

# Cities working for the whole UK

London First agenda for the next government



The Brexit process has raised many fundamental constitutional questions, including the prospect of repatriating a great number of powers to the UK. Now is the time to think about where those powers should sit and where decisions are best made. Many parts of the country, London included, are ripe for a new wave of devolution: local people often know best what should be done to improve the places where they live and work.

But London and England's other great city-regions are not islands. We operate interdependently and the challenges we face are not unique – London First has been working alongside regional partners across England to campaign for big ticket infrastructure that brings us together, as well the future skills and immigration system we need to keep the economy at full strength. Playing off the north

against the south doesn't get us anywhere. Without doubt, greater investment is needed in the north: this is vital to the prosperity of the country as we grow together as a whole, and there is strong support from businesses across the country for projects like HS2 and Crossrail 2, as well as Northern Powerhouse Rail.

The UK is small and its cities and regions should benefit from their proximity to each other. We must not be complacent about the UK's, or our capital's, place in the world: we must urgently tackle challenges around our infrastructure, skills and housing, as well as getting ahead of the issues that will shape our future. To do that, the first step the next government should take is to reaffirm a commitment to avoid a no-deal Brexit, which would be extremely damaging to jobs and growth. We have multiple

domestic issues to tackle and the best foundation for doing that is a close future relationship with our nearest neighbour and biggest trading partner, the European Union.

Beyond Brexit, there are four steps the next government must take if the UK is to thrive:

- Invest in physical and digital connectivity;
- Adopt a future-fit approach to skills;
- Choose a fair and managed immigration system;
- Invest in housing and support the built environment.

This document sets out the key interventions we urge all political parties to commit to.





# Invest in physical and digital connectivity



For the UK to remain globally competitive into the 2020s, the next government will need to set the conditions for £600 billion investment in the UK's infrastructure pipeline over the next decade, so it can bring the country together.

From supporting the sustainable expansion of London's airports, through to the digital infrastructure and investment in rail that is so badly needed to help our country succeed, the next government must:

- Implement the National Infrastructure Assessment, with 1.2% of GDP as a floor - not a ceiling - for future investment. This commitment will give city-regions the certainty needed to invest in vital locally-determined improvements. This would enable:
  - Delivery of HS2 into Euston, Northern Powerhouse Rail and Crossrail 2, unlocking jobs, housing and growth across the UK;
  - Stable funding for Transport for London, facilitating the programme of tube modernisation with new signalling and rolling stock on the Piccadilly Line and the Bakerloo line extension.
- Support sustainable growth of our airports to ensure we have sufficient capacity to meet demand, including the new runway at Heathrow, improving surface transport links, airspace modernisation, and supporting all of London's airports in their development plans.
- Support the roll out of full fibre and 5G by ensuring that the business rates regime encourages investment, and by streamlining processes for operators trying to access properties and deploy digital infrastructure.

Recent London First research found that particularly important for boosting business confidence were upgrades to the Piccadilly line (72%), confirmation that HS2 will go ahead (66%) and a commitment to Crossrail 2 (65%).

# Adopt a future-fit approach to skills



Business is committed to working closely with education providers to ensure the skills system is effective and responsive, reflecting the ever-changing needs of the economy and preparing young people for the world of work. For the last 11 years, London First has hosted Skills London, the UK's largest careers fair for 15-24 year olds, helping young people to experience first hand an enormous range of opportunities that they might not see otherwise.

It is critical for the UK to invest now to create the workforce of the future, driving a reskilling and upskilling revolution, preparing our workforce for tomorrow's challenges. Changes are urgently needed to help the wider system deliver and to ensure it is properly funded. The next government must:

- Reform the Apprenticeship Levy: levy-paying businesses need a more coherent system and greater flexibility in the way they use their levy spend, including the ability to spend it on training for 16-18 year olds in the supply chain, to make the most of the system and to reduce the significant level of underspend;
- Create a single authoritative source on apprenticeships to provide consistent, coherent and simple rules, information and communications, and be a 'one-stop shop' supporting businesses and providers;
- Devolve powers and funding to metropolitan regions so that action can be better targeted to meet local skills needs, including ensuring both young people and adults receive better, independent careers advice;
- Put in place a national retraining scheme that supports adults displaced by automation and meets the needs of future jobs.

76% of businesses are struggling with skills gaps.

*London First Skills Commission*

Apprenticeship starts have fallen 25% since the levy was introduced and there are only eight apprenticeships per 1000 working Londoners.

# Put in place a fair and managed immigration system



Action on skills alone will not keep London and the UK firing on all cylinders. Business values freedom of movement but accepts it will end when the UK leaves the EU. The opportunity should be taken to reform our immigration system so that business can flexibly access talent at all levels from wherever it comes from, balancing this with the right checks and balances that can rebuild public trust. A fair and managed, economy-led immigration system for the UK should:

- Avoid a cliff-edge for our vital industries, setting the salary threshold at around £20,000, the level of the London Living Wage, rather than the Migration Advisory Committee's previously proposed £30,000;
- Establish a two-year temporary work route, with workers able to switch onto other routes while in the UK, such as a skilled visa;
- Reform the system so that employer sponsorship and visa costs are lower and processes are streamlined, making it easier for businesses of all sizes to use. Endorsing bodies should also be able to sponsor freelancers and self-employed workers;
- Implement the reintroduction of the two-year post-study visa for international students who should be encouraged to stay to as they are a boon to our economy;
- Create an Office for Migration Responsibility (OMR) on a similar statutory footing to the Office for Budget Responsibility, to act as an official independent migration agency to ensure immigration policy is taking an evidence-led approach based on economic need.

Research based on ONS data shows that in UK manufacturing around 30% of jobs are paid between £20–30k, and in retail, 23.2% jobs sit in this bracket.



# Drive a step change on housing and support the built environment



Nationally, we are in the midst of a housing crisis, which is felt acutely in London. Public policy must change rapidly to support the building of new homes at pace and scale. The planning framework must support high-quality new development across the UK. To meet its target to build 300,000 homes a year in England, almost £68 billion of investment is required, bridging a gap of nearly £20 billion. The next government must:

- Invest to tackle the crisis across the UK, with £8.6bn required to meet London's housebuilding target alone;
- Enforce the Planning Inspector's recommendation that London should review its Green Belt – protecting valued land but recognising the potential to use low-quality brownfield land to build more affordable homes;
- Create the right environment for newer housing tenures such as Build to Rent, increasing supply and accelerating construction of new homes, improving choice and quality in the rental market, as well as innovating in the way new homes are built, including advancing the use of modern methods of construction;
- Ensure proper resourcing of council planning departments, helping to ensure up-to-date local plans are in place and to reduce timescales negotiating planning applications;
- Support the rejuvenation of high streets and town centres via reform of the planning Use Classes Order and reform of business rates, introducing annual revaluations, with a move towards self-assessment, smoothing out shocks and removing currently fixed targets.

In London, business rates have risen by an average of 23.7% since 2017, more than double the average seen across the rest of the country (9.6%).

Average households across the UK spend 39% of net income on rent - this rises to 70% for Londoners. For single-earner households in London this can be as high as 89%, leaving just 11% of disposable income left to live on after housing costs.



**Our mission is to make London the best city in the world in which to do business.**

London First was set up by business leaders with the belief that by harnessing business assets we can drive positive change. We operate as a business campaigning force, with over 200 members, and are uniquely placed to champion the city:

- We've done it before: back in the 1990s, London's prospects looked bleak. Business leaders came together to lead when others wouldn't;
- We've achieved a lot: over the past three decades, we've campaigned for the creation of the office of London Mayor and Transport for London, for Crossrail, for congestion charging and for expansion at Heathrow; we incubated Teach First and created the UK's largest annual jobs and careers fair for school leavers, Skills London;
- We give London's employers a powerful voice, prioritising the critical interventions needed to keep our capital competitive and connecting with allies to create solutions that help our country succeed as one.

Now, we're stepping up once again. With our members – and the millions of people they employ in the UK – we are pursuing an agenda that will keep London at the forefront of global business, working with and for the whole UK.

**If you would like to discuss our London agenda,  
please contact [Anorman@londonfirst.co.uk](mailto:Anorman@londonfirst.co.uk)**

**You can also find us on Twitter [@London\\_First](https://twitter.com/London_First) or at  
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