



A MANIFESTO FOR THE 2020s

How the new government can keep our capital working for Britain



By working together, we can deliver more for Britain.

Business is poised to step up and work with the next government:

Business is committed to playing its full role in developing the skills of its workforce.

The business leaders on London First's Skills Commission are working to establish a business-led skills strategy for the city, so that the local workforce can access the jobs of the future and we have established Skills London, the capital's largest jobs and skills event.

London's rapidly growing population needs the infrastructure to connect people, jobs and homes. Business is playing its part: the business rates supplement directly funds roughly a third of Crossrail. London has already committed to funding half of the cost of Crossrail 2, which, as well as providing vital transport capacity, could unlock 200,000 new homes.

Business can't solve the housing crisis alone, but it is doing its bit: our Employer Housing Pledges already provide practical support to over 100,000 workers.

Office development in central London alone adds £1.7bn in GVA and 35,000 jobs to the UK economy each year, with roughly two-thirds of those jobs based outside of London. This is less than 10% of total London development. We could do more to increase the economic activity in Britain – for example, our analysis of the distribution of development spend shows that there are areas where the UK currently lacks capability, such as cladding, lifts and machinery.

We use the latest data to make accurate projections on London's economic growth:

Our analysis of the London labour market shows, on average, each migrant worker in London contributes a net additional £46,000 to the economy and, in total, they contribute additional £30bn net to the total UK tax intake.

Investment in London's at-capacity infrastructure will underpin economic growth – an increase of just 1 percentage point per annum in London's GVA would generate an additional £146 billion by 2036.

This manifesto lays out the priorities for the new government, and sets the path ahead if we're to make our capital work for all of Britain.

We have set out three key priorities for the new government to keep London working for the benefit of Britain:

1. continued access to talent and skills;

2. increased investment in infrastructure and housing, underpinned by greater devolution and a more competitive tax system; and

3. better linkages between London, other city-regions and nations of the UK to maximise the country's overall growth.

This manifesto represents the views of London's business leaders.

It is based on wide-ranging discussions with our members and, in particular, draws on our recently published reports on London's migrant workforce, Facing Facts and on economic development in London London 2036: an agenda for jobs and growth.

1. Continued access to talent: skills and migration

It is time for government and business to come together on a national mission to increase UK skills.

Business already invests hugely in training, apprenticeships and skills. But we must all commit to do more to make sure that Londoners and people across the UK have the right skills to fill as many jobs as possible, now and in the future.

Business leaders across London recognise the need for a step change in the overall delivery of skills, the need to create a new era of social mobility across the UK as the jobs of the future become more skilled.

Alongside, we must also recognise that not all of the gaps can be filled locally and that companies will need to recruit internationally.

As the next UK government takes back control on immigration, it must make sure that sectors continue to have access to the talent they need to grow and to compete for Britain on the world stage.



The new government must:

Give certainty to non-UK EU citizens working in the UK and the businesses that employ them:

it should act early and, if necessary, unilaterally to end needless business uncertainty and worry for EU employees who were employed in good faith.

Make a step change in education and training for Londoners:

in addition to the welcome devolution of powers and funding over adult skills to London government, go further and devolve responsibility for 16-18 FE and the apprenticeship levy in London.

London government is better placed to meet the needs of both Londoners and London's employers.

Work with business to deliver better routes to employment and to boost productivity:

develop a credible careers and entrepreneurship programme that brings together schools and employers to ensure that school leavers are work ready, building on the momentum of the Careers and Enterprise Company.



Phase in, not rush through, an evidence-based approach to migration:

it will take time to improve the performance of our education and skills system. The British economy will need an implementation phase if, in early 2019, there ceases to be free movement of people in its current form.

Maintain openness to high-skilled, high-value add people from across the globe:

a global city needs global talent - allow access to migrants at or above a minimum salary threshold, at a level set between government and business.

Provide controlled access to talent to meet short- and long-term skills and labour gaps: implement distinct strategies for sectors in the UK where there are local labour shortages, which combine investment in UK skills and training, where practicable, with migration.

Ensure immigration policy works off hard data: develop better data collection on migration so that we can see the facts on inward and outward flows, and gain greater control.

Acknowledge that British-educated overseas talent is an asset not a liability and reintroduce the two-year post-study work visa for STEM graduates: this would be good for UK universities, good for UK business and good for Britain's long-term relations with the global business community when these graduates return to their home countries.

Deliver improved visa operations: The new immigration system should be straightforward to operate and navigate, minimising bureaucratic friction and the deadweight burdens on business.

Better tracking of migrants and strengthened enforcement will ensure that migrants play by the rules and will help to regain public trust in the UK's immigration system.

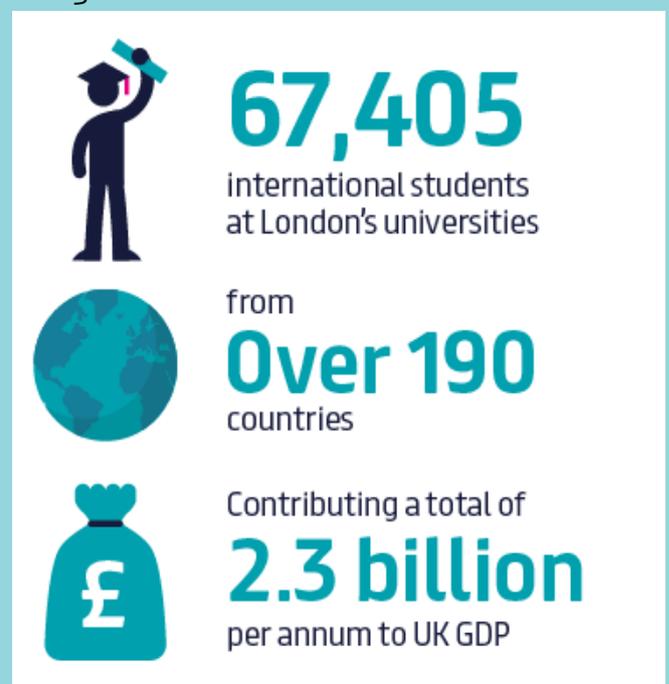
This will require that UK Border Force is effectively resourced and managed so that it can simultaneously secure our borders while processing queues quickly.



Recognise that students are temporary visitors not migrants: They are here for a short time to learn, and their presence brings great benefits to Britain both in the short term, through the fees they pay to our education institutions and the diversity of experience they bring to their fellow students, and in the long term through their sense of attachment to Britain.

We should follow the lead of other countries such as Canada and Australia and stop classifying students as migrants for policy purposes.

Similarly, we should have a separate regime for accepting and managing refugees.



Adopt a go-getting approach to stay on top of the tourism league:

As the gateway for UK tourism, London must compete pro-actively for our share of longer-term growth markets such as China.

That requires competitive levels of funding to support greater city promotion, and we must increase use of reciprocal visa-free and easy-access visa travel arrangements, where consistent with security objectives.

2. Increasing competitiveness ahead of 2019: infrastructure, homes and tax

The shortage of homes and the need for new infrastructure are London business' top concerns as the city grows.

London's population is projected to grow to over 10 million people by 2036, creating a large gap in the basic infrastructure of the city. There will be a need for at least 50,000 additional homes a year and an increase of more than 50% in trips by public transport if this growth is to be accommodated successfully.

Even before this growth, housing and parts of the transport network are already stretched beyond capacity. As soon as Crossrail is open, it's time to start work in earnest on Crossrail 2.

The cost of road congestion in London is forecast to rise 71% to £9.3bn by 2030. Demand for flights in the UK will double by 2050, particularly to emerging markets, but London's airport capacity has grown much more slowly than European rivals such as Paris, Frankfurt, and Amsterdam.

We welcome the current government's commitment to reduce corporation tax to 17% by 2020, but ask the new government to honour this and also consider the impact on competitiveness of changes to other parts of the tax and regulatory regime.

For example, British businesses face higher costs because of the introduction of the Apprenticeship Levy and the National Living Wage. In London, businesses will see their business rates bills rise by an average of 11%, with infrastructure and utilities providers facing an increase of around 40%.



Homes

Work with the mayor to release public land for development: Building on the work undertaken by the London Land Commission, the new government and the mayor should agree a programme for accelerating the release of surplus government-owned land in London, including first refusal for the mayor to purchase surplus public land.

Take the brakes off London boroughs investing in home building: The new government should scrap the restrictions that stop London boroughs borrowing prudentially against their existing stock, so they can build more. It should also pull back on the high value asset levy that will stop councils building some new homes in London.

Urgently help housing associations to build more homes: The new government should quickly put in place a new, long term, affordable housing rent settlement for 2020 onwards. This settlement should return to the inflation linked approach in pre-2015 settlements. It should also confirm there will be no change to the current government's 2017-2022 affordable housing funding programme.

Invest in transport infrastructure to unlock land for housing development: Crossrail 2 has the potential to facilitate the delivery of 200,000 new homes when delivered as called for overleaf.

Support the growth of build to rent: London needs a diversity of housing tenures including a high-quality, purpose-built, professionally managed rental market - build to rent can deliver this for London. To support its growth, national planning policy should support the use of discounted market rented homes as the affordable housing component of build to rent schemes.

Boost the mayor's planning powers to deliver more homes: Fulfil an outstanding government commitment to devolve further planning powers to the mayor – full planning control over London's sight lines and wharves and lowering the mayor's referral threshold for planning applications for residential development to 50 homes.

Review the Green Belt: London must continue to protect its valuable green spaces and beautiful open countryside: and this is wholly compatible with seeing how land designated as Green Belt can play a small part in helping to accommodate the new homes London needs.

The new government should ask London's boroughs to review their Green Belt and consider how land of poor environmental or civic value could better serve London's needs by supporting sustainable, high-quality, well-designed residential development.

Transport & Wider infrastructure

Accelerate the next generation of new transport schemes: in particular, the new government must commit to introduce a Crossrail 2 Bill as soon as possible in the next parliament, allowing this vital project to begin construction in the early 2020s and open in the early 2030s.

Invest in digital signalling, track improvements and new trains on existing rail and Tube networks to add capacity and improve passenger journeys.

Provide TfL with the resources to invest in London's roads, alongside support from the new government to incentivise the speedier uptake of cleaner vehicles.

Promote a regulatory framework to develop models of mobility beyond personal car ownership including electric cars, ride-sharing, alternative ownership models and self-driving vehicles in cities across the UK.

Swiftly designate the Airports National Policy Statement enabling the prompt construction of new runway capacity at Heathrow.

In parallel, make best use of the airport capacity we already have. Additional investment in supporting road and rail infrastructure is vital to enhance competition and choice for airlines and passengers.

Start planning now for future growth beyond Heathrow: The new government must put in place a new Aviation Strategy that enables other UK airports to bring forward proposals for future growth in a far more timely way



Plug blackspots in data coverage, through changes to the planning and regulatory regime, to allow cities to provide high-speed fixed broadband

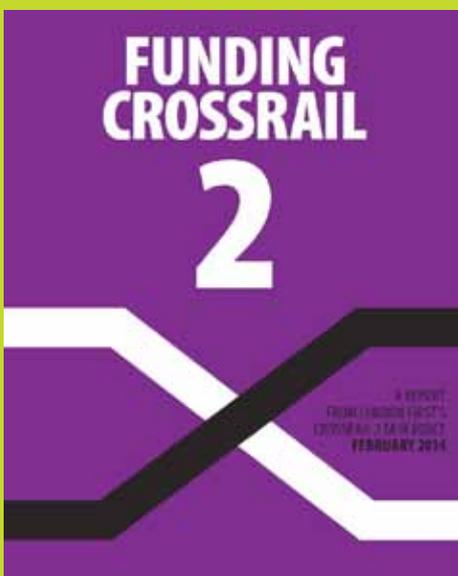
Enhance the collective security of the UK's digital infrastructure, through the targeted use of the new government's cyber security fund to tackle London's vulnerabilities.

Improve existing mobile coverage and reliability, and ensure the UK is at the forefront of the deployment of next-generation 5G mobile networks.

Plan now with water companies for new water resources in the South East to address the growing water supply deficit.

Amend utility regulation to enable more investment ahead of need in energy and water networks in areas of high population and jobs growth, stopping a bottleneck for growth.

Remove planning and tax barriers constraining private investment in waste treatment, stopping the UK paying for waste to be shipped overseas to generate energy there.



Taxation and competitiveness

Deliver a more effective transitional business relief scheme:

The scheme announced in the 2017 budget is inadequate and the new government must itself fund a “transitional pot” to smooth the impact on businesses facing increases.

Develop a long-term solution to the broken business rates regime:

Business rates should be assessed separately in London and retained by London government to fund its functions.

This would give London government an incentive to grow the tax-base through, for example, planning decisions that support more dense development.

Also, business rates should be reviewed and brought up to date in light of e-commerce.

Extend tax incentives that support innovation and investment:

increase the availability of currently scarce mid-level growth capital for innovative firms by increasing investment thresholds in existing tax initiatives, such as the Enterprise Investment Schemes and Business Investment Relief.

Reduce Stamp Duty Land Tax: it has increased fourfold since 2010, rising from 4% to up to 15%. This has resulted in a reduction in turnover of properties worth £1 million, which in the London market are family homes. In the longer term, property taxes should be devolved to London’s government.



Maintain the freest possible trade of goods and services with the EU. Also develop an implementation arrangement with the EU that heads off the risk of an exit without a deal.

The new government should empower London and other city regions to raise the money to deliver vital new infrastructure and:

Implement the recommendation of the London Finance Commission to devolve the revenue from a suite of property taxes to London and, where appropriate, to other English cities, replacing existing grants pound for pound.

Until such devolution is implemented, the new government must provide sufficient certainty and resources to support investment in additional transport capacity in our cities: Central and city government should prioritise those schemes which best support additional economic and jobs growth.

The new government should also work with cities and businesses to identify the scope for additional funding streams to support transport investment: London led the way in developing a mixed funding model for Crossrail 1 and has already committed to funding at least half of the cost of Crossrail 2.



London First works with business leaders, local and national government to make London the best city in the world in which to do business.

We worked to get a Mayor for London, drove the campaign for Crossrail and, most recently, lobbied for government action on airport capacity in the South East, leading to the decision to build a new runway at Heathrow.

Our priority now is getting our capital Brexit-ready by 2019, for the benefit of the whole country. Continued access to talent, and more investment in housing and infrastructure, are key to keeping our capital world-leading.

We galvanise London's business community to make positive change.



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