experienced difficulties doing so. There are multiple challenges – notably, being able to cover the costs of skilled staff, finding skilled talent to undertake particular roles, and ensuring businesses have the provisions to train and invest in upskilling existing staff.

The new Government should boost investment in skills and encourage better business, government and local government collaboration to identify areas for improvement.

## Reform apprenticeship levy

The Apprenticeship Levy is in vital need of reform – ever since the Levy was introduced, businesses have complained about their inability to spend it due to strict usage rules. It is an important tool for securing the UK's skilled workforce, but for too long its shortcomings have gone unaddressed. To deliver maximum opportunity, there is a pressing need to increase flexibility of the Levy by extending the deadline for employers to spend Levy funds and allow the funding to be spent on pre-employment training

The new Government needs to reduce the Apprenticeship Levy's complexity and amend rules on how the funding can be used so that businesses of all sizes can make the most of this progressive scheme and develop the skilled workforce they rely upon to succeed.



# OBJECTIVES FOR THE HOME OFFICE

## Police funding

The rise in business crime across London is severely impacting the city's economic growth, which has broader implications for the national economy. Despite efforts by the Metropolitan Police, such as the appointment of borough superintendents and community policing initiatives, business crime has continued to increase since February 2020. Boroughs like Westminster, Camden, Southwark, Newham, Lambeth, and Islington are particularly affected, and the crime rate in the City of London is alarmingly high.

To effectively combat business crime and support London's economic recovery, the Government should update the police funding formula to ensure that it keeps pace with inflation. The current increase of 3.6% is insufficient against an inflation rate above 10%. The funding formula must also reflect population density and policing demand accurately.

## Visas and immigration

We are concerned that London's attractiveness and growth is compromised by an immigration system that is increasingly expensive, yet inflexible and unresponsive and lacking a coherent and consistent direction.

London businesses have expressed concern at what they see as red tape to seek permission for skilled workers to fill gaps in our labour force. Therefore, it is imperative that the new government undertake an immediate review of existing immigration routes, rules and their viability, with the ultimate aim of developing a sensible and business-friendly system that prioritises the most critical skills to the industries of the future.

### Our recommendations include:

- 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.
- 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.

# OBJECTIVES FOR THE MINISTRY OF HOUSING, COMMUNITIES AND LOCAL GOVERNMENT

## Affordable housing

In the context of a tight labour market, LCCI's members recognise that affordable housing is key to supporting Londoners to work in the capital. In our latest London Business 1000 survey for 2023, 50% of companies said the cost of housing had a negative impact on their ability to recruit and retain workers.

More than half (58%) of London businesses said that making London a more affordable place to live should be one of the next Mayor's top three priorities.<sup>1</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.<sup>2</sup>

Therefore it is clear that the new 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.

We recommend that the Government reform the National Planning Policy Framework to recognise dual need for affordable housing and logistics space. HM Revenue and Customs (HMRC) should also 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.

## Taxation to incentivise housebuilding

To encourage developers to build affordable housing, the Government must adopt a tax system that will support, rather than hinder, the development of new affordable homes.

<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.

Currently, housing associations and local authorities can transfer land title at the "Golden Brick" stage (first brick above foundation) to benefit from VAT zero-rating and stamp duty land tax (SDLT) relief. However, this system imposes significant upfront costs on developers, including site acquisition, SDLT, planning, infrastructure, and initial construction costs, before receiving any income from housing associations or local authorities. This creates a disincentive for developers to engage in affordable housing projects.

To mitigate this, a new system should allow housing associations or councils to issue certificates to developers stating that the land will be used for affordable housing. This would enable the sale of land to be zero-rated for VAT purposes, allowing developers to recover VAT incurred on land acquisition. To keep developers true to their word, the Government should introduce measures to ensure VAT is charged if affordable housing is not built within a specified period to prevent abuse of the zero-rating provision.

## Remove dangerous cladding

After the Grenfell Tower tragedy, we all recognise the need to remove dangerous cladding from buildings in London.

In recent years, LCCI 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). Furthermore, there remains a disincentive in the tax system for dangerous cladding to be removed.

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.

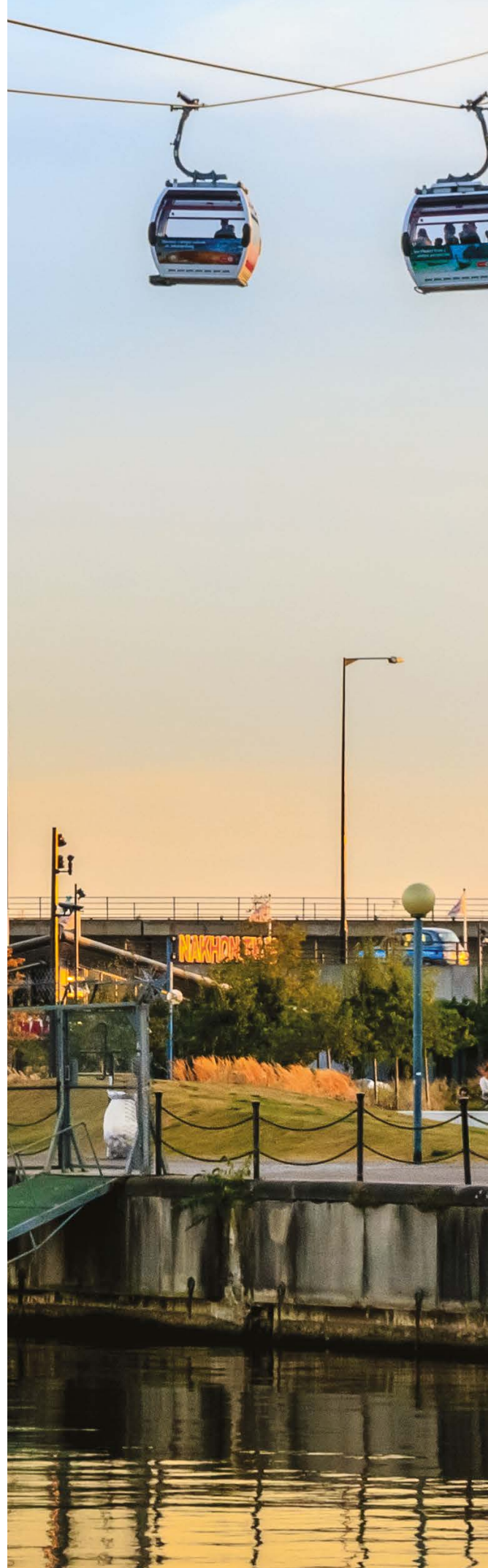
## Devolution settlement for London

The Greater London Authority (GLA) has not gained any significant powers since the Greater London Authority Act 1999 with one significant exception – the Adult Education Budget (AEB).

In terms of transport, it is appropriate for the GLA to have control of the commuter rail network in London. Neighbouring councils may argue that this should not happen as services their residents would use would be decided by the Mayor who is not accountable to their residents. However, various administrative arrangements can be made so that neighbouring councils have a stake in the transport network. For Transport for London (TfL) to work effectively, there should be one organisation for all modes of transport, including the rail network.

The Department for Transport has not agreed to a long term funding solution for TfL. The funding is on a 6 month/12 month rolling programme basis which inhibits long term planning. London is the only major global city in the world with such an inadequate funding regime. This needs to be addressed as part of the new devolution settlement for London.

Now that the Mayor of London has powers over the AEB, he should also have powers over all adult education programmes. Instead, we have a confusing picture of GLA and Department for Education funded adult education programmes which do not align.







# OBJECTIVES FOR THE DEPARTMENT FOR TRANSPORT

## Comprehensive funding deal for TfL

London is home to one of the most expansive and diversified transport networks in the world. TfL services facilitate the movement of people, goods, ideas and innovation across the city – our transport network is critical to sustaining business operations and growth. London's status as the world's pre-eminent global city for business is heavily reliant on the ability of the capital's transport network to operate at an elite level – this means a reliable, high-functioning transport network. Protecting this vital asset requires an end to the constant back and forth of political short-termism and securing a long-term funding solution for TfL.

We urge the new Government must agree a long-term capital funding agreement with TfL which supports critical upgrades and extension to the transport network in London.

Work with the aviation industry to rapidly upscale domestic production of SAF to avoid becoming a net importer of SAF fuels.

The aviation sector is vital to the UK economy and especially London's business community, as it enables the flow of people, trade, and investment. London's economic success has always relied on its global connectivity and aviation is the key factor in global connectivity now and into the future.

According to LCCI's own data, 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. Facilitating the development of a sustainable aviation industry must be a key policy priority for government and will

require greater cooperation with the industry and investors.

The new Government should not delay in introducing a revenue certainty mechanism following the recent consultation, which will provide clarity to investors and enable the development of a domestic UK sustainable aviation fuels (SAF) industry. It must act quickly to develop this scheme, in order to meet the targets set out in the SAF mandate.

Provide certainty and clarity on HS2

The uncertainty over whether HS2 will reach Euston is severely affecting Camden businesses and residents, causing planning blight and threatening future congestion for all central London travellers. The lack of a confirmed HS2 station at Euston undermines what should be a flagship transport project. While the Government claims private funding will be found, this uncertainty harms London businesses that rely on connectivity.

The impressive developments at Old Oak Common and Park Royal are transforming Ealing, but the early planning for HS2 removed the direct link to HSI. We reluctantly accepted this, believing HS2 would at least terminate at Euston.

The new Government must assure that HS2 will be completed to Euston and that this link will open simultaneously with the HS2 connection between Birmingham and Old Oak Common.



← Central line

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