

SPRING BUDGET 2023: BUSINESSLDN'S FIVE CALLS TO GOVERNMENT



While the economic volatility seen in the Autumn of last year has largely settled down, firms across the country face a challenging mix of high energy costs, inflationary pressures and rising interest rates.

Many firms' balance sheets remain stressed from the pandemic. These factors, coupled with skills and labour shortages across a range of sectors, mean that action is needed to support businesses and economic growth, with the capital playing a central role in driving the recovery.

BusinessLDN recognises that the Government will have to make difficult decisions on both taxation and public spending. Our submission focuses on key short-term measures to support businesses through the immediate difficulties, alongside longer-term measures which will deliver sustained growth. Together these measures would help ease the cost-of-living crisis, tackle the skills shortage, and cement London's position as a global player, working with and for all parts of the UK.

1 TWO GROWTH BOOSTING MEASURES – REVIEW VAT FREE SHOPPING AND REGIONAL POOLING OF NATIONAL POTS

Re-introducing the VAT Retail Export Scheme and Airside tax-free shopping would attract more tourists to the UK and provide a welcome boost to the tourism and hospitality sectors, so badly hit by the pandemic.

London, like other regions in the UK, would be better served by greater devolution of decision-making, which is vital to support growth across the country. Local leaders know best how to use funding to solve the issues that hold the local economy back.

2 REVERSE THE CUT TO R&D TAX CREDITS FOR SMALLER FIRMS

London is home to the most start-ups and universities in the UK which are a key driver of economic growth and help create the jobs of the future. Many rely on Research and Development (R&D) tax credits to develop cutting-edge technology and create high-skilled jobs in developing sectors, such as the green economy. The Government should reverse the cut to R&D tax credits for smaller firms and reduce the complexity of the application process.

3 INCREASE THE RATEABLE VALUE THRESHOLD FOR SMALL BUSINESSES

We urge the Government to increase the rateable value threshold below which small businesses receive 100% rates relief from £12,000 to at least £28,000 in London – given rateable values are higher in the capital – ahead of the revaluation taking effect in April.

This should be implemented alongside fundamental reform of the whole business rates system, including full devolution of business rates tax policy to London and other cities and regions.

4 CHILDCARE REFORM

Parents and carers in London face the highest childcare costs in the UK. When the impact of London's high housing and travel costs are added into the equation, the affordability and availability of childcare

is a barrier for many parents and carers to enter or return to the labour market at a time when many firms are experiencing skills shortages. The Government should undertake a comprehensive review of childcare provision focused on ways of reducing costs while increasing availability, to enable parents and carers to return to employment.

5 APPRENTICESHIP LEVY REFORM

The Government should reform the Apprenticeship Levy by extending the deadline for spending Levy funds from two to three years; enabling larger employers to transfer more funds to SMEs (from 25% to 40%); and allowing Levy funding to be spent on pre-employment training and the wage costs of new apprentices from priority groups. This would boost the number of apprentices hired and help to tackle inequalities across the capital's workforce. It would also enable larger organisations to work more effectively with smaller entrepreneurial businesses.

“London has been a catalyst for growth for the whole of the UK for centuries. But the capital now has the highest housing costs in the country by far, as well as the highest poverty rates. The Chancellor has the opportunity to address this in his Budget. Alongside some nationwide measures to support business, jobs and growth — urgent support for businesses faced with turning off their lights in the face of a cost of living crisis; reform of the apprenticeship levy to boost uptake; and effective childcare provision to get more people into work — he should also let London and other city regions choose how they invest their resources. Freeing local leaders from the iron grip of Whitehall would enable them to invest where it will best deliver growth.”



John Dickie, Chief Executive, BusinessLDN

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.