

5 September 2022

The Prime Minister  
10 Downing Street  
London  
SW1A 2AA

Dear Prime Minister,

Congratulations on your appointment.

My name is Richard Burge and I am Chief Executive of the London Chamber of Commerce and Industry (LCCI). LCCI is the capital's largest independent business advocacy organisation for over 3,000 London businesses. We represent the interests of firms of all sizes, from micro businesses and sole traders through to large, multinational corporates, across all 33 London local authority areas.

As you have previously stated, we must ensure we maintain London's competitive edge as a leading global financial centre. London's attractiveness, reputation, capital markets and status have a key part to play in the positioning of Global Britain and the competitive edge of British businesses on the world stage. I am writing to you to draw your attention to the key issues facing London businesses and to set out potential policy solutions for your consideration.

Businesses are under immense pressure and are operating in an exceptionally difficult and deeply uncertain economic environment. The combination of unsustainable operating costs, high energy prices, inflation, and the war in Ukraine has caused business confidence to plummet. Recent research that we undertook found that 1 in 5 London businesses expect their profitability to worsen in the coming months and in turn this will impact their investment plans and employment outlook.

The only way to alleviate the pressure on businesses is through the introduction of tangible support measures that will restore business confidence and enhance productivity in the UK.

On behalf of London's business community, we ask that your Government consider the following options as you set out your forward policy agenda:

- 1. Energy prices** – High energy prices are squeezing businesses from all sides and severely hampering their recovery from the pandemic. As we approach winter, many firms will be questioning their ability to weather future price increases, and for this reason we fully support an energy price cap for businesses. We also endorse the British Chambers of Commerce's stance that the Government should:
  - Give more power to Ofgem to strengthen regulation of the energy market for businesses
  - Introduce a temporary cut in VAT to 5% to reduce energy costs for businesses
  - Announce Covid-style support by introducing Government Emergency Energy Grant for SMEs
  - Temporarily reverse NICs and put money back into the pockets of businesses and workers
  - Immediately review and reform the Shortage Occupation List (SOL) to help bring down wage pressures and fill staffing vacancies
- 2. Taxation and business rates** – As you rightly stated during the Conservative Party leadership election campaign, the cost of doing business crisis has laid bare the shortcomings of our taxation system as it relates to businesses. In its current form, the system is capricious and short-term,

which breeds business uncertainty. It disadvantages smaller businesses, the lifeblood of our economy, which have less scope to offset business rates rises and other costs. We need immediate pro-business measures, such as a reduction in business rates, to enable businesses to cope in the current climate. Moreover, tax should be separated out from premises to recognise the shift in working patterns that has taken place since the pandemic. Reforms such as these reflect the need for a strategic, long-term taxation system that encourages business confidence.

3. **Help for SMEs** – We support your commitment for your Government to be a pro-business administration. Like the rest of the UK, London has a high proportion of small businesses, and yet our economic, trade, and regulatory system is geared to prioritise the needs of the UK's largest corporations. A truly pro-business agenda would develop the mechanisms that would enable smaller businesses to access at least some of the advantages enjoyed by their larger counterparts, which would truly unlock the UK's economic potential. In the long term, we would welcome proposals that provide SMEs with the same access to markets, supply chains, regulatory support, and finance to ensure they are granted a more competitive – and less tilted – playing field.
4. **Skills** – There remain huge skills gaps in our capital which stymie attempts to improve productivity and progress toward a high wage economy. In LCCI's most recent quarterly survey of business leaders and their skills requirements, more than a third of London businesses said the current training schemes do not meet the needs of their companies, while almost a quarter felt the training schemes would be of no benefit to their business. There is a clear disconnect between the skills requirements of businesses and the public sector's efforts to encourage their development. The Government must better engage with businesses and chambers of commerce to bridge the current skills gaps and also ensure Global London has the workforce to continue to be the economic engine room of a truly Global Britain.
5. **International Trade** – LCCI has a UK wide role as the largest issuer of international trade documentation in the country and supporting London businesses to export. Businesses regularly use LCCI as a sounding board for their concerns around international trade, and one of the most prominent of these is the prospect of the UK sleepwalking into a trade war with the European Union. The EU is our largest trading partner and if our trade flows experience disruption then the immediate impact on London businesses – and businesses across the whole of the UK – could be profound. We urge the government to preserve peace and promote macroeconomic stability which is so vital during the current cost of living and cost of doing business crises we are currently experiencing.

We are ready to work with you and your Government to unleash the full economic potential of London which will help drive forward our national economy.

We wish you every success in leading our country during these difficult times.

Yours sincerely,

**Richard Burge**  
Chief Executive