London Chamber of Commerce and Industry response to Kickstart Economic Growth consultation for National Policy Forum 2024-2025

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London's business community remains vital to driving UK economic performance. Business support organisations (BSOs) bridge the gap between government and industry, ensuring that policy reflects real-world needs. The London Chamber of Commerce and Industry (LCCI)—the capital's largest independent business advocacy body, representing over 10,000 firms—provides up-to-date analysis through targeted surveys and submissions, highlighting critical challenges around investment, skills shortages, and planning bottlenecks.

Failing to reflect London's distinct operating environment—its scale, density, and internal inequalities—risks undermining growth not just locally but across the UK. Generating roughly 22 per cent of UK GDP, London's economic health has far-reaching consequences. Yet focusing solely on national risks sidelines the capital's unique pressures. Intra-city disparities persist—pockets of deprivation sit alongside global affluence—so addressing London's own imbalances is critical while also sharing insight with other regions.

Several sectors, including aviation, financial and professional services, and education, play a prominent role in London's economy. Aviation supports international trade and tourism; finance and professional services account for a significant share of GDP; and universities and training institutions help attract global talent and investment. Labour's "whole-government" approach signals a shift towards a more integrated industrial and workforce policy. Addressing skills gaps in this context will require stronger coordination among employers, education providers, and local delivery partners.

Closing the skills gap necessitates expanding targeted vocational and digital training that aligns directly with employer demand. Sustainability and infrastructure upgrades are equally vital. Investing in green construction, low-carbon transport, and digital connectivity will reduce emissions, create new jobs, and future-proof the economy. As the green transition accelerates, workforce planning must prepare for emerging roles and support those transitioning from carbon-intensive industries. Apprenticeships and retraining in clean technology and energy-efficient construction should become standard practice, enabling London's labour force to lead the shift towards a greener future.

Inclusive growth underpins every recommendation. High childcare costs limit both men's and women's participation in the workforce, and post-Brexit labour shortages have particularly impacted the transport, retail, and hospitality sectors. An effective growth strategy must include affordable childcare, flexible working standards, and inclusive hiring practices promoted by chambers to ensure that all communities benefit.

In summary, Kickstart Economic Growth must leverage London's dynamic networks, leading sectors, and talented workforce while dismantling structural barriers. A partnership with LCCI at the London level would scale innovation, tackle planning and infrastructure delays, and align skills provision with genuine business needs.

Answers to questions:

1. What are the key challenges in delivering higher living standards across the UK?

Efforts to raise living standards across the UK must begin by recognising how and where growth is generated. London plays a distinct role in the national economy—not only as a global hub for finance, trade, and innovation but also as a driver of investment and employment across the wider UK. While "levelling up" remains an important policy objective, it must not come at the expense of diminishing the productivity or global competitiveness of high-performing regions. Inequality is not solely a geographical matter between regions; it also exists within them. London's own internal disparities are significant and require focused attention. At the same time, the capital offers a proven environment for inclusive economic strategies—its experience provides a valuable reference point for other cities seeking to address local inequality while maintaining national economic momentum.

Low productivity continues to constrain sustainable wage growth and economic resilience across the UK. For many small and micro businesses, particularly in London, persistent skills shortages remain a fundamental barrier to expansion, with 60% of London firms reporting recruitment difficulties. The existing Apprenticeship Levy framework remains too rigid for the evolving needs of SMEs; reforms are urgently needed to enable greater flexibility, including pre-employment training and modular learning options. Alongside this, the national adult skills system must evolve into a more responsive, evidence-led framework that supports lifelong learning and enables workers at all stages of their careers to adapt to sector-specific demands.

The high cost of doing business—driven by energy prices, complex taxation, and outdated business rates—disproportionately affects SMEs and undermines their contribution to local economies. Reforming the business rates system is long overdue and should prioritise relief for high-street firms, rewarding reinvestment in local areas. Housing affordability also plays a decisive role in workforce recruitment and retention, especially in urban centres like London. Strategic reforms to planning and infrastructure delivery are essential to unlocking both residential and commercial development in high-demand areas.

Raising living standards also requires support for the businesses that create jobs and drive innovation. Targeted measures, such as SME tax credits and innovation grants, should be integrated into the UK's economic policy toolkit to enhance productivity and increase wages. Similarly, promoting inclusive entrepreneurship must involve addressing long-standing barriers to finance and procurement faced by underrepresented business owners. Business creation and resilience—particularly within the SME ecosystem—should be recognised as fundamental pillars of long-term national prosperity.

Effective policing and enforcement are essential to maintaining a stable business environment, particularly in urban centres where business crime has a direct impact on operating costs, investor confidence, and staff safety. Addressing these concerns requires adequate public service funding and a coordinated approach to law enforcement that reflects the needs of commercial districts. Targeted responses to business crime can help safeguard local economies and support the conditions needed for firms to grow and contribute to higher living standards.

At the same time, efforts to improve living standards must be guided by coordinated, regionally responsive policymaking. Local Chambers of Commerce, including LCCI, should play an active role in shaping workforce and economic development strategies, ensuring that real-time business needs inform policies. A national approach to skills, rooted in structured engagement between employers and post-16 education providers, can help align training provision with labour market realities.

Policymaking in this area should be supported by robust, business-led evidence. LCCI is well-placed to assist in this effort by mobilising its network to gather real-time insights into labour market pressures, investment barriers, and infrastructure priorities. These findings can inform national policy to ensure that interventions are not only well-intentioned but also effectively targeted and rooted in commercial realities.

2.How could labour reduce regional economic inequalities to improve living standards?

Reducing regional inequalities should begin with a realistic understanding of how national prosperity is generated and distributed. Avoiding a zero-sum approach to “levelling up” is essential; policy should not unintentionally weaken globally competitive regions, such as London, in the pursuit of regional balance. London contributes over 22% of the UK GDP, and its continued growth underpins tax revenues, job creation, and investment opportunities across the country. Intra-regional inequality also deserves more attention—many parts of London face persistent deprivation and underinvestment despite the city’s overall economic profile. These areas represent untapped potential for inclusive growth, and London’s experience in managing economic diversity offers replicable models for other urban centres. Acknowledging the “London+” effect—where tourism, trade, and supply chain benefits radiate out from the capital—can help ensure growth is not just regionally targeted but nationally amplified.

Trade and investment should form a central part of any regional growth strategy. Restoring international trade advisory support in London would provide immediate benefit to SMEs looking to export, and similar models should be extended to other major UK cities. A place-based, coordinated campaign—beginning with London—could reposition the UK’s cities as interconnected hubs for trade and investment. Infrastructure remains a key enabler: improving the national transport and digital links between London and regional economies will help ensure the two-way flow of talent, capital, and opportunity.

Closer collaboration among UK businesses should be actively supported through structured knowledge-sharing initiatives. Well-established firms—regardless of location—should be incentivised to share experience and best practices with emerging enterprises in other regions, helping to strengthen supply chains and accelerate innovation nationwide. Local chambers of commerce, including LCCI in London, provide direct access to business networks and can coordinate these efforts by matching mentors with mentees and organising cross-regional peer groups. At the heart of this ecosystem lies the City of London, a global financial centre and the backbone of the UK's financial services sector, which possesses unmatched expertise in investment, risk management, and capital markets. By channelling the City's resources, high-potential sectors can gain both credibility and the capital needed to scale rapidly.

Addressing inequality also requires reform of public procurement. Introducing clear supplier diversity metrics and simplifying processes will make it easier for ethnic minority-led and SME businesses across all regions to access public contracts. London's experience with inclusive entrepreneurship, from access to finance to business support services, could offer a tested framework for deployment by other combined authorities.

Finally, regional development should draw more systematically on international case studies and best practices. Successful models of local economic regeneration can and should be adapted to UK conditions. Chambers of commerce—both in London and across the UK—are well placed to partner with local authorities in building delivery capacity, nurturing regional ecosystems, and ensuring that economic growth reaches all parts of the country.

3.What steps could labour take, including in the industrial strategy, to increase private investment and create good jobs nationwide, thereby boosting living standards?

Delivering a robust industrial strategy means committing to long-term frameworks that can evolve and improve, providing businesses with the confidence to invest and hire. The government should identify priority sectors—e.g., clean energy, life sciences, digital services, advanced manufacturing, and logistics—and consistently align public funding, tax incentives, and regulatory support behind these clusters. Simplifying R&D tax relief—by standardising claim processes and providing upfront technical guidance—will help smaller innovators scale without fear of compliance pitfalls. At the same time, unlocking commercial land through revised planning rules will provide companies with the space to expand their research facilities, warehouses, and manufacturing sites.

For SMEs, targeted support is essential. A revamped local growth fund with flexible eligibility criteria should enable quicker access to small-scale capital for technology upgrades and workforce development. New financing tools—such as regionally issued green bonds or partial government guarantees on innovation loans—can attract private capital to local projects that might otherwise struggle to secure funding. Chambers of commerce (including LCCI) could coordinate mentoring programmes, practical workshops, and pitch days to prepare SMEs for investment and help them navigate these opportunities.

On workforce readiness, reforming the Apprenticeship Levy to allow funds to be used for flexible, modular training will enable employers to address specific skill shortages without committing to full apprenticeship tracks. The government should also encourage partnerships between local colleges and industry, co-designing curricula for evolving fields such as cybersecurity, biotechnology, and electric vehicle maintenance. In sectors facing urgent vacancies, short-term visa routes must remain responsive to employer needs, ensuring that projects proceed on schedule and salaries rise in line with demand.

Expanding export capacity is another key lever. Restoring comprehensive trade advisory services linked directly to sector specialists will help SMEs unlock international markets. Coordinated city branding should showcase the UK's combined value proposition: a network of dynamic, complementary hubs rather than isolated locales. At the same time, the government should expand support for strategic sectors, such as sustainable aviation fuel, by guaranteeing purchase volumes or offering production subsidies, thereby attracting long-term private investment.

The City of London's role as a global financial hub is vital. London's capital markets, corporate advisory services, and venture networks provide the bedrock for funding innovative enterprises across the UK. The government should work with the City to set up regional capital-access desks—local outposts that channel City expertise and risk capital into emerging clusters nationwide. Encouraging financial institutions to establish dedicated teams for sectors like green tech and life sciences will help channel early-stage investment to promising ventures.

4.What are the key challenges in delivering 1.5 million homes across this Parliament, and how could they be tackled?

Housing affordability remains a critical constraint on workforce recruitment and retention, particularly in high-demand urban areas such as London. When employees struggle to find homes within a reasonable commuting distance, businesses face chronic staffing shortages that inhibit expansion and hamper competitiveness. Moreover, the national vision of delivering 1.5 million homes by 2030 cannot succeed without coordination between housing targets and regional economic priorities. National targets must be backed by regional delivery plans that reflect local employment patterns, infrastructure capacity, and land availability, ensuring that housing growth supports, rather than hinders, local labour markets.

The planning system's complexity and inconsistency across the UK create unnecessary delays and deter private investment. Under-resourced local authority planning departments frequently become bottlenecks, slowing down approvals for commercial, residential, and mixed-use projects. The government can streamline the process by introducing fast-track approvals for developments that meet green or affordable housing criteria, reducing red tape without compromising safeguards. A reformed National Planning Policy Framework must ensure a sufficient land supply not only for new homes but also for industrial and logistics uses, thereby preserving the economic infrastructure that supports workforce needs. In dense urban centres, operational industrial land must be protected from uncoordinated residential conversions, safeguarding supply chains and local jobs. Enabling VAT zero-rating on land for affordable housing via certificates issued by housing associations or councils would further incentivise developers to prioritise genuinely affordable units.

Addressing construction capacity and skills shortages is equally essential. The sector's persistent labour gaps significantly slow delivery, particularly when large pipelines of new homes are planned. Targeted training programmes—co-designed by government, employers, and the Skills Committee—should align directly with local housing pipelines, ensuring a steady flow of qualified tradespeople. Investing in modular and green construction skills, including retrofitting and energy-efficient building methods, will not only boost capacity but also advance sustainability goals. Aligning technical education funding with housing ambitions would ensure that training continues to meet demand rather than lag behind. This approach will create a pipeline of skilled workers capable of delivering high-quality, low-carbon homes on a large scale.

Green construction and sustainability must be central to any housing-delivery strategy. Subsidies for retrofitting, low-carbon materials, and energy-efficient design can incentivise builders to adopt best practices, reducing long-term operating costs for homeowners and tenants while creating high-quality jobs in the green economy. Encouraging these practices serves a dual purpose: it addresses housing shortages and accelerates progress toward net-zero targets. By promoting sustainable building standards, the government can ensure that new housing stock is fit for the future and resilient to evolving environmental regulations.

Ensuring genuine affordability also requires targeted fiscal measures. Integrating student and key-worker housing into local plans can alleviate pressure on the general housing stock while supporting essential public services. Tax incentives or targeted subsidies for affordable housing developers will help bridge the gap between build costs and achievable sale or rental prices. More broadly, strategic land-use planning must acknowledge the positive multiplier effect of housing delivery on local and regional economies, generating jobs across the construction supply chain and stimulating demand in adjacent sectors, from retail to transportation.

LCCI can act as a practical platform for policymakers and businesses, enabling grassroots engagement on various initiatives, including housing. The Chamber has direct access to businesses at the coal face of the critical issues that directly impact growth and sustainability. Drawing on real-world business experience, LCCI can drive adjustments that inform regional models and policies.

5.What steps should the government take to ensure that major infrastructure is approved and developed quickly, in line with Labour's commitment to approve 150 major infrastructure projects this Parliament?

Approving 150 major infrastructure projects on time means addressing both procedural and resourcing barriers head-on. First, statutory time limits for each planning stage would hold authorities and consultees to fixed deadlines, reducing weeks of uncertainty that currently deter private investment. A single digital portal for applications would consolidate environmental, construction, and transport permits under a streamlined system, reducing duplication and accelerating approvals. At the same time, reforming the National Planning Policy Framework (NPPF) to prioritise nationally significant infrastructure, especially schemes that deliver housing, economic growth, or climate targets, would remove ambiguity. Exempting location-specific National Policy Statements from multi-year reviews and establishing binding update schedules with transparent metrics would ensure priorities remain stable and predictable for developers.

Coordination between authorities at different levels must also improve. LCCI has proposed "planning hubs," where local chambers collaborate with planning officials to identify issues early and prevent delays. These hubs could be mirrored in corridor-based task forces for projects such as HS2 or Crossrail, aligning station upgrades, utility relocations, and local planning initiatives. Under-resourced planning departments often become bottlenecks, so introducing statutory deadlines and dedicating ring-fenced funding to reinforce local authority capacity would help clear backlogs and maintain momentum.

Securing funding certainty is equally essential. Multi-year capital settlements for Transport for London and other city-region authorities would prevent stop-start funding cycles that inflate costs and delay completion dates. Linking adult education budgets to infrastructure pipelines would enable local colleges to train workers in green construction, transport engineering, and utilities just ahead of project phases, addressing the labour shortages previously identified by LCCI.

Accountability and oversight complete the framework. A national infrastructure delivery task force—with rotating seats for business representatives—could track progress, identify interdepartmental bottlenecks, and coordinate updates across government. Quarterly "infrastructure barometers," modelled on LCCI's Capital 500 survey and the British Chambers of Commerce's UK-wide Quarterly Economic Survey (QES), would report key metrics such as planning-approval times and pre-construction readiness, ensuring transparency and sustained focus. Chambers of commerce, including the LCCI, can act as delivery partners by providing real-time business feedback on emerging challenges, allowing corrective action to be taken promptly.

Finally, embedding sustainability from day one avoids costly retrofits later. Drawing on the Nature Restoration Levy framework, new contracts should include proportionate environmental requirements, such as biodiversity offsets or low-carbon design, integrated into a single consent process. This combined approach saves time, attracts private "green" investment, and ensures that infrastructure is not only delivered swiftly but also contributes meaningfully to net-zero goals.

6.What are the specific implications of policy proposals in this area for (a) women, (b) Black, Asian and minority ethnic people, (c) LGBT+ people, (d) disabled people and (e) all those with other protected characteristics under the Equality Act 2010?

Ethnic minority-owned businesses continue to face significant barriers in accessing public procurement and finance, as LCCI's Ethnic Diversity in Business report details. Complex tendering processes, opaque supplier-selection criteria, and limited outreach all contribute to underrepresentation in government supply chains. Simplifying procurement—by reducing jargon, standardising requirements, and proactively engaging with diverse firms—would help ensure these businesses can compete on equal terms. In the past, LCCI also supported the creation of a dedicated government task force to drive supplier diversity, backed by robust data collection and regular transparency reporting on procurement outcomes. By tracking which businesses win contracts—and where gaps remain—policymakers could adjust thresholds and outreach efforts to foster genuine, measurable inclusion.

Workplace accessibility and inclusive hiring must be woven into every aspect of economic policy. Infrastructure and housing investments should prioritise universal design standards, ensuring disabled people can participate in employment and community life. Likewise, skills and business-support programmes must embed flexible delivery models—such as remote learning, part-time tracks, and assisted technology—to avoid unintentionally excluding learners with disabilities. For parents, particularly women, labour-market access remains constrained by childcare gaps and inflexible working patterns. Targeted initiatives—such as subsidised childcare alongside sector-specific training and mentoring (for instance, coding boot camps for disadvantaged youth or leadership coaching for women in finance)—can help close participation gaps. These measures ensure that growth in high-demand industries does not inadvertently widen existing inequalities.

Embedding equality into economic policy requires a partnership between government, businesses, and local networks. LCCI promotes the adoption of proven diversity and inclusion practices across its membership base, setting leadership targets, ensuring recruitment processes are bias-checked, and making workplaces physically and digitally accessible.

7.What consideration would need to be given to policy proposals in this area when collaborating with devolved administrations, combined authorities and other local governments in England, Scotland, Wales and Northern Ireland?

Effective collaboration between national government, devolved administrations, and regional authorities must be rooted in mutual clarity of roles, long-term funding certainty, and policy alignment. For London, a new devolution settlement is essential to reflect its economic scale and operational complexity. Enhanced powers over adult education, transport, and economic development would enable the capital to tailor delivery to local needs and remove bureaucratic overlap. Establishing a single, integrated transport authority incorporating suburban rail would further streamline planning and service delivery, particularly in outer London. Multi-year funding settlements for the GLA and TfL are equally critical for forward-looking infrastructure and skills strategies.

Strategic coordination with the national government should prioritise consistency in delivery frameworks and avoid duplicated efforts. Infrastructure, energy, and digital programmes must be aligned with London's priorities, ensuring public investment is targeted effectively.

Finally, a clear alignment between national goals and London's strategic plans—particularly in housing, transport, and skills—is essential. Joint delivery frameworks, supported by transparent progress tracking, would clarify accountability between the UK government and the GLA, ensuring shared ownership of results.