



LONDON CHAMBER OF COMMERCE AND INDUSTRY (LCCI)

# Manifesto for the London Mayoral and London Assembly Elections 2024



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# SUMMARY OF RECOMMENDATIONS:

## Equalities, Diversity and Inclusion

- Reform procurement rules and procedures to that all businesses from all backgrounds have an equal opportunity to win procurement work
- GLA includes the needs of businesses in its measure of qualities and sustainability
- For the Mayor to ensure that ethnic minority owned businesses have access to finance such as from the Mayor's grants and loans programmes
- Sufficient lead in time to help businesses prepare for changes in road user charging schemes
- Electric vehicle charging infrastructure to be rolled out across London for commercial vehicles
- The Mayor to urge the Government to ensure there is a long term funding strategy for Transport for London
- Discounted travel schemes to help students and so help ensure London remains an attractive university city

## Innovative Funding

- The Mayor to work with businesses to develop additional funding streams alongside the GLA core budget
- The Mayor to consider the introduction of policy performance bonds to fund GLA work
- The Mayor to consider the introduction of sukus to fund GLA work

## Crime

- The Mayor's Office for Policing and Crime and the Metropolitan Police to focus on the need for a significant reduction in business crime

## Transport

- If road user charging is to continue in London there needs to be one simple road charging scheme rather than a plethora of road charging schemes
- Road user charging should not penalise commercial vehicles that have to operate during busy times of the day
- Align the London road user charging scheme with a potential future national road charging scheme

## Skills

- Introduction of flexible and agile learning programmes to fit the needs of businesses and learners
- Adult education provision to be integrated into the R&D work which takes place in the capital
- Clearer accountability for the adult education budget in future GLA reporting structures

## Planning

- Affordable housing must be a key priority for the Mayor
- Development of affordable housing for students to help London maintain its status as an attractive university city
- Industrial land, including for logistics, must be protected
- Guidance should be produced on how the agent of change principle will be implemented within the London Plan process

## Championing London as a Global City

- GLA, London and Partners and the Government should have a joined up approach towards the marketing of London

# CONTEXT – LONDON'S COST OF DOING BUSINESS CRISIS

The challenges facing whoever will be the Mayor and members of the London Assembly following the May 2024 election will be immense for Londoners and London's business community.

We are facing a cost of living crisis that has meant for too many Londoners a choice is being made as to when to eat and when to heat their homes. For London businesses, especially micro firms and SMEs, we also have a cost of doing business crisis.

LCCI's Quarterly Economic Survey (QES) has highlighted the intense cost pressures faced by London businesses, and the difficult economic climate they are facing. According to the Q3 2023 QES, domestic demand remains in 'negative' territory (i.e. more businesses say that sales are falling than are rising).

Domestic sales and orders have both been negative since Q2 2022. At the same time, in the latest survey for Q3 2023, one-third (32%) of London businesses said cashflow fell in the previous three months, compared to 23% who said cashflow had risen. After rising quickly as Covid-19 restrictions were pared back, businesses are seeing a sharp slowdown in growth of sales, which is impacting their bottom line.

Alongside this period of weak growth, cost pressures are intensifying for firms. Six in ten (64%) London businesses said their energy costs had increased in Q3 2023, while 53% said fuel costs had increased. Inflation has climbed sharply to the top of businesses' concerns, while 45% of companies think they will raise the prices of their goods and / or services in the coming months.

These pressures are also seen in labour and borrowing costs. More than four in ten (44%) London firms said pressure to increase wages had grown in Q3 2023, while 41% said borrowing costs had grown.

However, despite the national and economic headwinds affecting London, we should add a note of caution to too much negativity about the capital's economic prospects – we contribute

over 20% towards UK GDP and despite the many problems facing our city, we are leading the world in science, financial and professional services, media, manufacturing, hospitality, tourism and much more.

We remain the global centre for business.

So - whilst the challenges are immense we urge the Greater London Authority to be even more ambitious for our city.

This includes ensuring a joined up approach to tackling endemic discrimination and poverty which has bedevilled some communities for too many generations, a new approach to skills provision to take account of the very significant devolved powers that the Mayor has in this field, to ensure there is a greater focus on business crime by MOPAC and to ensure that any move towards road charging does not mean that SMEs will suffer during the cost of doing business crisis.

We strongly support the current Mayor's ambitions for London to be net zero by 2030.

This must mean tackling the skills crisis that has left gaps in green recruitment in the capital and a more innovative approach towards retrofitting our homes, our community buildings and our commercial premises.

Let us use this opportunity to do far more to realise this ambition – for the sake of London now and for future generations of Londoners.



# EQUALITIES, DIVERSITY AND INCLUSION

Despite the warm words of many civil society actors, institutional discrimination remains a fact of life for many communities across the capital.

We have addressed some of these issues in our report, *Ethnic Diversity in Business: Removing barriers impeding business success* (May 2022) - [Ethnic-Diversity-in-Business-Paper\\_1.pdf \(londonchamber.co.uk\)](#)

In October 2022, the London Chamber of Commerce and Industry and the Federation of Small Businesses issued joint proposals to the Greater London Authority as to how procurement practices can be significantly improved to ensure that businesses from all communities have the opportunity of winning contract work. Our members rightly complain that access to procurement work is often linked to the perception of who you know not what you can do. This must end.

In Annex A to this submission are the joint proposals of the London Chamber of Commerce and Industry and the Federation of Small Businesses to improving the procurement practices of the GLA. Not only is this essential for diversity and inclusion objectives but it is also linked to greater value for money for Londoners as greater competition leads to more effective quality services and goods being provided by the GLA itself.

Whilst some of the joint procurement proposals are being considered by GLA officers, **we urge the Mayor to accept all of the proposals from the Federation of Small Businesses and the London Chamber of Commerce and Industry if the Mayor is to achieve his objectives in enhancing the green economy in London and ensuring all communities benefit from economic growth.**

**We remain concerned that the GLA does not factor the needs of business in its measure of equalities and sustainability.** With around 880,000 businesses across London, this is a surprising omission.

**We call on the Mayor to use powers to ensure ethnic minority owned businesses have access to finance such as from the Mayor's grants and loan finance programmes.** With our report showing that ethnic minority owned firms have specific difficulties.

In facilitating access to finance, the role of Mayor in encouraging business growth and the creation of local jobs will be critical towards ensuring the capital's economic success and in ensuring there is genuine equality of opportunity across all boroughs.

# INNOVATIVE FUNDING

Innovative funding will be key to realising the ambitions we have for our city. The Greater London Authority Act 1999, which established the Mayor and the London Assembly, goes into great detail as to the powers of the Mayor to instigate Public-Private Partnerships (PPPs) but this is barely referred to in this draft budget.

The current Mayor has also, rightly, announced the ambition to launch a Green Bond to help finance projects so that London is net zero by 2030.

**We would urge the Mayor to consider how innovative funding in partnership with the private sector can provide additionality to the core budget.**

Innovative funding should not be considered as replacing core funding. We strongly back Transport for London (TfL), for instance, that the funding settlement for TfL was limited and for too short a period of time. No other major city's transport network is funded in such an inadequate manner. TfL is right to call for change in the funding of TfL.

That does not mean, however, that some idea of additional income streams via partnership working with business cannot be considered. As well as PPPs and bond financing, other forms of private sector finance which can provide additionality to the GLA budget includes Policy performance bonds.

A policy performance bond can be defined as a fixed income instrument which represents a loan made by an investor to a borrower, where the interest rate is tied to a policy outcome. Policy performance bonds are different from green or ESG bonds. Unlike green bonds, how funds are applied matters relatively little. What is important is achieving targeted outcomes.

This specific bond model is therefore distinct from the conventional bond model that the GLA has rightly been considering. Policy performance bonds can be used in a range of scenarios such as reducing carbon emissions. In 2017, Danone and Louis Vuitton started issuing policy performance bonds followed by Italian energy company ENEL.

In January 2021 the first policy performance bond appeared in the UK – a £500 million revolving credit facility issued by renewables infrastructure group TRIG, where the interest charged is linked to the Company's ESG performance. TRIG incurs a premium or reduction to its margin and commitment fee based on performance against defined sustainability targets including an increase in the number of homes powered by clean energy from TRIG's portfolio. Therefore this model addresses many of the concerns that the GLA rightly has as to whether green bonds are viable in the current circumstances.

The other bond structure that the GLA could consider is the sukuk model. Sukuks is a bond structure which has developed within Islamic finance. It is a model that is now used in the United Kingdom. London is a leading global centre for issuing sukuks.

By investing in a sukuk, the investor is directly investing in the asset from the organisation issuing the sukuk. This entitles the sukuk holder to appreciation (or depreciation) of the underlying assets. The advantage of sukuks is that it encourages medium to long term investment. By having a multiple of investors in one sukuk this enables greater investment collaboration to occur within a secure bond like framework rather than incurring the complexity and costs of using a multiple of contracts to meet the same objective.

Under Labour, Conservative/Liberal Democrat coalition and Conservative Governments, sukuk and bond issuances have been part of HM Treasury's strategy to ensure there are significant infrastructure investments. The sukuk model, as well being used by the Treasury, has contributed to the construction costs of the Shard and the development of Dubai airport, amongst other examples.

Consequently, we believe that **the Mayor should consider how additionality can be factored into the GLA budget planning processes.**





# MAYOR'S OFFICE FOR POLICING AND CRIME

We support the Mayor in calling on the Home Office to fully fund the Metropolitan Police.

Our concern is that the funding allocations must meet the needs of London's businesses. The capital contributes over 20% towards UK GDP and this is due to the entrepreneurialism of London's business community. From manufacturing to financial services and from hospitality and the arts to science and professional services, the range and quality of London's nearly 900,000 businesses is second to none.

Therefore, the rise in business crime across London, which comes on top of the costs facing businesses such as energy prices and the impact of the pandemic, is having a direct negative impact on London's economic growth which, in turn, has a knock-on impact on the national economy as a direct consequence.

The Metropolitan Police has recorded a month on month rise in business crime from February 2020 with boroughs such as Westminster, Camden, Southwark, Newham, Lambeth and Islington, amongst others, being badly affected by business crime such as theft and handling and violence against the person.

We recognise and support the national role of the Metropolitan Police in terms of addressing terrorism. This is a recognition not just of the expertise of officers in this force but also of the role of London in the national life of the country, particularly in respect of the economy.

Therefore, we are very concerned that despite business crime rising, this is not cited as major issue to be addressed.

London is recovering from the pandemic and is resilient in the face of cost pressures caused by Putin's aggression in Ukraine. For some businesses, the impact of business crime can be a step too far when examining day to day issues such as insurance premiums and monitoring P&L accounts.

Therefore, whilst a strategic approach for policing is needed, we need action for the coming financial year so that London businesses do not fall victim to an emerging new cost pressure – business crime.

# USING LONDON'S ROADS

The decision by the Mayor in December 2022, to widen ULEZ to all of London to improve air quality was an important step for the capital.

After the decision of the south London coroner in 2020 that the death of 9 year old Ella Adoo Kissi-Debrah was due to air pollution, who lived within 30 metres of the South Circular Road, further evidence has been presented by the current Mayor as to the impact of poor air quality upon death rates in London.

Now that ULEZ has been widened, we note there is a debate now on road charging.

Looking at the current road user charging systems in place in London, it is clear that there is need for reform. With three different schemes currently in operation, all with different aims, there is an opportunity to combine them and develop a single scheme that address multiple policy objectives. The aims of a new road user charging scheme in London should focus on improving air quality for Londoners, reducing congestion, and tackling the climate emergency. These aims align the Mayor's, and the Government's, ambitions for reaching net zero both in London (by 2030) and the UK (by 2050).

A future scheme in London that considers different factors could build on the objectives of the current ULEZ and Congestion Charge schemes. The factors that could influence the charge in a 'smart' road user charging scheme include the time of day and subsequent impact on congestion, the distance drive, and the impact on air quality (or how polluting the vehicle is). Accounting for the provision of more sustainable modes of transport is important too, as the provision of public transport in particular varies greatly across the capital. However, when considering factors such as time of day or distance driven, there must be consideration given to the many businesses for whom the use of a vehicle is essential, and alternative modes of transport – though more sustainable – may not be suitable. London businesses operate across borough boundaries, and will cover more distance than

'leisure' or commuter vehicle traffic. Therefore, if the distance of a journey is included in the charge under a future road user charging scheme, there should be exemptions for the types of journeys conducted.

Similarly, businesses in sectors such as freight often have no options but to travel at times that suit customers. For example, deliveries of consumer goods happen during the day, which is when traffic is at its busiest, and firms would not be able to switch their deliveries to off-peak hours as this would be disruptive to customers. Again, therefore, if there is an inclusion of the time of day as a factor in a future road user charging scheme, businesses that cannot avoid driving at peak times should be given discounts or exemptions.

There have been discussions about how Treasury will make up for lost revenues from fuel as the transition to electric vehicles continues, with the possibility of road user charging on the national road network touted as an option. It is therefore important that benefits of moving to a single road user charging scheme in London are not lost through misalignment with any future national scheme(s).

For businesses, a lack of complexity is key. There are many businesses based in London who travel out, and vice versa, and therefore the potential for different schemes presents challenges.

When considering a future scheme in London, Transport for London and the Mayor must ensure it engages with Treasury and the Department for Transport on its own plans for road user charging, and perhaps even use the opportunity to help shape the design of a national road user charging scheme. London has been a world leader in the use of road charging schemes in the past, and there may well be an opportunity for the capital to act as a trial area for a smart road user charging scheme. London's public transport system could also support its case for trialling a 'smart' scheme, as it can support that modal shift from private vehicles. It is important to note that schemes such as the Ultra-Low Emissions Zone are designed to create modal

shift, which in the long-run will see lower revenues generated. Modal shift to low or zero-emission vehicles presents a financial challenge, as the current system of Vehicle Excise Duty (VED) contributes a significant amount in central government revenue.

The Treasury's decision to introduce VED for zero-emission vehicles from 2025 will help to mitigate this loss in revenue, but if the long-term aims are to shift the UK public from using vehicles to other means of transport, VED revenue will fall in the long-term. With that in mind, road user charging schemes may be necessary to provide that continued revenue stream for the public sector. It is worth noting that businesses face significant cost pressures, and for many the use of a vehicle is a necessity to operating. The Mayor, and central government, should be cognisant of the sizeable costs from VED and road user charging for businesses.

If the Mayor of London and Transport for London do decide to design a new road user charging scheme, there must be consideration given to the amount of time before implementation. For many firms, there are planned investment cycles that are not easily shifted, and will need as much lead-in time as possible to prepare for any new schemes. The current experience of the proposed ULEZ expansion in August 2023 suggests that businesses are not as prepared as they could otherwise have been if a longer lead-in time was utilised by the Mayor.

## EV charging points

Whilst the Mayor has been very successful in rolling out electric vehicle (EV) charging points across London, there remains a lack of detail as to the plans and costs for rolling out EV charging points for commercial vehicles such as HGVs.

If the Mayor's net zero target by 2030 is to be achieved this level of detail for TfL should be clearly stated in the budget. **Without the EV charging infrastructure for commercial vehicles – which are key to supporting and sustaining business growth in our city, it is hard to see how net zero can be attained by 2030.**

## Securing a long-term capital funding settlement for Transport for London

London Chamber of Commerce and Industry strongly urges the next Mayor to work with central government and secure a long-term capital funding settlement for Transport for London (TfL).

Whilst this decision ultimately lies with central government, LCCI believes that the next Mayor must continue to make the case for a capital funding agreement with TfL that supports investment into critical transport infrastructure in the capital.

The next Mayor of London should advocate in every sense possible for a deal that enables TfL to undertake vital maintenance work on the network, whilst also enabling more ambitious projects such as the Bakerloo Line Extension.

London's status as a global city relies on its world-class transport network, which in the absence of a long-term funding settlement risks falling into decline. Whichever candidate is elected must ensure that TfL has a long-term, structured funding deal.

Special consideration should be given to London being a university city. The role of higher education is critical to London's success. That is why we support London Higher's call that:

*With many of London's students commuting across the city to study ... the incoming Mayor explores ways to expand discounted travel to all widening participation students, building on the recently announced discounts for care-experienced students on London's trams and buses, to ensure that the cost of transport across the city does not have to be a barrier to students' success.*

# ADULT EDUCATION BUDGET

For Londoners wanting to enhance their life chances and for businesses who want the skills crisis tackled, the adult education budget is one of the GLA's key drivers for change.

Flexible and agile learning is critical if we are to witness a step change in improving skills levels across our city. The period of training provision which was rooted in set times and locations does not meet the needs of learners or businesses in the 2020s.

There has been a range of models that has been developed to ensure flexible and agile learning via modular training programmes are effective and are accredited. Alongside this requirement, we believe that adult training provision needs to be more integrated into the R&D work which takes place in the capital.

In particular, consideration should be given as to how we can link more effectively the training of people for a range of technical skills to the Government's Innovate UK agency. Innovate UK support business-led innovation in all sectors and technologies in London by helping businesses grow through the development and commercialisation of new products, processes and services.

During the evidence sessions to the London Assembly on 7/8 September 2022, the Deputy Mayor for Planning, Regeneration and Skills rightly stated that adult education funding had to be evidence based when answering question relating to green skills.

We believe this evidence base would be enhanced if the clear R&D needs of businesses can be more directly linked to the technical training provision that Londoners and London businesses need. Innovate UK's London operations can provide that link with the R&D requirements of the capital's businesses linked to the further provision of technical skills training which are required to meet these R&D requirements. This level of co-operation would help enhance productivity rates in London.

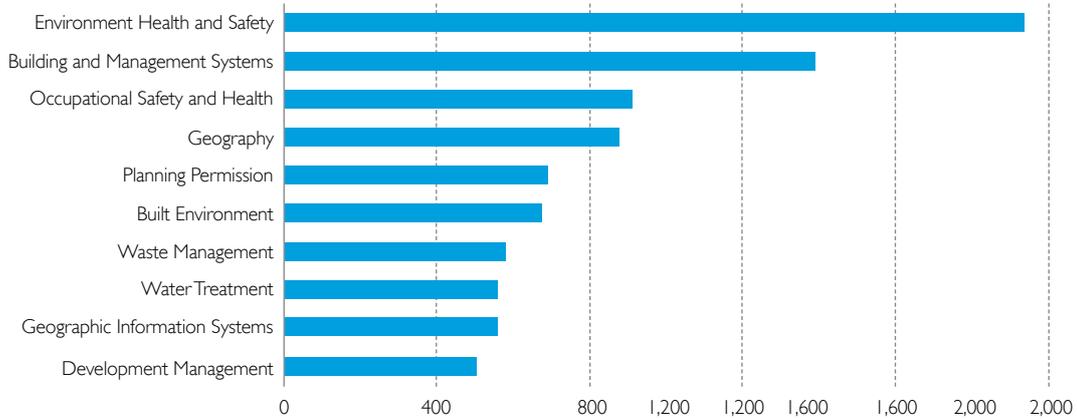
We need to end the silo working patterns in the public sector and link more effectively R&D and training provision. These two issues are interlinked if we want to ensure the creation of high quality skilled green jobs across London.

The need for green skills gaps to be addressed is clear:



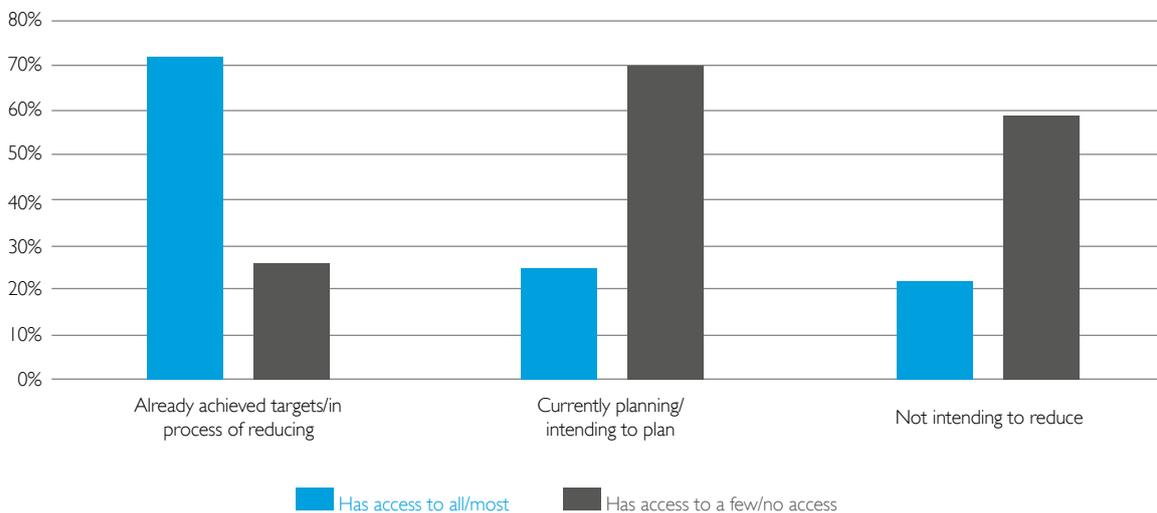
Lightcast data, analysed by GLA Economics, showed that in the 12 months to December 2022, there were a number of job postings with demand for green skills:

**Top 10 in-demand green skills for all jobs over the last 12 months**  
 Lightcast online job postings, 12 months to early December 2022



According to the London Chamber of Commerce and Industry's Quarterly Economic Survey for Q1 2022, Businesses who said they were currently planning, intending to plan, or were not intending to reduce their emissions were far more likely to say they had little to no access to the skills they need to decarbonise:

### Access to the skills needed to reduce carbon emissions



Therefore **there is a need for the adult education budget to be far more delineated in the Mayor's budget for accountability to Londoners, for improving Londoners' life chances, for tackling London's skills crisis and for ensuring the Mayor's target of London reaching its net zero target by 2030 is achieved.** The proposals in the Local Skills Improvement Plan are steps in the right direction.

# PLANNING

## Affordable housing

In the context of a tight labour market, LCCI's members recognise that affordable housing is key to supporting Londoners to work in the capital. In our latest London Business 1000 survey for 2023, 50% of companies said the cost of housing had a negative impact on their ability to recruit and retain workers.<sup>1</sup>

More than half (58%) of London businesses said that making London a more affordable place to live should be one of the next Mayor's top three priorities.<sup>2</sup> Two fifths (40%) of firms felt that increasing the number of affordable homes to buy in London should be a priority for the Mayor.

Therefore it is clear that the next Mayor must make affordable housing a key priority and increase the level of building, working with businesses to identify sites that are suitable for co-location whilst also being reticent of the needs of firms for industrial land.

We also support the call from London Higher that the special needs of London as a university city should lead to the planning regime enabling affordable student accommodation to be provided. We therefore support London Higher's recommendation that there should be:

*...more affordable student accommodation and travel by including accommodation in the strategic planning for London, alongside plans to build more homes. Increasing supply of both student accommodation and housing will help to rebalance the housing market in London and ensure London remains an attractive place for students to study, work and live.*

## Protecting industrial land for businesses

LCCI recognises that London faces a housing shortage, and supports the Mayor in their efforts to increase the number of homes in the capital.

However, this should not be lead to increased pressure on businesses to give up their premises or make significant changes to their operations in order to accommodate new developments.

The next Mayor must ensure that industrial land for businesses, particularly those in key sectors such as freight and logistics, is protected.

As part of this process, LCCI is pleased to see that the Agent of Change principle remains in the London Plan, and the next Mayor should ensure the upcoming revision to this document does not remove the Agent of Change principle. However,

LCCI would like to see further guidance on how the principle is applied, and can be used by businesses to ensure that undue restrictions on their operations are not placed following co-location with new residential developments.

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<sup>1</sup> London Business 1000 2023, London Chamber of Commerce and Industry and London Councils

<sup>2</sup> Savanta surveyed 519 London businesses between 1 August and 1 September 2023

# CHAMPIONING LONDON AS A GLOBAL CITY

## Tourism

London is the central hub for bringing tourism into the UK. These benefits are redistributed through the central government's tax revenue and spending, but also through "London+" tourism – where visitors begin in London and travel to other destinations in the UK.

- In 2019, before the COVID-19 pandemic, London was visited by nearly 22 million tourists – around 63% of the total number who visited England and over 53% of those who visited the UK. They spent nearly £16 billion in the capital, accounting for 63% of all tourism spending in England and 55 per cent of tourism spending in the UK.
- This supported one in seven of all jobs in London – 700,000 people – and nearly 12 per cent of the city's economic output.
- 71% of first-time holiday visitors to the UK come to the city.
- The soft power generated by millions of tourists a year visiting London, admiring its institutions, and returning to their home countries is immensely valuable.

## Foreign Direct Investment

FDI into London also benefits the rest of the country directly through the concept of "London+ investment". Often businesses will invest or set up an office in London as a jumping off point to accessing the rest of the UK market. London's status as a global city attracts investment due to its excellent transport links, strong rule of law and diverse nature amongst other strengths. These attributes are shared throughout the UK and London introduces this to many investors.

- 12.1% of FDI projects in the UK stemmed from an investment in London, creating £7.6 billion in GVA and 38,000 jobs between 2003 and 2015. This accounts for more than 10 per cent of all FDI-supported jobs in the United Kingdom;

- Scotland benefited from the highest number of jobs created by "London+" firms.
- London+ investors, on average, made three more investments after their first investment into London.

If the city is made less competitive internationally, there is little reason to assume that international investment will switch to other parts of the UK. This means there is the potential that the UK will receive less investment from abroad overall, harming the economy in London and across the country.

London is brilliantly placed to lead the UK's economic recovery: a successful London is good for the whole of the UK. But to do that, it needs to have in place the pro-growth policies that will help it prosper. As well as building a positive trading environment, policies should also recognise that London is competing on a global scale to bring in visitors.

## Exhibitions

The ability to host major exhibitions is a key driver of the London economy with the global exhibitions market amounting to £1 trillion. In 2015, London was the 5th most attractive city for exhibitions. In 2022, London slipped to 15th place. Vienna currently holds the number one spot for exhibitions. This is a significant fall which must be addressed through proactive initiatives to support this industry.

Every year in London, there are major events across all disciplines such as the European Society of Cardiology exhibition which will be held in Excel in 2024. The international event offering attracts business visitors to London which is important as they spend three times as much as tourists. This is a strength as it is key London attracts a range of visitors ensuring the city is not dependent on one form of visitor.

The year 2022 witnessed a remarkable “bounce back” of exhibitions, with companies from most markets returning to revenues close to their 2019 levels. Globally, the revenues for 2022 and 2023 represent 78% and 97% of the 2019 levels respectively, indicating a progressive full recovery. This recovery now appears faster than expected six months ago, when companies were expecting to reach 91% of the 2019 levels.

The UK exhibitions industry in particular is bouncing back from Covid-19 and recovering better than many other geographies – the latest research from the global association for the exhibitions industry, UFI, has shown. The research show that UK exhibitions are performing well but highlight different concerns for organisers here to the rest of the world. The biggest pressure for the UK industry for the coming year was the impact of digitalisation and sustainability/climate, whereas worldwide results prioritised issues within management structures and digitalisation.

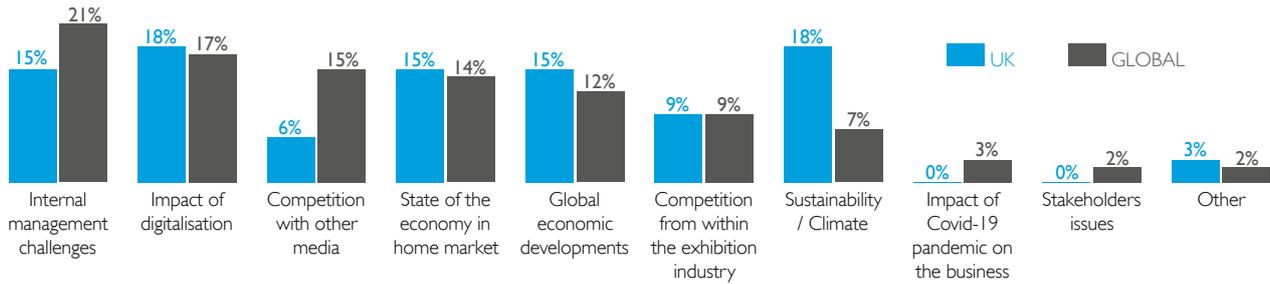
The UFI Global Barometer is a bi-annual report analysing market trends and pressures from the global association for the exhibitions industry. The 31st edition of the survey, concluded in July 2023, and provides insights from 367 companies, across 56 countries and regions. It was conducted in collaboration with 21 UFI member associations. The report reveals global findings as well as a country-specific breakdown of results.

UK specific results showed:

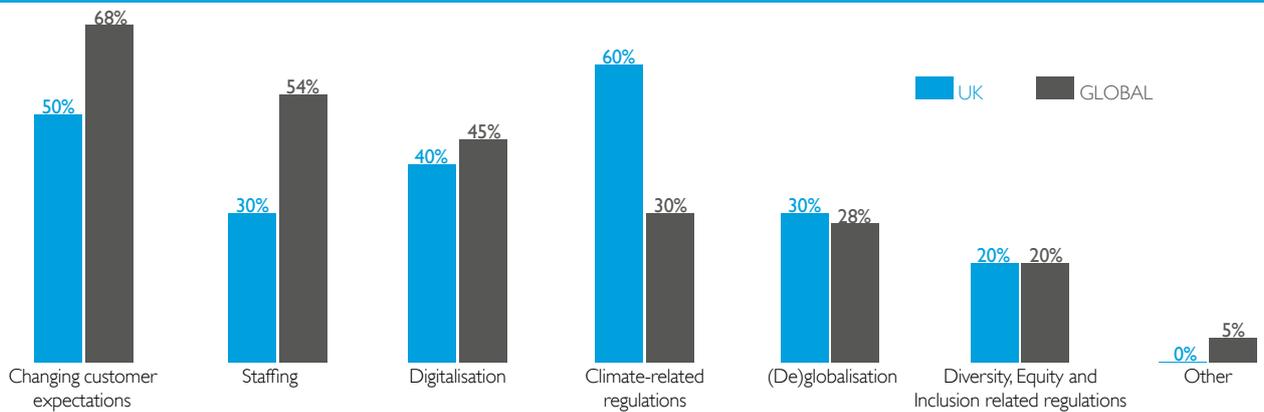
- Operating profits in 2023 are better than 2019 for more than half of UK organisers (compared to 31% globally)
- 90% of companies expect normal levels of operations from June 2023 (only Brazil, Turkey and the US expected better and compared to 80% globally)
- The bounce back from Covid-19 is as good as over with 75% of UK companies exceeding 2019 revenues. The results showed 50% of UK organisers were making profits 10% or more higher than 2019. A further 29% said their profits were stable (-10% to +10%).
- Post-pandemic operations were continuing to improve globally: the proportion of companies declaring a “normal activity” gradually increased between January and December 2022 from 30% to 72% and was expected to reach 80% by June 2023.
- The UK ranked amongst the highest performing countries for expected returns to “normal activity” for the first half of 2023. In Brazil, organisers expect to run 98% of events, Turkey and the US 95%, the UK 90%, Italy and Thailand 88%, and Spain and UAE (85%).



## Most important business issues in the exhibition industry right now



The key issue for UK organisers is the impact of digitalisation and sustainability/climate (both 18%), followed by internal management challenges, state of economy in home market and global economic developments (15%). The greatest disparity between the issues in the exhibition industry in the UK and globally were in sustainability/climate and global economic developments. These issues are affecting the UK industry more and it could be attributed to current discourse around the pressures of Net Zero and the uncertainty in the regulatory environment post-Brexit. Internal management challenges and competition with other media are the less significant challenges the UK industry is facing. Our strong financial and professional services sector and the historical strength of the exhibition sector can be pointed to as explanations for the reduced challenges faced.



The above graphic also demonstrates the current uncertainty about the future of climate regulation in the UK and how it could affect the industry. It is important that a clear path forward is outlined so businesses, especially in the exhibition sector, can begin to plan how to adapt their business models. However, it is reassuring that issues such as staffing and changing customer expectations are affecting the UK industry less than other countries surveyed.

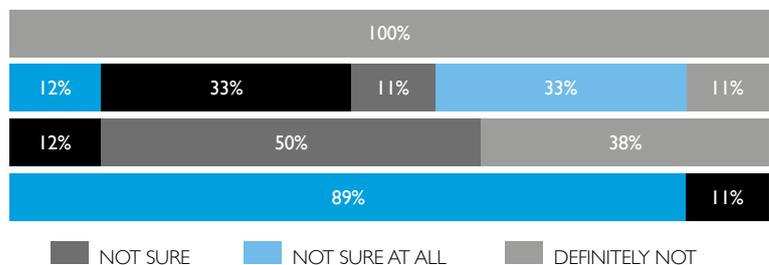
## Format of exhibitions in the coming years

"Virtual" events replacing "physical" events

A push towards "hybrid" events, more digital elements at events

Less international "physical" exhibitions, and overall less participants

Covid-19 confirms the value of face to face events - sector bounces back quickly



This graphic illustrates the uncertainty within the industry of the future of international physical events in the UK. With only 38% of respondents indicating they have a positive outlook on international physical events with greater participants demonstrating the uncertainty within the sector. Less physical events with international visitors will have a significant effect on the UK exhibitions industry. The other statistics indicate a positive outlook within the sector however proactive initiatives must be undertaken to protect and support the exhibition industry in the UK thriving.

## Arts

London's cultural offer is unparalleled, and its success is intertwined with the overall success of the city. Museums, galleries, and live performances attract international tourists, with many citing them as their main reason for visiting. The same holds for visitors from within the UK as London recorded 12 million overnight visitor trips last year. London does not depend on one area and there are several cultural hubs with different offerings from the West End to Shoreditch to the City to Brixton to name a few. London also excels across various arts from theatre to film to art to fashion. There is something for everyone in London matching the diversity of people who call it their home.

Every night, nearly 14,000 people go to a gig in a grassroots music venue in London. They bring £92 million to the economy every year and £44 million of that is spent developing and showcasing new musical talent. By taking a risk on new artists, these venues play a vital part in an industry that is now worth £4.1 billion to the UK. They develop and showcase new and emerging talent by spending £500,000 demonstrating their commitment to supporting Londoners and their city.

One of the United Kingdom's most famous exports is its TV and film productions which are famous the world over. Lots of these productions heavily involve London contributing significant financial and cultural capital to the city. The screen industry in the London Metropolitan area contributes £18 billion annually to the economy and employs a significant workforce. It continues to go from strength to strength with the recent 30% growth in London's film industry driven by movie and TV productions.

Theatres across London have produced some of the finest productions and it continues to cover a range of themes - from Shakespeare to the trials and tribulations of England's football team. It covers all topics at a variety of price points making it accessible to both residents and tourists inspiring the next generation. 32,000 people enjoy the collaboration of musicians, prop makers, costume designers, actors and lighting designers every night in the West End alone. Take a stroll through London's neighbourhoods and it is clear that it is one of the world's top four fashion capitals. Twice every year, London Fashion Week generates £100 million in sales. It inspires the next generation as they get to rub shoulders with leaders in the industry. In addition, it provides a

platform for designers from throughout the UK to showcase their work on the biggest stage with an international audience.

It is clear - London has abundant strength in the arts. The arts as a whole are one of the key drivers of the London economy – ensuring London is a global city.

- £10 million generated every hour by the Creative Industries
- 1 in 6 jobs in London are in the creative economy
- £52 billion contributed by Culture and creativity to London's economy per year
- No. 1 Googled city in the world
- £7.3 billion generated from cultural tourism to London
- The London arts scene generates £47 billion for the national economy. This will only grow as the demand for the arts will grow as it is estimated that by 2030, there will be ten million people living in London.

However, such statistics and status cannot be maintained without proactive initiatives to protect this position. Considerable effort should be made to identify any issues arising which could lead to London's status as a leading centre for the arts being challenged.

## Sustaining London's role as the Global City

Other cities, such as Vienna, ensure there is a holistic approach to exhibitions with a travel and tourist package for visitors to exhibitions in their city. We do not do this in London. There is a role for a **more joined up approach to marketing London and putting together tailor made packages for exhibitors and exhibition visitors. We urge the Government and London and Partners to work together so that we close down the competitive advantage that rival exhibition cities have built up so that the choice for exhibitors is clear – it has to be London.**

For London to maintain its number one global city status, we do not need to reinvent the wheel – London is a success story and is the engine of the UK economy.

However, we can no longer afford to be complacent. **We need a joined up approach to marketing London between London and Partners and the Government if the capital is to continue to thrive.**



# ANNEX A

## FEDERATION OF SMALL BUSINESSES AND LCCI JOINT SUBMISSION TO THE GLA: PROCUREMENT PRACTICES

*September 2022*

Effective public procurement systems can help the Greater London Authority gain better value for money, reduce pressure on budgets and leave the GLA better prepared to invite private investment to deliver for a range of projects.

Public funds are scarce and the public sector must invest with intention. Improving public procurement systems contributes to a vibrant private sector; helps the GLA gain the most out of its investments and supports growth.

With an active private sector, the GLA is better equipped to crowd in private investors in sectors such as infrastructure, transport or energy.

However, there are gaps and inconsistencies in public procurement markets. The systems in place do not always fall in line with best practices. When this happens, firms can miss important opportunities.

We are also concerned that not only are micro firms and SMEs missing out on procurement opportunities, which is harming the GLA to achieve true value for money but recent research by the Federation of Small Businesses (FSB) and the London Chamber of Commerce and Industry (LCCI) has found that minority ethnic owned businesses are particularly disadvantaged by general public sector procurement processes.

In addition, both the FSB and LCCI strongly endorse social value principles within public procurement practices. The FSB and LCCI believe that the GLA should go beyond the Public Services (Social Value) Act 2012 in addressing economic inequality, the climate emergency and societal wellbeing.

Social value has the potential to be transformational in bringing opportunity across London and to the many small businesses that are the lifeblood of our local communities.

Consequently, the Federation of Small Businesses and the London Chamber of Commerce and Industry therefore make the following recommendations for the GLA's consideration:

- Effective careers advice and proactive measures are needed to ensure that people from ethnic minority backgrounds are aware of skills training schemes and maximise them to train and re-skill in sectors relevant to procurement.
- Procurement should be seen as a means of bringing about real cultural and procedural changes in practice, instead of minimal compliance with contract terms in order to secure contracts.
- Supplier diversity (in terms of ethnicity) and targeted transparent recruitment and retention efforts aimed at increasing the diversity of the workforce should be pursued as part of Corporate Social Responsibility, with evidence-based results.
- The use of social clauses and S106 agreements, particularly in regeneration projects, should be adopted with emphasis on non-monetary benefits such as targeted support, guidance or recruitment opportunities for ethnic minority led businesses or employees from their communities.
- Examples of good practice need to be promoted and widely adopted within the GLA.
- There should be better information gathering on ethnic make-up and the information should be sensitively collected to reflect the diverse make-up of minority ethnic groups. The number

of ethnic minority-led businesses who are on-boarded onto contracts should be critically evidenced, measured, and verified across the supply chain(s).

- The GLA should be tasked with widening ethnic representation, should engage more with ethnically diverse networks and other trusted intermediaries within ethnic communities.
- A dedicated GLA taskforce should be convened to establish effective measures to boost the inclusion of ethnic minority-led businesses in public procurement. It should particularly seek to address:

- Moving beyond a best endeavour approach and identifying more effective and appropriate ways for boosting supplier diversity, such as introducing minimum target percentages.

- Boosting the inclusion of micro-businesses in the supply chain to address the barriers business owners.

- Make the procurement process easier and champion best practice in procurement by meeting a target of 33 per cent of all contracts to go to micro and small businesses by 2025 through greater disaggregation of contracts.

- The requirement for a small business to have half a decade's audited accounts before being able to bid for GLA procurement does not provide value for money for the GLA as it shuts out many competitive firms who could do so much to support GLA services. We propose at least two years audited accounts is a sufficient period of time to assess the viability of a local business bidding for work.
- Enable contractors to score highly on points related to diversity including having or proving efforts at having diversity within their supply chain as part of evidence of an advantageous rather than economically advantageous tender
- Ensure that small value contracts worth £10,000+ are advertised, as this acts as an entry point for many 'first time' SMEs into public procurement.
- Ensure there are proportionate insurance requirements relative to the size of award, so as not to place unnecessary barriers in the way of small businesses.
- Make it easier for small organisations to come together to bid in consortia or in partnership, through the provision of information and practical advice

- Adopt a "tell us once" system, where potential suppliers can bid for different contracts by passporting the same regularly used information across bids i.e accreditations.
- Simplify the procurement process - review language and requirements on procurement forms and remove jargon and references that might be difficult for people who do not have extensive expertise or networks to understand
- The GLA should establish a prestigious awards system to highlight ethnic minority businesses.
- Entities that "win contracts" without following due guidelines and process should be penalised.
- The GLA should also put in measures to build the capacity of ethnic minority-owned businesses and work with business organisations to understand the hurdles that they face in the procurement process and address these challenges.
- Modern-day technology solutions should be adopted to equip the deployment of the necessary measurement instruments to deliver real time analytics and datasets as well as better and more informed decision making.
- The Greater London Authority's Architecture Design and Urbanism Panel places a diversity and inclusion requirement on the design teams of all authorities utilising the panel, by which 'equality and diversity' principles within their practice and projects will account for at least 5% of evaluation scores at the 'Invitation to Tender' stage.<sup>6</sup> This is a welcome approach that should be progressed across other areas of public procurement in London and adopted and built on by other local and GLA bodies.
- Clear steps to boost supplier diversity (in terms of ethnicity) should be included within London Councils' pledges to business, and London's local authorities should be encouraged to set procurement targets to support ethnic minority led businesses.
- The GLA should also look to provide support for smaller businesses to help them navigate and understand application processes and requirements. This support could be provided through training and workshops, for example.

## Dynamic Purchasing System

The Federation of Small Businesses and the London Chamber of Commerce and Industry strongly believe the GLA should shift towards a framework approach towards the dynamic purchasing system (DPS). DPS has proven to be more effective and has saved time and money for central Government since its introduction.

DPS is a procedure available for contracts for works, services and goods commonly available on the market. As a procurement tool, it has some aspects that are similar to an electronic framework agreement, but where new suppliers can join at any time. However, it has its own specific set of requirements. It is run as a completely electronic process.

DPS is a two-stage process. First, in the initial setup stage, all suppliers who meet the selection criteria and are not excluded must be admitted to the DPS. The GLA would not impose any limit on the number of suppliers that may join a DPS.

Unlike framework agreements, suppliers can also apply to join the DPS at any point during its lifetime. Individual contracts are awarded during the second stage.

In this stage, the GLA would invite all suppliers on the DPS (or the relevant category within the DPS) to bid for the specific contract.

DPS can streamline procurement for both suppliers and authorities; suppliers do not have to demonstrate suitability and capability every time they wish to compete for a public sector contract, and the award of individual tenders can be quicker than under some other procedures.

DPS is more flexible in some respects than frameworks, particularly as suppliers may join it at any time during its period of validity, meaning that suppliers are not locked out for the duration as they are with traditional frameworks.

## Monitoring Framework

Alongside this direction of travel for procurement practices, the Federation of Small Businesses and the London Chamber of Commerce and Industry also believe that active consideration is required for the monitoring framework to ensure that the Greater London Authority receives value for money from contractors whilst, at the same time, ensuring sustainable economic and equalities objectives are met.

Consequently, we propose the GLA should implement the following recommendations to achieve a positive step change in procurement procedures:

- The GLA to set a once or twice yearly targeted event on procurement for GLA procurement officers and businesses interested in bidding for contracts;
- To support best practice, the GLA would ask small business, that are part of the supply chain, to share their experiences and successes.
- The GLA provides the equalities data, which it collects, on the diversity of its supply chains
- Pay invoices within 30 days or sooner; and ensure that these terms are passed down the supply chain.
- Ensure that no businesses will have to pay, or invoice discount, in return for prompt payment.
- Provide timely and useful feedback to unsuccessful applicants – this could include three areas to improve.
- Regularly monitor spend with SMEs and payment performance, to set targets for growth and ensure that these targets and requirements are being met in the future.

# ANNEX B

## LCCI SUBMISSION TO THE GLA'S LONDON WELLBEING AND SUSTAINABILITY MEASURE CONSULTATION

25 August 2022

Dear Sir/Madam,

### CONSULTATION – DRAFT RECOMMENDATION FOR A LONDON WELLBEING AND SUSTAINABILITY MEASURE

On behalf of the London Chamber of Commerce and Industry (LCCI), may we propose some revisions to the draft London Wellbeing and Sustainability measure. LCCI is the capital's largest independent business advocacy organisation. 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 – genuinely reflecting the broad spectrum of London business opinion.

As the voice of London business, we seek to promote and enhance the interests of the capital's business community through representations to central government, the Mayor and London Assembly, Parliament and media, as well as international audiences. Through business surveys and commissioned research, LCCI seeks to inform and shape debate on key business issues.

It is in that context that we propose revisions to the draft measure. We support the commitment of the Mayor to develop systems of measurement to assess how our city is developing for the benefit of each and every person across London. We agree with the Mayor that without sufficient analysis and the recording of appropriate data, we would not have a robust evidence base to make the key decisions that are needed for London as a global city to strengthen public services and the strategic position of the capital. Therefore, we would propose significant changes to this draft document which reflects the needs of business. Currently, the draft document

refers to individuals being financially secure and the availability of good employment opportunities. Whilst these economic indicators are critical, these are not enough for a city that is built upon entrepreneurship and business growth.

It is the ability to start and grow your own business which makes London so attractive to millions of people living and working in our city. It is why the Mayor has made a series of commitments in terms of business support. Entrepreneurs act as agents of innovative change. Entrepreneurs not only contribute to the financial development of firms but they also contribute heavily in the economy and social fabric of London as well.

The contribution of entrepreneurs to wider society is clear. With the use of Environmental, Social and Governance (ESG) targets, business is now playing an active role in civil society. Businesses realise that by addressing the complex social problems at the root of market failures is often the only way to achieve their ambitious shared value strategies. In such situations, the ability to understand and catalyse collective impact is essential.

The ability to start, grow and develop businesses is a significant omission from this draft measure. It gives many people huge satisfaction to be their own boss and it is SMEs who are the drivers of social and economic change in our city. London is a city of entrepreneurs and, as such, the measure should be amended to reflect this.

The London Chamber of Commerce and Industry would be happy to work with the GLA to refine the measure to reflect the needs of business.

Thank you for your consideration of this submission



Hampstead  
Heath

Regents  
Park

Hyde  
Park

Kensington  
Gardens

Buckingham  
Palace

City of  
London



London Stadium

Airport

The O2

River Thames

Greenwich Park

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