

20 February 2024

The Rt Hon Jeremy Hunt MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Chancellor,

I am writing to you ahead of the Spring Budget on behalf of London's business community, to set out what we believe are the key policies required to drive growth and UK prosperity.

The London Chamber of Commerce and Industry (LCCI) represents the interests of over 7,000 London businesses, and champions 'Global London', as the best city in the world to do business. The capital serves as the engine room of the UK economy, and acts as a vital trade and investment gateway that spreads jobs and prosperity across the whole of the UK.

From direct discussions with our members, we know the immense pressure that businesses are currently facing, set against a deeply uncertain economic environment. The combination of rising operating costs, high energy prices, and high interest rates means businesses have less available capital to invest for growth –the implications of which we will feel well into the longer term.

In order to alleviate this pressure, businesses are relying on Government to set out a strategic economic plan that will restore stability and business confidence and supercharge productivity and growth. We would ask that you, Chancellor, consider the following recommendations:

1. The reintroduction of VAT-free shopping for international visitors

The removal of VAT-free shopping for international visitors is effectively a tax on tourists, and London's international competitiveness and attractiveness have taken a dramatic hit as a result. London is now viewed to be 20% more expensive than its European counterparts such as Paris and Milan, and in turn the tourism industry is losing out, risking long-lasting effects on employment, investment flows, and the overall economy.

We are encouraged to hear that you have asked the Office for Budget Responsibility to undertake a review of the economic impact of the "tourist tax" and we hope that a decision is taken to reverse current policy speedily, to avoid further economic damage to the UK's travel, tourism, leisure, and retail sectors. The return of VAT-free shopping would provide a significant boost to London's prosperity.

2. Securing a Long-Term funding solution for TfL

London is home to one of the most expansive and diversified transport networks in the world. TfL services facilitate the movement of people, goods, ideas and innovation across the city and are critical to sustaining business operations and growth, and supporting the capital's leading business reputation.

Protecting this vital asset requires an end to the constant back and forth of political short-termism, and for the Government to reach a long-term, structured capital funding agreement with TfL that secures the future of an instrumental piece of the capital's infrastructure.

3. Reforming the apprenticeship levy

The CIPD released a [report](#) last year which found that “the Apprenticeship Levy has failed to reverse the decline in employer training more widely”. In our most recent annual survey of London businesses, it was clear that there is a strong appetite for making improvements to the Apprenticeships Levy; 51% of London businesses said that they want the Levy system to be simpler to utilise and 50% wanted more freedom to use the Levy to support wages. Therefore, we are calling for an overhaul of the current process to reduce its complexity and amend rules on how the funding can be used so that businesses of all sizes can make the most of this progressive scheme and develop the skilled workforce they rely upon to succeed.

4. A solution to the energy crisis affecting businesses

Our recent Quarterly Economic Survey found that the stubbornly high – and still rising – cost of raw materials continues to dampen confidence in the wider economy; 54% and 66% of London businesses reported respective increases in the cost of fuel and energy during Q4 2023. Unfortunately, firms expect to pass on inflationary and utility cost pressures to consumers, with over half (52%) naming the high cost of gas and electricity as the biggest driver of price increases, and cementing a vicious cycle which weighs on the economy.

Whilst LCCI recognises the support that the Government has given to businesses to date, and the fall in energy prices relative to 2022, businesses are still facing higher energy bills today than three years ago. We urge the Government to take steps to help businesses with their rising costs, which will enable them to avoid passing on the increases to their customers and prolonging the negative effects of high inflation.

I do hope that your Government will take these recommendations into consideration, in order to create better conditions for economic renewal and growth. London is a leading powerhouse of business, industry, trade, investment, and global influence which facilitates prosperity right across the country. We must give our businesses all the tools necessary to unlock their full potential, and we stand ready to work side by side with HM Government to secure the UK’s future success.

Yours sincerely,



Karim Fatehi
Interim Chief Executive