

A MANIFESTO FOR THE NEW PRIME MINISTER

The last two years have seen one crisis after another for the UK, London and its businesses. The covid pandemic has been followed by war in Europe and rapidly rising inflation, which has led to a cost-of-living crisis. The next Prime Minister must be ready to act.

With recession forecast by the Bank of England, the first priority for the new leader must be providing a solution to cost pressures, in particular energy prices, to ensure families are not making difficult decisions between heating their homes and putting food on the table, and that enables businesses to weather a difficult winter of rising costs.

The new Prime Minister must then go further, setting out a vision for the country and a roadmap to growth. We welcome the commitment to lower taxes and reduced regulatory costs - an obvious quick win for recovery would be the reinstatement of VAT-free shopping for international visitors.

However, tax changes alone will not create the conditions for growth that the private sector needs to drive recovery. BusinessLDN is setting out five further priorities that will help to create these conditions while managing the cost-of-living: making childcare more affordable and accessible; wholesale reform of rail ticket pricing; agreeing on a sustainable funding deal for Transport for London (TfL); addressing the skills shortage so people can get back into work; and building homes at scale.

The priorities for the Prime Minister's first 100 days should be to:

1 ADDRESS THE ENERGY BILL CRISIS

The new Prime Minister's priority should be to address the current energy crisis and the imminent increase in bills. As high costs are likely to be with us for some time, this must be a sustainable package that can be put in place as soon as possible with the most vulnerable households and businesses receiving the most support. At its core should be a system of direct payments, protecting those who are most in need, while in parallel creating incentives to reduce energy use. The new government must commit to the roll out of an ambitious retrofit programme to improve energy efficiency and to enable homeowners to generate their own energy. This will help to manage future price volatility, enable the Government to meet its net zero targets and create green jobs that will help to stimulate growth in the economy.

2 INCREASE ACCESS TO HIGH-QUALITY, AFFORDABLE CHILDCARE

For many parents and carers, childcare costs and a lack of availability are a barrier to returning to the workplace or working flexibly. At a time of skills shortages and a cost-of-living crisis, the new Prime Minister should take urgent steps to increase the affordability and availability of childcare and support more labour-market inclusion. In the short-term, this could be addressed by bringing back employer-supported vouchers, expanding the 30 hours of free care to cover 1-2-year-olds. The Government should also simplify existing funding structures to make it easier for parents to access support.

3 PROVIDE THE RAIL SERVICES NEEDED AT A PRICE PASSENGERS CAN AFFORD

While leisure travel has recovered strongly, cost and convenience remain disincentives to many commuters who have spent much of the last two years working remotely. With rail travel still in the process of recovery and cost-of-living front of mind, a more radical approach to fares is now needed. During this period of uncertainty, it is important to keep fare increases well below inflation to support the reestablishment of demand: it is not possible to drive a shift to public transport by increasing costs and making services less frequent. In the medium-term, the current fares system must be fundamentally reformed to remove the complexity and perverse incentives that lead to passengers splitting tickets and train operators running the last peak train empty and the first off-peak train overcrowded.

4 AGREE A SUSTAINABLE FUNDING DEAL FOR TRANSPORT FOR LONDON

Cuts must be avoided so that Londoners can have confidence in their public transport, and the capital's economy can continue towards recovery. Londoners rely on public transport to access jobs, education, and services roughly twice as much as those in any other region. Six in ten rail journeys nationwide start and/or end in the capital and nearly as many tube journeys are taken every year as rail journeys across the country. Reducing services or raising prices now will cut people and businesses off from opportunities.

5 SUPPORT PEOPLE BACK INTO WORK AND ENCOURAGE RESKILLING AT SCALE

The labour market is suffering from acute shortages at a time when London also has a relatively high unemployment rate, with the latter disproportionately affecting young and minoritized groups. Supporting young people into jobs, encouraging economically inactive workers back to work and reskilling people of all ages is crucial to mitigate the cost-of-living crisis. The new government should better align the skills and welfare systems by removing disincentives for job seekers to access training. It should also urgently deliver reforms to the apprenticeship system, which

enable a proportion of the levy to be used towards wage costs for apprentices and allow larger employers to transfer more funds to SMEs. BusinessLDN is bidding to play a direct role to tackling these challenges by bringing together the private sector, providers and local government through the Local Skills Improvement Plan to develop a blueprint for a data-driven, employer-led skills system for the capital.

6 STIMULATE THE ECONOMY THROUGH BUILDING HOMES AT SCALE

The current government, through Homes England, has invested to help unlock private investment into affordable housing and has opened its strategic partnerships programme to a wider range of organisations. These are positive steps, but the shortage of housing, and particularly affordable housing, is a long-standing, systemic issue in the capital. While it is welcome that London has received £4bn for the affordable homes programme for 2021/26, this was a reduction on the previous settlement and significantly under the £4bn plus required annually to meet need in London. The new government must work swiftly with the private sector to create new models for investment into affordable housing, and remove barriers in the planning system that slow, and in some cases, stop development progressing.

About BusinessLDN

At BusinessLDN, our mission is to make London the best city in the world in which to do business, working with and for the whole UK.

We work to deliver the bigger picture, campaigning to tackle today's challenges and to secure the future promise of London.

We harness the power of our members, from sectors that span the economy, to shape the future of the capital so Londoners thrive and businesses prosper. We support business to succeed — locally, nationally, globally.

We campaigned for the creation of the office of London Mayor and Transport for London, for the Elizabeth Line, for congestion charging, we incubated Teach First and run the UK's largest annual jobs and careers fair, Skills London.