

Rt Hon John Healey MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

9 September 2026

Dear Chancellor,

BusinessLDN submission to the 2026 Autumn Budget

BusinessLDN represents over 170 leading businesses in London, spanning a wide range of economic sectors. We strive to make London the best city in the world in which to do business, working with and for the whole UK.

We fully support the statement of intent set out in the 're-wiring the state' Cabinet paper for further devolution to help deliver growth in every part of the United Kingdom. As one of the city-regions with a strong track record and administrative capacity, London is well placed to use greater devolution of spending and decision-making from Whitehall to drive better delivery of public services, working for local communities and businesses across the capital and supporting growth across the city and the country.

If this is accompanied by material fiscal devolution, including an ability for London and other city-regions to borrow against future revenue streams and the right incentives for local leaders to grow these revenues through retention of the increased receipts, this could be transformational for investment across the country.

The Government should build on the ambitious direction of travel set out on devolution and go further with similar levels of ambition to re-wire the governance of Britain to drive growth. First, by rewiring the administrative state to speed up the ability to get things done, including on major infrastructure developments and on housebuilding. The time taken here creates vast deadweight costs on business for no public benefit, squandering resources which could otherwise deliver public benefit and deterring investment in the UK.

Second, the Government should rewire the way in which public policy has been made in recent decades, particularly around regulation and taxation. Recent years have seen too many individual interventions which, while well intentioned in themselves, layer upon previous interventions and, cumulatively, create expensive and dysfunctional conditions for investment and growth. Examples include the Building Safety Levy and Community Infrastructure Levy that weigh on housebuilding, or the cliff edges that exist in the tax system, such as personal taxes as well as business rates.

London is responsible for almost a quarter of the UK's GDP, one of only two regions to make a net positive fiscal contribution and acts as a gateway for investment to the whole UK. It is deeply integrated into the British economy and its supply chains support jobs and growth throughout the country. Fresh data has shown London experiencing stronger growth¹ and productivity than previously reported in recent years, meaning the capital is well-placed to support growth across the country.

But despite its many successes, a quarter of Londoners live in poverty after housing costs are considered; London has the highest rates of youth unemployment of any UK region; and there's more to be done to raise productivity growth to match the performance of international rivals. London, like the rest of the country, needs to see devolution and reform so that it can improve its performance.

In making this submission, we are mindful of the competing pressures on the public finances, and have therefore focused on proposals that are either low cost or deliver rapid payback.

Our submission therefore focuses on fiscal and broader policy recommendations to:

1. Unlock London's potential through greater devolution of powers and responsibilities
2. Tackle London's acute housing challenges
3. Boost the capital's infrastructure and connectivity to benefit the whole UK
4. Ensure London and Londoners have the skills and talent to succeed
5. Speed up the ability for businesses to get things done across the capital and the UK
6. Enhance London's international competitiveness

To support these ambitions, we would encourage the Government to roll-out its devolution agenda at the pace of the fastest, enabling city-regions such as London with proven track records and capabilities to help get things moving quickly. We'd also encourage the Government to be bold in deploying any available fiscal headroom that exists under the investment rule to help kickstart growth and jobs.

Yours sincerely,

John Dickie
Chief Executive

¹ GLA Economics, London's Economy Today, August 2026

Unlock London's potential through greater devolution of powers and responsibilities

BusinessLDN fully supports the statement of intent set out in the 're-wiring the state' Cabinet paper for further devolution to help deliver growth in every part of the United Kingdom. As one of the city-regions with a strong track record and administrative capacity, London is well placed to use an enhanced devolution settlement to deliver for local communities and businesses across the capital, in a way that supports growth across the country.

Our headline recommendations on fiscal devolution are that:

1. **Fiscal devolution should come with an ability to borrow against future revenues without requiring case-by-case approval from HM Treasury**, subject to London and other city-regions demonstrating a track record of administrative capability and being subject to appropriate macro-prudential oversight; and
2. **Fiscal devolution should be accompanied by strong incentives for local leaders to grow the revenue stream on a lasting basis**, through retention of at least a material part of the growth in those revenue streams. This would mean that local areas are more likely to back growth-enhancing policies, even if they are politically difficult. Studies by the Institute for Government² and analysis by the OECD³ support this approach, highlighting that tax devolution is strongly associated with improved economic outcomes.

Devolving fiscal responsibility to Mayors in this way would enable them to be ambitious and creative in getting growth-enhancing economic infrastructure built. Examples of what could be done include:

- **Developing a powerful wrapper in the form of a "London Infrastructure Deal" in conjunction with HM Treasury**, delivering a strong signal of intent and a package combining devolved capital, Land-value capture powers, some form of underwriting guarantee and planning/land assembly powers, with London committing to a defined pipeline of priority projects from the London Infrastructure Framework in return.
- **Being bolder in the use of Tax Increment Financing (TIF) models** to accelerate investment in new infrastructure projects, with the Mayor empowered to introduce a new 'residential-TIF' which would ringfence some future residential tax revenue such as Stamp Duty Land Tax, council tax or a transport precept and use this to pay back the upfront costs of the transport infrastructure. This in turn will unlock new development, especially housing. The Mayor could also be empowered to undertake more 'business rate-based TIFs' that exist today, along the lines used to fund the Northern Line Extension, as well as

² Institute for Government, A new deal for England, May 2024

³ OECD, Fiscal decentralisation and economic growth, 2018

the power to introduce a ‘combined-TIF’ model which encompasses both the existing business rates-led TIF model and the envisaged residential TIF approach, as set out in the recent BusinessLDN report *Generating Land Value to Grow London*.

- **Retaining infrastructure-related tax revenues**, with London and other city-regions able to retain more of the additional business rates, stamp duty or other tax revenues generated by infrastructure-led growth. This would create a stronger link between infrastructure investment and future revenues, giving local leaders greater incentives to invest in projects that drive economic growth and expand these revenue streams.

To maximise the benefits of fiscal devolution, we also recommend that Mayors be given additional powers:

- **Grant the Mayor of London, and other appropriate city-region Mayors, an infrastructure Compulsory Purchase Order (CPO) / land assembly power**, thereby strengthening the Mayor's ability to assemble land needed for major infrastructure and regeneration, including more streamlined compulsory purchase powers and the ability to coordinate land assembly across multiple boroughs. This would build on the Government's proposals to strengthen Mayoral CPO and Development Order powers at set out in the English Devolution White Paper.
- **Allow for a stronger Mayoral role in determining strategic infrastructure**, which would give London the strategic planning and coordination powers to take priority infrastructure projects from the London Infrastructure Framework into delivery – including powers to designate strategically important projects, streamline their planning and consenting, and require regulators to align investment plans with London's agreed infrastructure priorities.

Tackle London's acute housing challenges

The housing market in London remains close to standstill, with very low levels of new build starts. Notwithstanding significant political focus, and with London set a target of building 88,000 new homes per year over the next decade, just 2,103 homes started construction in Q1 2026⁴.

The challenges facing the market are well known, with high construction costs and an uncertain regulatory environment affecting supply and affordability constraints affecting demand. On the demand side, the *need* for new homes is high but *demand* is low; even if housebuilders build at their lowest price point, these homes are still beyond the reach of too many Londoners.

The Government is delivering welcome supply-side reforms, both in terms of easing planning rules and – along with the Mayor of London – introducing emergency measures that include a time-limited planning route and provide temporary Community Infrastructure Levy relief for developers,

⁴ Molior, Residential Development in London, End Q1 2026

designed to kick-start the market. The challenge is that planning reforms will take time to come to fruition and the emergency measures need to take hold for sufficient duration to significantly shift the dial. With the emergency measures being announced in October 2025 and currently subject to Judicial Review, this is a further example of the need to re-wire the administrative state to get things done.

The underlying issue – and missing part of the policy equation – is absorption. Developers fund phases of housebuilding against expected sales, rents, debt service and the time needed to convert stock into cash. Slower absorption raises interest and overhead costs, delays associated infrastructure and reduces land value. In London's large, phased schemes, a modest change in sales pace can determine whether a project proceeds, is redesigned or stalls.

To make further progress on tackling London's housing challenges, we recommend that the Government:

- **Introduce further, targeted fiscal support to help address supply side constraints:**
 - **Take a coherent approach to developer contributions to help address viability concerns.** A growing range of policy costs, including the Building Safety Levy (BSL), are adding to the viability challenge facing housebuilders in London and pulling in the opposite direction to the Government's stated ambition to increase housebuilding. Against this backdrop, the proposed time-limited Community Infrastructure Levy (CIL) relief is a welcome attempt to improve viability and unlock stalled schemes, but its effectiveness risks being undermined by the interaction with the BSL. The Government is simultaneously granting some reliefs and imposing new levies. BusinessLDN analysis⁵ shows that, even where schemes qualify for the proposed 50% CIL relief, the additional BSL cost would outweigh the benefit in 31 of London's 92 residential CIL charging rates. In these locations, developers could be left with a higher effective cost despite the relief, further squeezing already marginal schemes and reducing the number of developments that can viably proceed. The BSL and wider developer contributions should be considered holistically, with transitional arrangements or a postponement of the BSL to ensure that measures designed to support housing delivery are not simultaneously cancelled out by new costs.
 - **Deliver an increase in resource for the Building Safety Regulator (BSR).** We welcome the steps taken to accelerate the processing of new applications and address the backlog of existing applications through the gateway process. However, consistency in assessment of applications and communication between developers and the BSR remains a concern. Further action is needed to expedite

⁵ BusinessLDN briefing paper: Building Safety Levy and time-limited Community Safety Levy Relief, March 2026

applications through Gateway 2 and ensure that future bottlenecks at Gateway 3 do not delay the delivery of new homes across all tenures in London.

- **Extend the funding and capacity of the New Homes Accelerator (NHA)**
London: Although still in its early stages, NHA London has already demonstrated its value in unlocking stalled housing sites. As a one-year pilot funded by central government, NHA London should be extended to allow it to support more complex schemes and expand its role as a central delivery coordinator.
- **Extend full expensing to brownfield housing delivery.** Brownfield development is often more complex and costly than greenfield development, despite its potential to deliver significant social value and the mix of homes needed. The Government should allow qualifying construction costs on brownfield housing schemes to be fully expensed for tax purposes, providing the same upfront investment incentive available for other forms of capital expenditure. This would improve the viability of difficult brownfield sites and help unlock housing delivery in the places where it is most needed. The measure should apply to all “Previously Developed Land” as defined in the Building Safety Levy (England) Regulations 2025 as opposed to being restricted to just Derelict Land.
- **Introduce measures to stimulate transactions and support housebuilding.**
Notwithstanding high levels of need, weak buyer demand is increasingly constraining housing delivery. To get the market moving again, the Government needs to introduce a package of targeted short-term measures to improve access to home ownership. Measures should include:
 - **Cuts to Stamp Duty Land Tax (SDLT) on new homes to jumpstart the housing market.** The longer-term goal should be to overhaul Stamp Duty Land Tax. But in the immediate-term, there should be a time-limited targeting of the SDLT incentive towards new-build homes to help kickstart the market and increase the supply of high-quality housing. The measure should be targeted on a range of customers by:
 - Capping SDLT at 1% for all First Time Buyers
 - Capping SDLT at 1% for Downsizers
 - Removing the 5% investor surcharge for new-build rental homes
 - **A new, time-limited Help to Buy 2.0 scheme** aimed at stimulating both first-time buyer and the secondary home buyer demand. A new scheme could mirror previous equity loan frameworks while incorporating tighter regional price caps which are tied to local average earnings to avoid house price inflation.
 - **Greater regulatory clarity to support the Government’s current mortgage guarantee product ‘Freedom to Buy’** by directing the Prudential Regulatory

Authority to acknowledge the risk transfer on the 80-95% portion of the loan rather than requiring lenders to hold capital against the loan as if it were a 95% mortgage.

- **An increase in the Shared Ownership earning thresholds** to widen access and bring more people into scope. Uprate the cap to reflect cumulative inflation and earnings growth since 2016. In addition, introduce a mechanism to ensure thresholds are reviewed periodically to prevent future erosion.
- **Break the cycle on temporary accommodation with urgent reform to the funding regime, and a credible and sustained mechanism to uprate funding in line with actual housing costs.** Local Housing Allowance rates underpinning temporary accommodation funding have been frozen since 2011, creating an estimated £740 million annual funding gap for London boroughs. Without reform, borough deficits will continue to widen and private investment in alternative, more sustainable accommodation models will remain constrained. BusinessLDN is shortly to publish “Fixing London’s Temporary Accommodation Crisis: a new approach to a systemic problem” which will set out long-term solutions to reform a system that is no longer fit for purpose, including a move to a pan-London approach that will help unlock further private investment.

Boost the capital’s infrastructure and connectivity to benefit the whole UK

Transport is a vital enabler of growth across London and the wider UK. It connects people to jobs, businesses to markets and supports housing delivery. London’s transport network requires significant investment to keep pace with a growing population, to help unlock development sites and maintain its international competitiveness.

Crowding in private investment at scale will be essential to deliver the infrastructure London and the UK needs. Ongoing political and regulatory backing will be important to maintain momentum behind the Government’s welcome commitment to improving international connectivity. We recommend that the Government:

- **Take steps to build momentum behind the Bakerloo Line extension and the West London Orbital.** Significant steps towards fiscal devolution, with Mayors having the freedom to back growth-enhancing infrastructure projects such as these, are welcome and the way forward. To accelerate progress, these projects would nonetheless benefit from central Government capital and support to take them through their next stages and into delivery. Taken together, these schemes could directly unlock around 36,000 homes and create more than 20,000 jobs.
 - The Government can accelerate its fiscal devolution plans and grant the Mayor of London substantial Tax Increment Financing powers to kick-start funding of projects such as the Bakerloo Line Extension and the West London Orbital.

- Alternatively, for the Bakerloo Line Extension, major central Government capital investment would unlock the next stages of design and development, along with granting the statutory powers needed to progress the extension.
- And for the West London Orbital, funding and approvals are required to take the project through its next development phase and into delivery, building on the £6.65m already secured by Transport for London and the west London boroughs for the current development phase.
- **Be relentless in aligning policy and regulatory support in lockstep with political backing for London's major infrastructure projects that are already committed:**
 - For Heathrow, ensure no let-up in the momentum in the development of the third runway following the welcome publication of the draft Heathrow Expansion National Policy Statement by targeting a Development Consent Order in 2028 with construction to commence in 2029, alongside wider airport and airspace modernisation. The Government has a crucial role to play over the coming months in providing policy certainty and the statutory approvals necessary to unlock some £33bn of private investment which will have significant impact across the country, with some 60% of the benefits of expansion flowing to areas outside of London and the South East.
 - For the Docklands Light Railway to Thamesmead, ensure policy keeps pace with the extension programme, including the submission of the Transport and Works Act Order by the end of 2026 and granting of the Order by early 2027. This timetable is vital to enabling construction to start in 2028 and is critical to unlocking Thamesmead's housing and growth potential.
- **Provide an ongoing long-term renewals settlement for Transport for London (TfL) to address the historic backlog of investment in infrastructure and provide certainty beyond 2030.** The welcome significant increase in TfL's latest Business Plan to around £860 million per year continues to fall short of the £1.1-£1.2 billion per annum now required to keep pace with renewals.
- **Give Transport for London greater control over the Great Northern Inner rail network,** in line with the direction of travel set out in the 'Re-wiring the State' document to give local leaders more control over commuter rail services, which would lead to increased frequency or services.
- **Provide further devolution of powers to Transport for London,** including gaining additional powers to challenge bad debt such as the ability to stop vehicles linked to persistent evasion.

Ensure London and Londoners have the skills and talent to succeed

London's key competitive advantage is its people. The capital is a melting pot of talent, with the most highly educated population of all UK regions and home to more world-leading universities than any other city.

And yet London has the highest rate of any region in the UK for young people not in education, employment or training (NEET) and significant mis-matches continue to exist for the skills that employers need and those available. Recent regulatory and tax policy choices have added to the challenges for job creation in the capital and elsewhere.

To reinforce these strengths and address the current challenges in the labour market, we urge the Government to introduce targeted measures to get more young people into work, increase support for London's world-leading higher education institutions and international students, and take action to align policies around technical skills. We recommend that the Government:

- **Boost technical and vocational education by publishing a Growth and Skills Levy roadmap, backed by multi-year funding settlements, that aligns apprenticeship policy, skills funding and Industrial Strategy priorities.** The Government should publish a clear roadmap covering the Growth and Skills Levy, overall apprenticeship funding and wider skills reforms, including the lifelong learning entitlement, supported by multi-year funding settlements and informed by employer demand through Skills England and Local Skills Improvement Plans (LSIPs), which BusinessLDN leads in London jointly with the Mayor of London and the Greater London Authority. This would improve confidence amongst employers, providers and learners; reduce policy churn; and help ensure the skills system delivers the workforce needed for economic growth.
- **Confirm long-term funding to support employer-led skills development.** The Government has made a welcome commitment to Local Skills Improvement Plans (LSIPs) continuing through a new co-ownership arrangement between business groups and Strategic Authorities. Funding has been committed through to March 2027, and it is now critical that long-term funding is secured for the full three years (2026-2029) of this phase of the programme to support effective implementation. This is key to ensuring that the employer voice continues to play a leading role in skills development and is a key feature in helping to deliver successful skills devolution.
- **Incentivise employers to deliver a step-change in up-skilling and re-skilling.** Introduce a tax credit mechanism for employers to incentivise a significant step-up in training for their employees, especially as the pace of change and need for continual re-skilling ramps up in an era of AI.
- **Introduce further measures to incentivise the hiring of young people** and build on the Youth Jobs Grant by:

- Reducing the cost and risk of employing young people through a time-limited employers' National Insurance Contributions (NICs) holiday for additional hires aged 18-24 who are out of work.
 - Deliver an enhanced Employment Allowance, by increasing the allowance from £10,500 to £15,000 for employers that recruit unemployed 18-24 year olds.
 - Continue support for young apprentices by retaining the under 25s apprentices employer NIC exemption and the £2k SME apprentice incentive for recruiting apprentices aged 16-24 years old.
- **Deliver a sustainable financial framework to maintain London's world-leading Higher Education capabilities** and ensure the sector can continue to deliver world-leading teaching and research.
 - **Rethink the proposed higher education levy** to avoid our universities being put at a disadvantage to their global counterparts.
 - **Remove international students from net migration figures to avoid it becoming an annual flashpoint** and avoid fuelling perceptions amongst international students that London is becoming a less welcoming place. Research on public attitudes shows that international students are not a priority for immigration restrictions. There are good international examples of this reform, such as Canada treating overseas students as "non-permanent residents", and Australia viewing them as "temporary entrants".

Speed up the ability for businesses to get things done across the capital and the UK

To move the needle on growth and deliver tangible results within this parliament will require the Government to match its ambitious devolution agenda with similar levels of ambition to re-wire the administrative state to speed up the ability for businesses to get things done. There is currently pent-up private capital waiting to be deployed and widespread frustration about the ability to work at pace, even when there is an agreement to proceed.

To address these concerns, the Government should:

- Build on the recently announced additional 'call in' powers granted to Mayors over significant planning applications by:
 - Enabling Mayors to simply take and enforce a decision in the first place, rather than needing to 'call in' a decision if it has been rejected
 - Significantly raising the bar for applying for a judicial review.
- Continue to emphasise a growth duty or objective for all economic regulators.

- Resolve policy inconsistencies that are holding back investment, jobs and growth. These include:
 - For developers, Local Listed Building Consent Orders are intended to remove the need for individual property owners to submit repetitive applications for routine or approved heritage updates, whilst Local Development Orders grant automatic planning permission for specific types of development within a defined local area. However, you need both consents for external works such as windows or solar panels, and as the law stands it's not possible to obtain a Local Development Order for listed buildings meaning residents will still have to submit planning applications for all such works.
 - For telecoms providers, the Government objective is to accelerate digital connectivity and infrastructure deployment and yet planning and redevelopment frameworks can result in telecoms infrastructure being displaced before replacement solutions are secured.
 - For technology and AI adoption, government policy champions the UK being a global leader and yet planning constraints hold back the growth of data centres.
 - For low carbon transport, the Government has consistently encouraged businesses to electrify their fleets as part of the UK's wider net zero strategy. However, the decision to introduce Vehicle Excise Duty (VED) on electric vehicles reduces one of the financial incentives that has historically supported uptake. The result is a mismatch between the Government's regulatory ambition to speed up the transition to zero-emission vehicles and the fiscal measures affecting the business case for adoption.
 - Government policy strongly promotes electrification of buildings, transport and industrial processes as part of the net zero transition. However, many organisations seeking to invest in low-carbon technologies face lengthy grid connection timescales and uncertainty around network capacity. Businesses are therefore encouraged to decarbonise and switch to electrical solutions while simultaneously encountering constraints that prevent projects from proceeding at pace.
 - For suppliers to Government seeking to pay the Real Living Wage, Government consistently champions higher employment conditions and public bodies are increasingly encouraged to consider social value when commissioning services. However, in practice, many public sector procurement exercises continue to place significant emphasis on upfront cost. This creates a tension for labour-intensive sectors where suppliers are encouraged to invest in better pay and conditions but must compete against bids based on minimum wage rates. The result is a mixed

signal from the Government, where one part of the system encourages employers to invest in their workforce, while another continues to incentivise the lowest-cost bid.

Enhance London's international competitiveness

London has an unrivalled breadth and depth of marketplace, from world-class financial, legal and professional services to a diverse talent pool. The capital has a strong presence in all the Government's Industrial Strategy growth sectors. But all those sectors are subject to intense international competition.

To maintain and enhance London's international competitiveness, the Government needs to match its ambition for re-wiring the state on devolution with a similar level of ambition for re-wiring the state on tax and policy competitiveness. A recent report⁶ from the New West End Company highlighted that London emerges as the most consistently competitive city overall and yet the UK capital ranks last among peer cities for policy competitiveness. To address these issues, we recommend that in this Budget the Government should:

- **Establish an Office for Tax Competitiveness**, tasked with constantly reviewing where UK taxation structures could be refined to boost investment, jobs and growth. Its job would be to identify where the UK is hurting itself either by being out of kilter with competitor countries or through badly designed taxes having adverse consequences. It would do this by reviewing other international jurisdictions, publishing research and analysis, and putting forward recommendations to the Chancellor to inform fiscal decisions. Immediate tasks would include reassessing 'non-dom' reforms, the case for VAT-free shopping, the bank levy, stamp duty and supporting the Government's business rates manifesto commitment.
- **Provide an immediate boost to investment certainty** by ruling out any further sector-specific tax rises for the lifetime of this Parliament. This will help avoid a chilling effect on investment in the build-up to future Budgets.
- **Provide the Valuation Office Agency (VOA) with clear direction to ensure a "no-surprises" business rates environment** that is conducive to growth and investment. The changes would include more frequent revaluations and avoiding changes in methodology and rating shocks that have damaged sectors ranging from airports, the cultural industries and serviced office providers in recent years. This should come as a near-term measure before more fundamental reform of business rates in line with the Government's manifesto commitment.
- **Fulfil the Government's manifesto commitment to replace the business rates system.** The Government's manifesto rightly said that the "current business rates system

⁶ Unlocking the London Advantage, New West End Company, June 2026

disincentivises investment, creates uncertainty and places an undue burden on our high streets. In England, Labour will replace the business rates system, so we can raise the same revenue but in a fairer way. This new system will level the playing field between the high street and online giants, better incentivise investment, tackle empty properties and support entrepreneurship.”

- **Revisit the decision to abolish the ‘non-dom’ tax regime** to stop any further flight of high-net worth individuals from London and elsewhere in the UK. This change has been damaging to multiple sectors, from loss of talent in the professional and financial services sectors, to the creative industries, where the reforms have resulted in the loss of high-net-worth donors.
- **Announce a roadmap to scrap stamp duty on share transactions** to improve the attractiveness of the UK as a place to list and invest in a move that would pay for itself over the medium term and which builds on the three-year stamp duty holiday announced in Budget 2025 for newly-listed companies.
- **Ensure that the recently confirmed Overnight Visitor Levy is focused on supporting tourism.** Do this by being clear in the framework granting the devolved power to Mayors that the purpose of the tax is to drive growth, with any revenues raised geared towards boosting tourism and making simplicity the watchword in the system design by ensuring a consistent basis for revenue collection and a single point of collection.
- **Review the business case for restoring VAT-free shopping for international visitors to boost the attractiveness of the UK for international tourists.** A broad ecosystem, including hotels, restaurants, museums and theatres, as well as retailers, would benefit from the restoration of VAT-free shopping for international visitors, as is the case for cities across the EU. As a minimum, we urge the Chancellor to order a further review of the full impact of tax-free shopping based on research that shows the additional foreign visitor spending would offer a considerable boost to the UK tourism and wider economy.