

March 2024

A MANIFESTO FOR THE NEXT MAYOR OF LONDON

Building a capital fit for the future

SENSE



FOREWORD

London is the best city in the world in which to do business. The capital's Central Activities Zone (CAZ) is home to economically important clusters – from financial and professional services, to the creative industries and life sciences – that account for 9.5% of national output and deliver exceptionally high levels of productivity, with GVA per worker of £110,000 in 2020.¹ It is a hub for high-growth, innovative companies with more unicorns – tech companies worth over \$1 billion – than any other city in Europe.²

And the wider ecosystem makes London an exciting place to live, work, study and visit. Its universities are a magnet for domestic and international talent: the city has the most top 50 universities of any in the world³ with London having the most highly educated population too, with nearly six in ten graduates⁴. And London is home to three of the top ten most visited museums and galleries on the planet.⁵

London is where businesses come to find talent; and people come to find opportunity. Yet this year's Mayoral election takes place against a difficult economic backdrop for the city and the UK: the cost-of-living crisis, high taxes and low growth. London's higher incomes are offset for many by much higher housing costs: according to the Trust for London, a quarter of Londoners are in poverty after this is taken into account.⁶

This May's Mayoral election will shortly be followed by a General Election and, together, these elections represent a moment for reset, creating the opportunity to build a new partnership between all levels of government and business to meet the challenges – and seize the opportunities – facing our city. A partnership which is vital if London is to remain a world-leading place to live, work and do business.

The next Mayor will need to use all the levers at their disposal if London is to build more homes, modernise ageing infrastructure, give Londoners the skills to do the jobs of the future and drive the city's transition to net zero.

But the Mayor cannot do this alone given their relatively limited powers – and even more limited resources.

First, the Mayor should work with the boroughs, business and civil society to make sure that on issues where London can chart its course, for example in ensuring planning policies and practice support development, we are getting it right.

In parallel, the Mayor should spearhead a plan for growth, again working with business, the boroughs and civil society – and the next government – to leverage London's economic heft to drive jobs and growth locally and across the UK.

And, as part of this collaboration, the Mayor – and metro mayors around the country – should have the tools they require to meet the needs of their city-regions. Devolving more decisions around local spending will enable local leaders to deploy existing budgets better, in keeping with local priorities, both to improve service delivery and drive growth. The main political parties all talk about devolving power from Whitehall. Now it is time to act.

Our manifesto sets out a number of bold recommendations to ensure the capital is fit for the future, including steps to tackle the housing crisis, keep the city moving, cut carbon emissions and make it more resilient.

BusinessLDN stands ready to work with the next Mayor to unlock the full potential of London. Together we can build a city that works for business, for Londoners and for the whole UK.



JOHN DICKIE
Chief Executive
BusinessLDN

INTRODUCTION

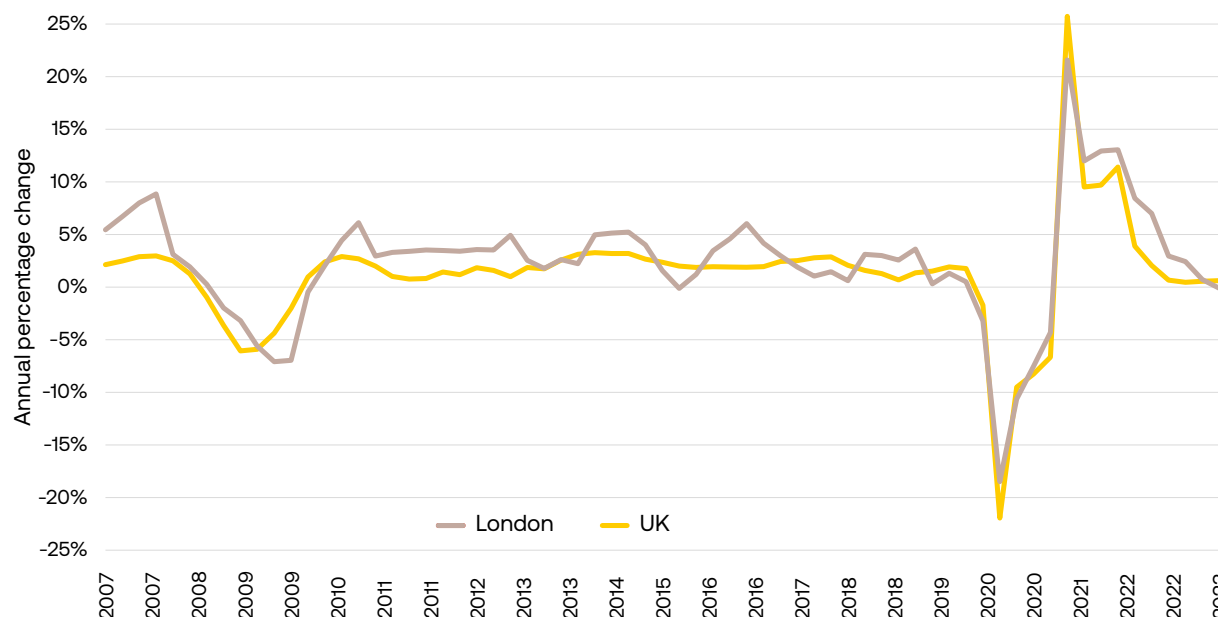
London's economy has bounced back following the pandemic. Last year, the capital's Gross Value Added (GVA) is estimated to have been 7.7% above its pre-pandemic peak⁷ compared to 1.8% for the whole UK. GVA per capita in London in 2021 stood at £55,412 – significantly higher than the national average.⁸

Yet London also has the highest housing costs in the country, as well as one of the highest poverty rates. The two are inextricably tied together: 25% of Londoners are living in poverty after housing costs.⁹ For most Londoners, the streets are not paved with gold.

And the city's future growth is facing strong headwinds. The cost-of-living crisis, higher interest rates, rising input costs, ongoing industrial action and geopolitical tensions are dragging on consumer and business activity. Britain has endured low productivity growth since the 2008 financial crisis, and we will go into the General Election with taxes projected to be higher than at any time since the Second World War, rising levels of debt and stretched public services. Getting London's businesses firing on all cylinders is key to breaking out of this cycle of decline.

London's Central Activities Zone alone accounts for almost a tenth of UK GVA¹⁰ and is a distinctive, vital national economic asset. As an engine of growth, and a significant net contributor to the public finances, the capital must be

Annual percentage change in real London GVA and UK GDP



central to any credible strategy UK-wide strategy to revive our economic fortunes.

With the Greater London Authority (GLA) projecting that the capital's population will increase to 10 million by 2050¹¹, it is vital that the city keeps pace with growing demand for services as well as rising to challenges such as the transition to net zero and digital advances that are reshaping the jobs market.

Our manifesto – developed following extensive engagement with leading London businesses – sets out practical recommendations for the next Mayor to drive growth, boost investment and unlock the capital's full potential. We look forward to working with the Mayor to implement this programme over the coming term to ensure that the city remains fit for the future.

DEVOLUTION

The start for any discussion of what London needs from its next Mayor is that its civic leaders should have the powers and resources to drive change.

London, like other UK city-regions, needs greater devolution to tailor spending priorities to meet local needs, support local strengths and boost growth.

The Mayor, and London's boroughs, retain only a tiny proportion of the taxes raised in the capital – around seven percent.¹² By contrast, the equivalent figure in New York is more than 50 percent. This means that the city is continuously dependent on grants from the Treasury, often dispensed through opaque processes and with short-time horizons, alongside chopping and changing departmental priorities. London delivers a tax surplus of £38 billion to HM Treasury¹³ – yet has to go cap in hand to buy some new trains for the Underground. This is no way to run a city of nearly 10 million people which creates a quarter of the country's economic output.

The main political parties talk extensively about devolving powers to regions to boost local economies. Greater devolution would incentivise local leaders to invest their resources more effectively to support growth and increase accountability. It is time to act.



So, we want to work with the next Mayor to make the case for:

- greater autonomy and flexibility for the capital – and other city-regions – through significantly greater fiscal and policy devolution; with

the consolidation of various government ring-fenced funding pots – totalling more than £650 million in London across the Future High Streets Fund, the Community Renewal Fund and the Levelling Up Fund – a first step. This would streamline complex and expensive bidding processes, while also delivering better returns on spending across the UK.

ECONOMY



London is an engine of growth for the UK but there is no room for complacency. The city must up its game to remain competitive internationally and create opportunity locally and nationally.

Political instability, coupled with constant shifting of the goalposts on tax and regulation, have undermined investor confidence. Meanwhile, cities around the globe are making an overt pitch for business, particularly in high-growth sectors.

The next Mayor needs to develop a new economic strategy that builds on the capital's economic strengths to drive sustainable growth, productivity and job creation. These outcomes will only be achieved by working closely with the private sector and central government to leverage the investment London needs.

The next Mayor should:

- work with business to co-create London's growth strategy and next economic development plan;
- champion London's competitiveness as a world leading financial centre to drive growth and investment, while also promoting the conditions for the capital to be the best city to start up and scale up a business;
- fund London & Partners' budget to promote the city as a destination for inward investment and international tourism - and a gateway to the UK;
- make the case for wholesale reform of the business rates system to safeguard the future of high streets;
- urge the Government to bring back VAT-free shopping on goods for international visitors to boost visitor numbers and spending across London, and the UK;
- work with business to highlight the impact, post-Brexit, of red tape's costs on business tourism, particularly as it affects conferences and exhibitions in the UK; and
- work with business to leverage the London Living Wage, London Anchor Institutions' Network and the Good Work Standard to support good growth across the capital.

PLANNING AND DEVELOPMENT



London's urban environment – its streets, public realm, buildings and supporting infrastructure – is the backbone of the capital and vital to London's economic success and global competitiveness.

The pandemic transformed the routines and expectations of Londoners when it came to the city's places and buildings. BusinessLDN's flagship Place Commission of cross-sector business leaders last year set out a bold vision for how the capital's urban should evolve to meet changing demand and patterns of behaviour.

London's planning system should be an enabler of development and economic growth, but inadequate resourcing across cash-strapped local authorities coupled with complex policy provisions too often means it acts as a deterrent.

The next Mayor should:

- streamline the London Plan to make it more concise, strategic and flexible in nature so that it focuses on the key issues for the capital and boosts development;
- this updated London Plan must:
 - outline how planning will facilitate a step-change in housing delivery and where broadly this development should take place, with a particular focus on outer London;
 - articulate how a building's carbon performance against a net-zero target should be determined by a joined-up metric that assesses the whole-life cycle carbon emissions of a development from construction to demolition, including operational, embodied and all other associated emissions; and
 - adopt a more flexible approach to repurposing redundant commercial space that balances the need to protect and enhance areas of commercial significance with making it quicker and easier to convert secondary office and retail space where there is no market interest in the building's existing use.
- work with BusinessLDN's Planning Resource Taskforce to help create and implement a new transparent mechanism, ideally within the existing legal framework, to allow applicants to provide additional funding with guaranteed service levels, to support Local Planning Authorities efficiently determining planning applications; and
- champion partnerships between the public and private sectors that deliver high-quality development and transformative public realm improvements, such as Portman Estate's Marble Arch regeneration scheme, Heart of London Business Alliance's Charing Cross Road project and Camden Council's Holborn Liveable Neighbourhood strategy.

HOUSING



London is suffering from a chronic housing shortage, with at least 66,000 new homes needed a year. Four years into the London Plan period, net housing additions in London are averaging consistently less than 38,000.¹⁴ New starts have slowed significantly recently due to high costs, elevated interest rates and difficulties around planning.

As well as being a social challenge, high housing costs hit the city's competitiveness, posing a significant recruitment and retention challenge for businesses.

Public sector investment remains an essential part of any credible strategy to increase the number of affordable homes, which would not only help to address London's housing crisis but also help to generate savings in temporary accommodation, the NHS and other social costs.

The next Mayor should:

- undertake a review of London's green belt / Metropolitan Open Land to identify poor quality parts close to existing or future transport nodes that are appropriate for sustainable residential development. While priority must continue to be given to redeveloping and densifying brownfield land, this alone will not meet the scale of London's housing need;
- use all available levers, including de-risking and incentivising development, to help kick-start housebuilding and ensure the capital does not fall even further behind on its housing target;
- make the case to Government for greater flexibility in the use of public funding for affordable housing, including on spending between funding programmes and on the amount of grant per home;
- work with business to encourage greater levels of private investment from pension funds and institutional investors into affordable housing, actively supporting new models for delivery and urge the Government to increase public investment;
- establish a City Hall Developer focused on unlocking more public land for development which works in partnership with the public and private sector; and
- embrace a choice of housing tenures - London needs a variety of housing including purpose-built student accommodation, for later living, build to rent and co-living. These should be proactively welcomed and built across the capital.

TRANSPORT

London's ageing transport network needs investment to keep the city moving as its population grows. A world-class public transport system is essential to maintain the city's international competitiveness.

This will require both improving services now and investing for the long-term – in partnership with the private sector – to unlock economic growth and opportunity. Recent disruption on the Central line vividly illustrates the point.

Transport for London (TfL) needs a multi-year capital settlement to plan, efficiently deliver and invest. In the short term, this settlement will be from central Government. In the medium term, it should flow from devolution.

TfL's ability to invest deeply matters to its supply chain across the country – worth £5.9 billion in Gross Value Added to the UK economy in the last year alone and supporting more than 100,000 jobs across the country.¹⁵ Clarity on funding would enable full electrification of the bus fleet and the expansion of electric vehicle infrastructure, as well as key projects such as signalling upgrades on the Piccadilly Line, extension and upgrade of the Bakerloo Line, the DLR extension to Thamesmead, the West London Orbital and eventually Crossrail 2.



The next Mayor should:

- build on the one-year settlement for TfL and secure a multi-year deal from central government – similar to those already reached with Network Rail, National Highways and eight city regions across the UK, while working for devolution to enable London to make its own transport decisions;
- work with business to innovate further on fares across London's public transport network, building on recent initiatives, such as the off-peak #LetsDoFridays, to develop a more flexible system that is fit for post-pandemic travel patterns;
- work with central government, Network Rail and train operating companies to simplify rail fares and encourage flexible ticketing;
- make the case for further devolution of local rail services to TfL;
- work with central government, Camden and the private sector to ensure HS2 reaches Euston, and that the full potential of area's transport connections and regeneration are realised;
- consult with businesses and the public to explore an integrated congestion-busting system of road pricing to replace current congestion and ultra-low emissions zone charges where it makes environmental and economic sense, while also delivering strategic investments in road infrastructure to facilitate the movement of goods and people;
- ensure TfL works with bus operators and local authorities to ensure good connections within London, including measures such as bus priority programmes, to reduce journey times and increase ridership;
- champion London as a trail blazer in sustainable aviation fuels and urge central government to establish a price support mechanism to enhance our global connectivity and support growth;
- address the barrier of high-speed track access charges and continue to develop strong public transport links to all London airports to enhance international connectivity;
- accelerate the expansion of contactless ticket payments to all London airports;
- drive better use of the Thames as part of a proper city-wide strategy, coordinated by a new senior leadership role, such as a River Commissioner, to encourage the efficient and environmentally sustainable movement of people and goods around the capital;
- work with central government to support transport operators in dealing with the consequences of planned changes at UK-EU border checkpoints, such as Eurostar at St Pancras; and
- knock heads together to find a solution to stalled efforts to reopen Hammersmith Bridge, which has been closed to motor traffic since April 2019.

INFRASTRUCTURE

A London that is well connected – physically and digitally – makes doing business cheaper, cleaner, and more efficient. It boosts productivity and therefore growth in the capital, and across the UK.

Much of the cities infrastructure is provided through regulated silos – energy, water, telecommunications. Yet many key issues facing the city, such as the provision of electric vehicle charging points, do not fall neatly into any company or regulator's remit. The Mayor has a key role in identifying the city's overall, systematic needs – and using their convening power to champion these. And, as set out above, greater fiscal and policy devolution would enable the Mayor to intervene where existing structures are inadequate to meet the city's needs.

Last year, BusinessLDN's [Place Commission](#) set out a vision for London with one technological ecosystem where its infrastructure and places are digitally enabled and accessible, providing real-time information to enhance Londoners' experience of the city, as well as opening new business and public service opportunities. While good progress has been made by the GLA to create a Data for London strategy and revamp the London Datastore, there is still more for the next Mayor to do to ensure the benefits of data sharing are harnessed and support further innovation.

The next Mayor should:

- champion the deployment of innovative public-private partnerships to fund and finance the infrastructure London needs to grow, building on successes in London including the Thames Tideway Tunnel through an innovative approach to the Regulated Asset Base model and the concession model for HS1.
- support boroughs on implementation of Local Area Energy Plans to match future energy supply against forecast demand, providing an evidence base for new investment to support future growth;
- ensure London benefits from seamless digital connectivity by addressing mobile connectivity 'not-spots', bringing together boroughs, landowners, developers and operators to accelerate the rollout of 5G and full fibre networks and providing clear, transparent digital infrastructure planning policies through the London Plan Digital Connectivity Infrastructure Guidance 2024;
- work with London's mobile network operators to encourage them to pool resources for 'open roaming' – where a mobile device automatically finds and connects to trusted Wi-Fi networks;
- encourage all boroughs to employ Digital Champions to support a coordinated London-wide plan to the way digital infrastructure in London is delivered;
- make progress against the actions of the 2030 London Electric Vehicle (EV) Infrastructure Strategy, particularly on unlocking land for public charge points, work to map viable new sites, and publish EV charge point demand-data to provide greater certainty to infrastructure investors; and
- clearly track and monitor progress on London Plan policies relating to the implementation of sustainable urban drainage solutions in new development (SuDS) to demonstrate the value of such measures, the benefits of reducing surface water flood risk, and providing a clearer evidence base for increased SuDs investment.

SKILLS AND IMMIGRATION

London is a beacon for talent and opportunity. Home to nearly nine million, its population rises considerably during the working day. However, underneath its successes in attracting and retaining talent lies a complex labour market with multiple inequalities and distributional challenges, as our in-depth research through our leadership of the [London Local Skills Improvement Plan](#), demonstrates.

Carried out in partnership with the Federation of Small Businesses London, London Chamber of Commerce and Industry and CBI London – the LSIP shines a light on a city where qualifications are higher than in any other UK region, yet the in-work poverty rate is one of the highest; there are more jobs in the capital than ever before, while economic inactivity is too high; and employers face acute labour shortages. A recent BusinessLDN survey of more than 1,200 firms in the capital, conducted by Survation, shows the vast majority (80%) of London businesses have live job vacancies and half (49%) are struggling to find the right candidates to fill roles.

One of the biggest barriers to getting more people into the jobs businesses are creating is London's fragmented and underfunded careers system. Given the Mayor's devolved responsibility for the adult education budget,



they have a key role to play in addressing this challenge, alongside advocating for changes in national skills policy, including further reforms to the Apprenticeship Levy to improve take up.

Alongside developing local talent, London must also continue to be open to highly-skilled workers and gifted students from across the world to remain a successful global city.

The next Mayor should:

- launch a new London Careers Service to unlock opportunity for young and adult workers across the capital, with a clear, costed plan for scaling up over time to drive labour market inclusion and work with business and education providers to leverage private sector investment;
- work with business to deliver the [London Local Skills Improvement Plan](#) and future-proof the capital's labour market, including by embedding green, transferable and essential digital skills as a core part of training provision funded by London's Adult Education Budget;
- make the case for employers to have greater flexibility when it comes to using Apprenticeship Levy funding, for example by allowing it to be spent on pre-employment training, to boost uptake; and
- champion a diverse, open and outward looking London that is a magnet for global talent, businesses and international students.

CRIME

London's reputation as a safe place to live, work and visit is a key part of its attractiveness as a global city.

According to the Crime Survey for England and Wales, people in the capital are actually less likely to be a victim of crime than across the country as a whole. In London, 14.9% of people experienced a crime either to their person or their household in the year ending September 2023, compared with 15.7% nationally.¹⁶

But 55,860 shoplifting offences were recorded across London in the past year, an increase of 48.3 percent on the previous 12 months — nearly double the 25 percent rise nationally.¹⁷ And only 3,462 — or six percent — of the London crimes were solved. This is despite retailers increasing investment in crime prevention measures such as CCTV and increased security personnel.

Retail crime leads to higher costs for businesses and, ultimately, consumers. It is vital that London is — and is seen to be — a safe and welcoming city.



The next Mayor should:

- ensure the Metropolitan Police collaborates with business to have a more visible presence on high streets and sends officers out to a greater proportion of shoplifting incidents;
- encourage the Metropolitan Police to utilise technology in a proactive and targeted manner to arrest prolific offenders and organised gangs; and
- invest in policing and crime prevention, while also making the case for appropriate levels of national funding from the Home Office.

CLIMATE



The capital has experienced record-breaking heatwaves and flooding in recent years. Ensuring London adapts to increasingly common extreme weather events is essential to ensure it remains an attractive place to live, work and visit. The city and its public services must become much more resilient to climate change.

Alongside this, London has an ambitious target to hit net zero carbon by 2030 – and produces 40% of all UK

emissions. Cities are where the rubber hits the road when it comes to achieving global emissions reduction targets.

The capital's green economy is expected to double in size to £100 billion by 2030.¹⁸ London must be at the cutting edge of the green economy to drive sustainable growth and create new jobs in the industries of tomorrow.

The next Mayor should:

- lead the coordination of Local Planning Authorities' existing carbon offset funds, which are generated through Section 106 agreement payments by developers, to establish a London-wide fund, and champion a separate business-led carbon offset fund, which would finance carbon reduction projects in the capital and the rest of the UK at a greater scale;
- work with boroughs to devise and oversee a plan for retrofitting homes in the capital and within that plan prioritise the development of incentives for homeowners;
- help deliver a step change in climate adaptation measures by setting out a holistic strategy to ensure London is resilient to extreme weather; and
- advocate for the delivery of strategic water resources projects, such as the southeast Strategic Reservoir Option at Abingdon, Oxfordshire, to secure London's future water supply.

Endnotes

- 1 [CAZ Futures Action Plan, November 2022](#)
- 2 [London & Partners, June 2023](#)
- 3 [Times Higher Education: World University Rankings 2024, September 2023](#)
- 4 [JLL, June 2019](#)
- 5 [Greater London Authority](#)
- 6 [Trust for London: London's Poverty Profile 2023](#)
- 7 [London's Economy Today, February 2024](#)
- 8 [Office for National Statistics: Regional gross value added \(balanced\) per head and income components, April 2023](#)
- 9 [Trust for London](#)
- 10 [CAZ Futures Action Plan, November 2022](#)
- 11 [Interim 2021-based Population Projection Results, January 2023](#)
- 12 [London Finance Commission, May 2013](#)
- 13 [Office for National Statistics, May 2023](#)
- 14 [London Plan Review: Report of Expert Advisers, January 2024](#)
- 15 [Hatch Transport for London Supply Chain: Economic Impact Assessment, September 2023](#)
- 16 [The Guardian, February 2024](#)
- 17 [Evening Standard, January 2024](#)
- 18 [BusinessLDN Green, Growing and Global, June 2022](#)



OUR MISSION

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 link up with other cities around the UK, to ensure the capital supports a thriving country.

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.

We create opportunities for our members, from sharing insights to providing platforms, from making introductions to finding new talent. We facilitate collective, organisational, and individual ambition.

Becoming a member of BusinessLDN helps to keep London and the UK working — for business, for Londoners, for the whole country.

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