APPG FOR LONDON AS A GLOBAL CITY

FOSTERING LONDON'S GLOBAL CITY STATUS

LONDON CHAMBER of COMMERCE AND INDUSTRY

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FOREWORD

London is an incredible place which many of us are fortunate to call home. Not only is it the capital of our proud country, but it is also preeminent amongst all global cities – which amplifies the United Kingdom's international influence.

Across financial, commercial, tourism and educational sectors, London has a unique built environment which makes it the city the world wants to do business in. It contributes a fifth of the nation's domestic gross domestic product and raises £170 billion in revenue.

However, its premier status cannot be taken for granted. In order to maintain and improve what makes London special, its unique circumstances merit particular attention in policy terms. The pandemic has also exacerbated challenges in many areas – and we must address them.

The All-Party Parliamentary Group for London as a Global City has been formed because we recognise that there is something truly special about our city. We will advocate on a cross-party basis for London to receive the support it needs to preserve its prominent role.

This will mean ensuring that the city's comparative advantages are promoted to attract continued investments. Through the 'gateway' effect, which is discussed at length in this report, it is evident that initial investments in London lead to a host of benefits which are felt across the United Kingdom.

We therefore believe that strengthening the capital means strengthening the country.

As our first publication, this report is a scoping exercise to assess a variety of contemporary issues affecting our capital to better understand the current landscape.

Several topics have been identified across sectors for where more needs to be done, or where potential reforms may be necessary. These have been listed as our recommendations, which will be followed-up through future work streams to deliver substantive proposals and help bring about lasting changes.

Finally, I would like to thank all the stakeholders who contributed towards this report. I very much look forward to continuing to work together as the All-Party Group grows from strength to strength.

GARETH BACON MP
Chair, All-Party Parliamentary Group for London as a Global City

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SUMMARY OF RECOMMENDATIONS

- Despite the Levelling Up White Paper highlighting metrics to measure globally competitive cities, it is not clear how a global city is defined. The Government must clarify what is meant by 'new globally competitive' cities as not only must their creation be carefully managed, they should not be seen as or attempted as tools to directly interfere with London's services reputation as this would be self-defeating for the whole of the UK
- The Government must ensure that London is also a direct beneficiary of the Levelling Up agenda in order to address socio-economic inequalities within the capital and help increase global city standings
- The Department for International Trade could look to strengthen the 'London Plus' approach, by improving London's international offering whilst improving a joined-up approach between the capital and regions for increased spin-off investments. The Minister for London could convene meetings with UK Mayors so as to explore how these investments could reach other parts of the country
- The Treasury should examine how SME resilience can be increased via a specific domestic outreach network to help connect businesses, while also looking in policy terms at how this could increase international financing options
- The Department for Business, Energy and Industrial Strategy should conduct a cross-governmental impact assessment into relaxing Sunday trading restrictions in London's International Centres
- The Government must continue to invest at least at current levels in London's life sciences and R&D environment, which are currently unique features within the UK
- The Government should support the Square Mile net zero 2040 initiative as a litmus test for potentially expanding similar schemes into other key areas of London, such as Canary Wharf or the wider Central Activities Zone
- The Treasury should explore the idea for a Global Green Innovation Hub to cover not just research across industries, but to focus on taking advantage of London's green global financial market role to enthuse greater investments and transactions

Fiscal policy

- The Treasury should comparatively examine Singapore's model for tax and trade to inform possible regulatory reforms on the tax system and how this would strengthen London's ability to increase inward investment to the UK
- The Treasury should research a fundamental reform of the business rates system, including by studying alternative models

Skills and Talent

- The Department for Digital, Culture, Media and Sport should investigate why hospitality, culture and retail West End businesses are facing sectoral-specific skills shortages
- Private companies and interest groups should liaise with the City of London Corporation to promote greater jobs fair and access for tech, financial and personal services sectors. Particular emphasis should be placed on fintech given London's prominent strength
- The Home Office should work cross-government to explore the potential for short-term hybrid visa schemes as well as scale-up visas with due regard to London's globally competitive strengths in life sciences, tech and financial sectors
- The Department for Education should explore expanding the Turing Scheme with greater international student support to enhance London's appeal and help meet the International Student Strategy target of 600,000 per year by 2030
- The Department for Education should also conduct a feasibility study to determine the absence of the London Weighting on the capital's international student numbers and the benefits of its reintroduction
- The Department for Education should consider changing the Uni Connect scheme's annual funding levels to multi-year settlements so as to provide greater security in meeting the Skills and Post-16 Education strategy

Attracting Investment

- The Treasury should explore how existing organisations, such as the Financial Conduct Authority, can work with London & Partners to promote investment in leading sectors, until such time as the Kalifa Review's implementation provides further clarity
- The Department for International Trade should convene a 'UK Cities Forum' of Metro and Combined Authority Mayors to establish the potential for city trade missions to enhance investment opportunities; and, if worthy, to consider the merits of this organisation being made permanent
- The Home Office should temporarily expand the current Electronic Visa Waiver to include all six Gulf Cooperation Council states and include high-spending Far East countries until such time as the new Electronic Travel Authorisation is introduced in 2025
- The Treasury should work with the Department for Digital, Culture, Media and Sport to examine the merits of restoring tax-free shopping in order to for London to better compete with other global cities
- London stakeholders must work together to identify key metrics and international target audiences by which to initially base a co-ordinated marketing campaign for the capital before lobbying Government for such a scheme

Transport and Infrastructure

- Due to London being credited as the gateway to the UK economy, it requires affordable housing in order to house a skilled workforce. As a result of the importance of housing to the London and UK economy, alongside the work of public agencies in London there should be a national commission to examine how housing targets are to be met, the potential blockages in the housing supply system and the impacts on UK plc
- The Government should consider a wholescale review of the planning system to explore possible amendments to London planning rules on developer contributions, permitted development rights, commercial/private dwellings and application from borough to city-wide regulations; in addition to how more modern methods of construction can be introduced
- The Government should map strategic infrastructure and local borough projects to help transform London's built environment and secure long-term investments
- The Department for Transport must make clear that significant reforms to Transport for London supply-side finances are needed in order to decrease its overall running losses

EXECUTIVE SUMMARY

London is rated as one of the world's top global cities across overall benchmarks given its unique ecosystem

- However, it is being held back from being in the undisputed first place due to various socio-environmental factors.
  - Despite its leading status as a global city, future success cannot be taken for granted given the challenges posed
  - There is no single solution as we emerge from COVID-19 and only the speed and scale of measures taken will determine eventual recovery
  - London must retain and enhance its own offering while continuing to advocate its own policy priorities to deliver change on a national level.

- London's economy consistently accounts for a quarter of the UK's total output, secured half of all its foreign direct investment and has contributed just under £40 billion in tax
  - Initial investments and tourism in London create a multiplicative effect on local economies worth over £600 million
  - The capital thereby merits special consideration given the benefits it provides to the wider country
  - The country cannot be levelled-up at the expense of levelling-down London, which requires aid as well – and is actually key to this agenda
  - It is a fallacy to mistake levelling-up in terms of redistribution of resources as it can actually ease intra-national tensions between London and the UK
  - The Levelling Up White Paper is largely to be welcomed, although the creation of new globally competitive cities must not pose a direct risk to what makes London special
  - London must be a direct beneficiary of the Levelling Up agenda as well

- London is recognised as special for its business agglomeration and regulatory environment meaning that it is possibly the only city in the world where there is a cutting edge in creative ideas arising from overlaps between sectors
  - The capital's financial and professional services sectors employ 2.3 million people across the country, with two thirds of those being outside of London and contributing £200 billion gross value added
  - While the UK's financial sectors have grown in moderate terms, there has been a relative decline in comparison with global competitors
  - However, the early successes of Brexit with a marked increase in new company listings on the London Stock Exchange may reverse this trend
  - This should be seized upon by comparatively investigating the UK's tax and regulatory system against economies such as Singapore
  - As a result of 'London Plus', where the capital acts as a gateway for foreign direct investment to the rest of the UK, £7.6 billion was contributed and almost 40,000 jobs created outside of London
  - The Minister for London should therefore host roundtables with all UK Mayors to best target London spin-off investment
  - Between 2015-2020, the capital's impact firms secured 429 venture capital deals, more than any other city globally
  - London's tech sector alone recorded £7.6 billion worth of investment in 2020 and investments into fintechs have been growing
  - In order to seize these opportunities, the Government's commitments to implement certain Kalifa Review recommendations and the Lord Hill's Listing Review should be progressed at pace
  - Until such time, London stakeholders should utilise means by which to unlock more investment via the Financial Conduct Authority and exploring how shared spaces to unite experts could lead to innovation on priority themes
  - London should enhance its SME financing to be more attractive than other cities with an outreach network. This would synergise with 'London Plus' through a potential multiplier effect in initial investment in London spreading across the UK
  - A review of the business rates system should be conducted which can explore alternative models
  - To ensure future global competitiveness, there is a need to close domestic skill gaps, provide international talent with a clear pathway into UK-based firms and signal London's attractiveness
  - There should be an examination into why West End hospitality, retail and cultural sectors are specifically experiencing a skills shortage
  - The potential for short-term hybrid visas and scale-up visas should be explored
  - A UK Cities Forum of Mayors should be convened so as to discuss city trade missions

- London's visitor numbers grew to 40.9 million with a spending of £28.4 billion by 2019
  - Tourism contributes almost 12% of the city's gross domestic product
  - The capital is a gateway to the rest of the UK, as 15% of visitors to London went on to visit elsewhere in the country, contributing £641 million to local economies
  - London was the third most-visited city on the planet and international tourism supports around 452,000 jobs in the UK

- However, the pandemic has hit London's economy particularly hard, given a reliance on international tourism
- In 2019, 24.8 million visitors from EU countries spent £10.6 billion, whereas 16 million non-EU visitors spent £17.8 billion
- The Electronic Visa Waiver should be temporarily expanded to include all six Gulf Cooperation Council states and high-spending Far East countries until the new Electronic Travel Authorisation is introduced in 2025
- An impact assessment should be conducted into Sunday trading restrictions in the two International Centres
- Over the past ten years, international visitor numbers have risen by 3.7% but the global tourism market has grown by 4.7% so more must be done to attract tourists to London
- Stakeholders must work together to identify the basis for a new international marketing campaign to promote London, which can support the Government's Tourism Recovery Plan

• London is one of the world's leading higher education clusters, has been rated the best city to be a student, and is one of only two global cities ranked Alpha++
  - The student population of over 425,000 creates 223,000 jobs in the economy and generates £12 billion GDP
  - In the wake of the pandemic, there are concerns about long-term international student attraction and employment prospects in meeting the Government's International Education Strategy of 600,000 students each year by 2030
  - There is scope for possible extensions to the Turing Scheme to enthuse students from across the world and enhance a pipeline of global talent
  - In addition, domestic skills training warrants greater attention and the Uni Connect Scheme could be provided with long-term funding
  - Research and development in London and the South-East generates £9.1 billion to the UK's economy and is 54% of the overall total.
  - The Government must continue to invest at least at current levels in the life sciences and R&D sectors across London

• London is already a world-leader in greening its economy and ranks first in the global top 10
  - Further transition to a green economy offers huge opportunities given international financial attraction, with the potential for 1 million green jobs by 2050
  - The £61 billion cost of reaching net zero can be eased by relying on innovation, private investment and using London's expertise to help areas across the UK
  - The Square Mile's early 2040 net zero target should be supported so as to assess potential expansion of any such scheme across the capital
  - The creation of a cross-industry Global Green Innovation Hub could aid these efforts, particularly if it focuses on London's role as the number one green global financial market
  - The increase in population and jobs, without sufficient house building, has led to a gap in affordability and this is holding London back in global benchmarks
  - Given the adverse effects, including a potential domestic drain of talent, a national commission should investigate why not enough homes in the capital are being built
  - A wider review of planning rules, how they apply to the capital and the introduction of modern techniques is merited in order to help meet housing targets while also retaining affordable office spaces for start-ups
  - Strategic sites across London should be mapped for redevelopment projects in order to attract global, as well as local investment, to help recover from the pandemic
  - Transport for London's finances have been hit extremely hard during the pandemic given its largest funding source was passenger revenue at £4.9 billion
  - However, the were serious concerns about the state of finances even before the pandemic and so urgent supply-side reforms to the organisation's operation are needed

1. GLOBAL CITY, CAPITAL CITY

This chapter examines what is meant by a 'global city', and how this specifically applies to London. The capital enjoys significant advantages due to its status, but it is under considerable – and increasing – competitive international pressures given its own success. This means that London's premier role cannot be taken for granted in meeting the many manifest challenges.

Global Cities

The concept of a global city has emerged from considerations of re-scaled strategic territories in the world economy. Economic processes previously took place between nation-states, but a number of externalities have changed the international system whereby it is no longer solely inter-state. Given the ascendence of information technologies and the mobility and liquidity of capital, global cities have become 'strategic nodes in a worldwide network, delineating a new organization architecture that is partly de-territorialized.'[1]

This is a useful starting point, as based on the written evidence which has informed this report, the ontology of a global city – understanding what sets one apart from other cities – can be further summarised as where there is a strong relative dependence upon it from across the world. This extends to all manner of goods and services, holistically including a complex weave of business, education, finance, and tourism within a single developed eco-system.

Illustratively, it can be argued that there is nowhere to match London 'for variety or depth, which is why people and business from across the globe continue to make it their home. London's ecosystem provides access to growth capital, policy makers, infrastructure, world-class universities and talent, all in one city.'[2] Furthermore, where these goods and services have an international focus and hold a major presence across the world, a global city adds to its own country's soft power[3].

It is also possible to identify unique aspects. For example, while there are many International Financial Centres (IFCs), these are varied and, 'along with New York, London is one of only two full-service IFCs. Its businesses possess expertise across all aspects of financial and related professional services – banking, insurance, capital markets, FinTech, asset management, law, accountancy, and consultancy.'[4] This indicates that there are comparative advantages even amongst global cities, which is salient to understand the complex interplay between them and how they affect their domestic countries.

However, a global city is not an unqualified benefit. Put simply, 'being a world city brings enormous opportunities…however, being a world city also brings challenges.'[5]

1 Sassen, S. (2005): The Global City: Introducing a Concept Global Cities, 11 Brown Journal of World Affairs 2004-2005
2 Mayor of London – APPG submission, page 1
3 TheCityUK – APPG submission, pages 1-2
4 Ibid, page 1
5 Central London Forward – APPG submission, page 1

There is a danger that a global city may become victim to its own successes due to increased demands upon its infrastructure or even needing to antagonistically compete with other cities to ensure future successes.

London

London itself is perceived as 'a major node in the interconnected system of information, capital and wealth.'[6] Given this nexus point, it has a simultaneous dual-role of being the UK's capital and also belonging to a league of global cities, whereby it 'mostly competes with other world cities rather than UK cities or regions.'[7] While this is caveated by a great deal of interdependence with the rest of the country, London should be viewed through such a prism in order to truly understand its significance.

In this regard, London has been rated pre-eminent, achieving an international ranking as 'world number one' when compared with ten other global cities[8]. Against the measures of (i) cultural vibrancy and visitor demand, and (ii) talent base and appeal, London scored the highest, edging out Paris and New York at close second, respectively. Using the Business of Cities Research, the Centre for London opine that the capital is still widely-rated by being open to talent, attracting investors, improving its infrastructure offer and wielding soft power across the globe.

Similarly, benchmarking research shows that London is the leading global centre for financial and professional services[9]. Using five overarching metrics of innovative ecosystem, reach of financial activity, resilience business infrastructure, access to talent and skills, enabling regulatory and legal environment, London scored an aggregate of 62. This was higher than all other competitors, with New York at 54, Singapore at 53, Frankfurt at 41, Hong Kong at 30 and Tokyo at 32. Although other cities may lead on certain measures, the overall score evidences London's competitive offer, opportunity and future focus.

By contrast, the Global Financial Sectors Index[10] places London at second place – behind New York – and with a slight widening in the gap between their rankings from the previous rating. Even so, despite the impact of the COVID-19 pandemic, the report finds that London continues to lead in Western Europe, 'dropping only three points in the ratings. This reflects confidence in the longer-term prospects for the centre. Other leading Western European centres had mixed results…as centres compete following Brexit.'[11]

6 London School of Economics – APPG submission, page 1
7 Centre for London – APPG submission, page 1
8 Centre for London: London at A Crossroads, https://www.centreforlondon.org/wp-content/uploads/2021/01/London_at_a_crossroads.pdf
9 City of London Corporation: Our global offer to business: London and the UK's competitive strengths in a changing world, https://www.theglobalcity.uk/PositiveWebsite/media/Research-reports/Our-global-offer-to-business.pdf
10 Long Finance & Financial Centre Futures (September 2021), https://www.longfinance.net/publications/long-finance-reports/global-financial-centres-index-30/
11 Ibid, page 2

This analysis also suggests that other European centres have thus far been unable to match London even after – or despite – Brexit. However, coming runner-up to New York as the world's other IFC suggests that the capital could be being outpaced across key variables.

As such, there are residual problems. In the first study, London only scored middle rankings against the measures of (iii) affordability and costs and (iv) commute and congestion. The results markedly pointed to growing competition from other global cities and that London's middling scores demonstrate areas where it has not kept up with them on. This highlights the risk that other cities have been more successful at visibly tackling environmental challenges, while London's rate of progress on affordability, congestion and inclusive labour markets has been weak[12]. Therefore, not only does London face competition from already established global cities, newly emerging challenges from capitals of economies benefiting from favourable tax and regulation conditions pose a concern, in addition to newly globalising or re-adapting cities which may have niche specialisations in particular industries[13].

This is echoed by the City of London's study as, despite being positive about what London and the UK have to offer, there is a stark warning issued that lessons need to be learned from other city's strengths to ensure future competitiveness.

That said, London is currently the only city to offer a 'full-package'[14] innovative eco-system. The city also benefits from an intrinsic unique quality given how its business offering has expanded holistically. As such, London is 'perhaps the only city where entrepreneurs can realise the creative opportunities that come from bringing together different sectors in new, innovative ways. In the modern economy many important innovations are developed in the overlaps between sectors, applying innovations in new spaces or combining skills to create new ideas.'[15] This can be observed in part through London's status as the number one global centre for green finance according to the Global Green Finance Index[16]. This eco-system has led to London being a global leader 'for innovation across key knowledge intensive sectors, including a global hotspot for clean tech innovation.'[17]

While considerations have thus far been focused on global cities and de-territorialisation into a world network, this cannot be made in silo from particular factors within a city's country. In this regard, national context and traditions means that London is 'underpinned by the UK's reputation for robust international standards and its consistent and reliable legal framework. The financial services sector is a hub of innovation, enhanced by its ability to attract global talent – one crucial example of how the UK is open for business and why this must continue.'[18]

As such, London is not only a global city – it is a UK city, whereby there is a less tangible element to why the capital has such an enormous draw 'which flows from its reputation as an open, outward facing, international city, placing emphasis on human rights, civil liberties and diversity….London's institutions and attractions create something very special, which is looked to as a beacon across the world.'[19] This helps to signify, as the Centre for London further posit, that London will remain in the global top tier of world cities.

This is because the combination of assets it already possesses are not easy to replicate, and 'include super-agglomeration, deep talent pools, institutional functions and relationships, established leadership in finance, media and higher education, diversified technology strengths, and a record of openness to ideas and population.'[20] While London will therefore remain a world-leader, it would be negligent to take its premier position amongst global cities for granted. Concerns around increasing the city's competitiveness and the wider offering must be addressed.

Challenges and recommendations

The APPG therefore finds that London must respond to challenges in a two-fold manner. Firstly, it must 'retain and enhance'[21] its own offering. Secondly, the capital must continue to advocate national policy priorities to the UK Government in consideration of its particular circumstances. The report will therefore examine criss-crossing issues on business, tourism, education and the environment.

The effects of Brexit must also be considered for how they potentially transform the way London works across these various sectors, as opposed to being treated in abstract terms. Reciprocally, the COVID-19 pandemic has affected the globalised world and there is no panacea. The way that London bounces back must be with particular attention to its own circumstances and, to stay competitive, 'the key, therefore, will be in the speed and scale of our recovery.'[22]

12 Centre for London – APPG submission, page 1
13 Ibid., page 2
14 City of London Corporation: Our global offer to business: London and the UK's competitive strengths in a changing world, https://www.theglobalcity.uk/PositiveWebsite/media/Research-reports/Our-global-offer-to-business.pdf
15 London & Partners – APPG submission, page 1
16 Long Finance & Financial Centre Futures (October 2021), https://www.longfinance.net/publications/long-finance-reports/global-green-finance-index-8/
17 Mayor of London – APPG submission, page 4
18 City of London – APPG submission, page 2
19 Centre for London – APPG submission, page 1
20 Centre for London – APPG submission, page 2
21 London & Partners – APPG submission, page 1
22 Ibid, page 4

2. UK PLC

This chapter explores the relationship between the capital and the rest of the UK to better understand the impact of challenges faced and how they may reverberate across the country, including with the risk of unintended consequences. Whereas London as a global city has been considered in qualitative terms, this chapter examines the quantitative effects of its status.

City and country

London is an economic powerhouse. The capital's economy alone accounted for a quarter of the UK's total output and contributed £38.7 billion to the Exchequer in 2018-19[23] And £36 billion in 2019-20.[24] The twelve local authorities in the central London economy alone collected over £6 billion in business rates[25], equivalent to 24% of England's business rates[26].

42% of all UK enterprise turnover in 2018 was generated by enterprises with a London headquarter. This had increased by 14% since 2007, demonstrating the concentration of value creation in London.[27] Core to this revenue is the city's financial and professional services sector (FPS), with the UK's financial services trade surplus worth $77 billion (£60.3 billion) in 2019. This was nearly the same as the combined surpluses of the two next leading countries, the United States of America and Switzerland[28].

When the estimated trade surplus for related professional services – legal services, accountancy and management consultancy – is also taken into account, this figure climbs to around $101.7bn (£79.7bn). Similarly, London also has a role as a growing exporter of services, having made £117 billion in service sector exports in 2016 – 46% of the UK total.[29]

In 2019, London secured around half of the UK's total Foreign Direct Investment (FDI) projects and inward visitors[30] and, although lower than pre-pandemic levels, London still had the fourth largest inbound FDI at £2.6 billion after Singapore (£5.1 billion), Dubai (£3.9 billion) and Shanghai (£3.8 billion).[31] This is a long-term historic trend as, more widely, between 1990 and 2011, the proportion of non-UK investment in London's commercial real estate rose from 21% to 52%, and from 2003 to 2018 London attracted 15% of foreign head office investments in Europe.[32]

23 London & Partners – APPG submission, page 2; cited ONS real GDP and GLA Economics calculation
24 Mayor of London – APPG submission, page 2
25 Central London Forward – APPG submission, page 5
26 Ministry of Housing, Communities & Local Government, National non-domestic rates collected by local authorities in England 2019-20 (Revised), October 2021 https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1027180/NNDR3_19-20_Stats_Release_Revised.pdf
27 Mayor of London, The Evidence Base for London's Local Industrial Strategy, February 2020, https://www.london.gov.uk/business-and-economy-publications/evidence-base-londons-local-industrial-strategy-final-report
28 TheCityUK, Key facts about the UK as an international financial centre, December 2020, https://www.thecityuk.com/assets/2020/Reports/8716847a2f/Key-facts-about-the-UK-as-an-international-financial-centre-2020.pdf
29 Office for National Statistics, International trade in services by subnational areas of the UK: 2018, September 2020, https://www.ons.gov.uk/businessindustryandtrade/internationaltrade/articles/internationaltradeinservicesbysubnationalareasoftheuk/2018
30 Mayor of London – APPG submission, page 2
31 London Councils – APPG submission, page 1
32 Clark, G. (2015). The Making of a World City: London 1991 to 2021

There is also a strong cultural offer, arguably unmatched by any other city, which garners a high volume of tourism, contributing, along with the night-time economy, £36 billion annually.[33] Furthermore, in 2019, London accounted for 55% of all inbound visitor spending, compared to the rest of England 32%, Scotland 9% and Wales 2%.[34] London can therefore be considered as a 'gateway'[35], given that tourists visiting London and then go on to visit elsewhere in the UK contribute £641 million to local economies visited[36]. Given the above, however, the APPG also finds semblance in a gateway metaphor being used to accurately describe a wider aspect of London's impact on the UK economy as a whole, as various other contributors suggest with different phraseology.

Significantly, London has one of the largest concentrations of universities and higher education colleges in the world. It attracts students all over the world, with a net impact of £4.6 billion annually[37]. With a combined student population of over 425,000, the higher education sector supports 223,000 jobs, generating £12 billion in GDP for the country[38].

This signifies that the fundamental importance of London for the UK's economic wellbeing must be respected – and, indeed, nurtured – to maximise potential for both the capital and the country at large. Therefore, the APPG believes that London is special and deserves consideration in its own right. This is because its recovery from the pandemic cannot be taken for granted or guaranteed, which matters 'for the whole country because London helps drive the UK economy and also helps the country to pay its bills.'[39]

Levelling-up

The Government's keystone domestic policy was referenced in the Prime Minister's first address to the nation for improving infrastructure, quality of living and life opportunities across the country[40]. This is broadly understood to address long-standing and historic regional economic disparities[41].

Although specific measures were previously announced as corollaries, such as County Deals, 15 new Town Deals and the City Regional Sustainable Transport Fund[42], it has been generally unclear what exactly is meant by the overarching policy. As Africa House set out, despite using

33 Mayor of London – APPG Submission. Page 1
34 New West End Company – APPG submission, page 4
35 London & Partners – APPG submission, page 7
36 London & Partners (2015): Understanding the London+ Visitor, https://files.londonandpartners.com/l-and-p/assets/our-insight-understanding-the-london-plus-visitor.pdf, page 4
37 Mayor of London – APPG submission, page 2
38 London Higher – APPG submission, page 1
39 Mayor of London – APPG submission, page 7
40 Prime Minister, July 2019, https://www.gov.uk/government/speeches/boris-johnsons-first-speech-as-prime-minister-24-july-2019
41 Institute for Fiscal Studies, Levelling Up: where and how? October 2020, https://ifs.org.uk/publications/15055
42 UK Gov, PM sets out new 'County Deals' to devolve power to local communities in Levelling Up speech, July 2021, https://www.gov.uk/government/news/pm-sets-out-new-county-deals-to-devolve-power-to-local-communities-in-levelling-up-speech

the phrase many times, 'the Government has not defined what leveling [sic.] up means. This has led to confusion about what it is they plan to achieve.'[43]

In the dearth of clarity before the publication of the White Paper, various speculative arguments were made as to how the levelling-up agenda could adversely affect London and its role as a global city. One particular facet is that the capital would not being recognised for the 'special needs and requirements of Central London, and that this is being exacerbated by the perception – among some – that levelling up means taking away resources from London and its surrounding areas.'[44]

As part of this wider anxiety, increasing spending elsewhere in the country while reducing public funding in the capital would not only negatively impact on the livelihoods and wellbeing of Londoners, but also the city's productivity as 'maintaining the city's competitiveness and building on the progress made over the last couple of decades, needs sustained public and private investment – taking the foot off the gas now is a dangerous gamble with the future success of the city.'[45]

As observed by Central London Forward, 'recent grant schemes such as the Levelling Up Fund and the Community Renewal Fund have seen London receive far less funding than other regions, and the government's infrastructure strategy talks of pivoting investment away from the capital (HMT, 2020) [46].'[47] The apparent trend of London not benefiting as much from levelling-up schemes is further specified with a notation that the capital has received the smallest share of the Community Renewal Fund, 'only £1.9 million of the £203.3 million will come to the capital (DLUHC, 2021a)[48], and the second to lowest amount of the first £1.7 billion Levelling Up Fund (DLUHC, 2021b)[49].'[50]

This amounts to London receiving only 1.9% of the total UK allocation, and that the capital had the 'smallest allocation of any English region, and the lowest funding per capita e.g. London 42p per capita, East Midlands, £3.79 per capita.'[51] As a result, there were wider concerns that new schemes formally separate, but relatable, to levelling-up such as the UK Shared Prosperity Fund as a successor to the European Investment Structural Funds scheme must guarantee match-fund prior levels of allocation to London[52].

While it should be recognised that these funding rounds do not exclude future grants, in essence, then, 'it is important that levelling up does not lead to a levelling down of London.'[53]

43 Africa House – APPG submission, page 3
44 Heart of London Business Alliance – APPG submission, page 2
45 Centre for London – APPG submission, page 3
46 HM Treasury, National Infrastructure Strategy: Fairer, faster, greener, November 2020, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/938539/NIS_Report_Web_Accessible.pdf
47 Central London Forward – APPG submission, page 3
48 DLUHC: Department for Levelling Up, Housing and Communities. (2021a) UK Community Renewal Funds: successful bids.: https://www.gov.uk/government/publications/uk-community-renewal-fund-successful-bids
49 DLUHC: Department for Levelling Up, Housing and Communities. (2021b) Levelling Up Fund: first round successful bidders. https://www.gov.uk/government/publications/levelling-up-fund-first-round-successful-bidders
50 London School of Economics – APPG submission, page 2
51 London Councils – APPG submission, page 3
52 Ibid.
53 City of London – APPG submission, page 9

This is important because of pre-existing socio-economic problems within the capital. As observed, levelling-up is intended to address a historic lack of growth or underfunding across regions. However, a key distinction to make is that London has not been immune to these difficulties, 'despite London's ongoing success as a global city, it has long suffered from high levels of crime, unemployment, child poverty, poor health and deprivation.'[54] This is evidenced in part by 29% of children in London living in poverty, against 19% across the UK after housing costs, and 16% of Londoners living in persistent poverty compared to the UK average of 13%.[55] Further research finds that, after housing costs, 2.4 million Londoners (27%) live in relative low income – more than any other region in the UK[56].

Furthermore, the pandemic has hit London particularly hard given unemployment has been the highest of any region at 6%, and the capital has the highest number of Universal Credit claimants in the country[57]. There are also wider concerns from some evidence received that 'structural inequalities' – although the structural element of this is not elaborated on further – have been exacerbated as a result. This may be inferred as meaning that the quality of life and life opportunities of certain communities which already faced hardship have been subsequently diminished.

Accordingly, London must also be a beneficiary of levelling-up and, to resolve these problems, 'by levelling up, we tackle those, the entire city and the wider UK stands to benefit.'[58] In fact, the Heart of London Business Alliance postulate that, far from being an adversary of levelling-up, London is actually core to the agenda, given the £211 billion gross value added to the national economy via central London's unique eco-system[59]. Not only will the agenda thereby help to increase the city's own global attraction, it will help the nation's overall recovery from the pandemic, 'levelling up cannot be achieved by making London poorer, but by helping the rest of the country become more prosperous.'[60] Therefore, it would be a mistake to debate the agenda in terms of a re-distribution or re-allocation of resources given the multiplicative effects for the country as a result of more investment in London, and that attempting to frame a North/South divide thereby misses crucial nuances.

In fact, there is a countervailing argument that the levelling-up agenda could ease tensions within the UK. This term 'is often assumed to be a battle between the North vs South of the UK for adequate resources,'[61] alongside a belief that it is the South which has received the lion's share of funding. In actuality, the capital has generated much of the tax revenue spent elsewhere across the country and that London is core to levelling-up by 'supporting other cities from across the UK via the supply chain and tourism.'[62] Therefore, the agenda could weaken potential reasons for resentment on such a basis towards the capital.

54 Mayor of London – APPG submission, page 1
55 London Councils – APPG submission, page 2
56 House of Commons Library, Poverty in the UK: Statistics, October 2021, https://researchbriefings.files.parliament.uk/documents/SN07096/SN07096.pdf
57 Mayor of London – APPG submission, page 5
58 Heart of London Business Alliance – APPG submission, page 3
59 Ibid.
60 Ibid.
61 Heart of London Business Alliance – APPG submission, page 2
62 Ibid.

It has been observed that growing resentment towards the capital has coincided with a parliamentary arithmetic where key seats in the Midlands and the North – the 'Blue/Red Wall' – have become an electoral focus and that London has consequently become a lower priority area.[63] However, it is important that any such anti-London sentiment is not overstated. Polling finds that the majority of non-Londoners are proud of their capital[64] and that it remains one of the most popular cities in the UK[65]. Anti-London sentiment is thereby often instead linked to perceptions that London's economic success 'does not benefit local economies across the rest of the UK, something which has the levelling up agenda has played into.'[66] At worst case, it is the perception that London is actually in competition with the rest of the UK. This in turn risks undermining not only the relationship between capital and country, but the impact on London's global city status.

Given the combination of London's own need for levelling-up and its financial contribution to the country, 'a rhetoric that pushes the differences rather than similarities between London and the rest of the UK will be unhelpful,'[67] with regards to the different regions working together towards mutual aims.

Effectively then, the success of London and the UK 'is not – and has never been – a zero-sum game.'[68] While remaining conscious of London's own needs, the capital can therefore help the country to level-up.

As stated earlier, London & Partners regard London as a 'gateway' for investment and tourism across the whole of the UK, and that there is enormous potential for the capital to work with the UK to drive growth[69]. This is in part due to the concept of 'London+' companies, those which first invest in London then elsewhere in the UK; albeit with an average of three years following initial investment.

Such an assessment helps to explain why, in Centre for London's 'London, UK'[70] study, the capital's global city status is widely-regarded as an asset in the rest of the UK. A senior local official commented that "London is a global city, making global money (…) Lincolnshire would be a poorer place if London wasn't doing what it's doing." [71] In further such interviews as part of this report, London is viewed as an international barometer of the UK's economic health, whereby if London were to start failing then other cities across the UK would be regarded as less appealing too. The contrary views expressed, however, reference that the capital's 'spokes' – joint initiatives and regional engagement – are weak and that London's dominance could feel insurmountable when attempting to lure inward investment.

63 Centre for London – APPG submission, page 4
64 Centre for London, London, UK: Strengthening ties between capital and country, February 2019, https://www.centreforlondon.org/publication/london-uk-capital-country/
65 YouGov, London popularity & fame, https://yougov.co.uk/topics/travel/explore/place/London
66 Central London Forward – APPG submission, page 5
67 Centre for London – APPG submission, page 3
68 Mayor of London – APPG submission, page 5
69 London & Partners – APPG submission, page 9
70 Centre for London, London, UK: Strengthening ties between capital and country, February 2019, https://www.centreforlondon.org/publication/london-uk-capital-country/
71 Centre for London – APPG submission, page 3

Although there is evidence to support the notion that 'London and other local economies, cities and regions don't exist in isolation. They are bound together more than ever by supply chains, and a complex web of social and commercial ties,'[72] via every pound of consumption or investment in the capital generating 24p of production generated elsewhere in the UK,[73] it appears that there is still a niche for greater collaboration.

As London Councils have outlined, the capital is a 'shop window' for Britain, and so stronger relationships need to be developed across the wider South East. This can be achieved by utilising expertise around London, such as the industrial clusters around the Oxford-Cambridge-London triangle. Case studies through the Thames Estuary Partnership, such as the Production Corridor, can offer collaborative economic growth for east London and Thurrock. London and the wider UK are thereby not in competition, and actually complement one another. However, the comparative advantages of London need to be respected as the capital faces intense international pressure and 'if investment does not come to London it will be lost to the UK.'[74]

Reforms to governance arrangements have been highlighted as a means of achieving greater connectivity and partnerships. While London itself has had the Greater London Authority and Mayoralty for more than twenty years, such devolved structures are only recently emerging in other metropolitan areas. This will cause more demands on infrastructure, innovation and economic development. The challenge for London is to make its own case as a donor region to the UK while also in need of support itself[75]. As such, in considering levelling-up, Central London Forward contend that, instead of shifting investment away from the capital, there should be a further devolution of powers to locally accountable leaders[76]. Similarly, the Mayor of London calls for the creation of a 'strong network of powerful cities and regions.'[77]

The report takes comfort from the outlined approach on levelling-up by the Prime Minister that, 'there is much more to do in London, and there are still huge inequalities – but deprivation levels have been dramatically reduced and let us be clear about the difference between this project and levelling down. We don't want to level down. We don't want to decapitate the tall poppies, we don't think you can make the poor parts of the country richer by making the rich parts poorer.'[78]

72 Mayor of London – APPG submission, page 4
73 Greater London Authority, The Evidence Base for London's Local Industrial Strategy, February 2020, https://www.london.gov.uk/sites/default/files/lis-evidence-base-final.pdf
74 London Councils – APPG submission, page 1
75 London School of Economics – APPG submission, page 2
76 Central London Forward – APPG submission, page 2
77 Mayor of London – APPG submission, page 5
78 Prime Minister, Levelling Up Speech, July 2021, https://www.gov.uk/government/speeches/the-prime-ministers-levelling-up-speech-15-july-2021

White Paper

Since then, the Levelling Up White Paper has been published which outlines 12 national missions (cross-governmental policy objectives) to be enshrined in law. It also provides a definition of what the Government mean by the 'levelling up' term. Through mutually-reinforcing combinations, six capitals of physical, human, intangible, financial, social and institutional will be endowed to every place in the UK 'so that people do not have to leave their community to live a good life…With opportunity spread more equally across the UK, people in places that were once struggling would then fulfil their potential, living longer, healthier and happier lives. With each part of the UK achieving its potential, the economy as a whole would be both larger and more equal.''[79]

The APPG provisionally welcomes the White Paper's proposals for areas of the UK to request greater devolution powers by 2030 given the inspiration from London's system. Much will depend on how many regions aspire to such powers and what the exact configuration will take. If managed correctly they may create new centres of gravity within the UK whereby there will be greater scope for collaborative working which the report hints at. This is further elaborated by the potential for joint mayoral delegations to pitch multi-region investment, 'demonstrating that the UK's various cities, towns and regions have complementary, not competing, offers.'[80]

The APPG is of the view that the widespread regeneration of key sites across the country will help to relieve pressures of housing demand in and around London. This may inadvertently assist with addressing current quality of life issues by avoiding amenities and services within the capital being overstrained while efforts are made to address them.

That said, the APPG expresses some scepticism as to just what 'globally competitive' cities in every area of the UK means. The principle of the UK possessing many global cities is actually supported by the group, given that, as detailed further in this report, Germany holds three global cities as ranked by benchmark assessments, but the UK does not. Their establishment would help to collectively enhance London and the UK's overall offering to the world.

London is intrinsically special and its ecosystems have been built-up over a significant period of time. There is a danger not only of such newly 'global' cities being somewhat artificial and lacking a solid grounding by which to generate the kind of attraction that London does, but also that in attempting to mimic London, these cities could actually infringe upon London's global status. For example, the creation of an International Financial Centre with the explicit aim to rival the capital could pose serious risks for future investment opportunities by causing a divide which may weaken London's capacity.

The greater research investment outside of what is called the Greater South East is likewise to be cautiously welcomed given that this could enhance the 'spokes' around London. This could become problematic, however, if pre-existing ecosystems, such as around the London-

79 Department for Levelling Up, Housing and Communities (2021): Levelling Up: Levelling Up the United Kingdom, 2nd February 2022, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052064/Levelling_Up_White_Paper_HR.pdf
80 Centre for London – APPG submission, page 4

Oxford Arc and the London-Cambridge Corridor are neglected for the sake of simply investing elsewhere. There must be clear businesses cases on how greater investment across the country would be of similar benefit. Crucially, they should not constrict London's wider infrastructure and growth.

Recommendations

- Despite the Levelling Up White Paper highlighting metrics to measure globally competitive cities, it is not clear how a global city is defined. The Government must clarify what is meant by 'new globally competitive' cities as not only must their creation be carefully managed, they should not be seen as or attempted as tools to directly interfere with London's services reputation as this would be self-defeating for the whole of the UK
- The Government must ensure that London is also a direct beneficiary of the Levelling Up agenda in order to address socio-economic inequalities within the capital and help increase global city standings

3. A CITY FOR BUSINESS

This chapter looks at London's significant business offering as well as the consequent benefits having such a draw provides to the rest of the UK. Policy ideas across workforce, investments and trade are then considered to examine future opportunities.

'London Plus'

While London's economic potency has already been cursorily covered previously in this report, its hospitable business and regulatory climate is worth exploring in detail given the important benefits this entails for the whole of the UK.

The capital's success is underpinned by a combination of factors, including 'potential for growth and scale, talent, connectivity and regulatory environment,'[81] when coupled with a world-class cultural offering. Crucially, it is 'perhaps the only city where entrepreneurs can realise the creative opportunities that come from bringing together different sectors in new, innovative ways,'[82] given creative ideas arising from overlaps between sectors in the modern economy.

This position is further strengthened by the business infrastructure offered, 'where the UK's location on the world map provides for un-rivalled global connections, and the country's strong cyber security framework and digital security measures offer forms a business environment they can operate in with trust.'[83] In addition to London's physical location between New York and Beijing providing an advantage, it is also metaphorically centric whereby its business-friendly climate and labour laws are described as 'being a 'halfway house' between US and mainland Europe and a major asset to setting up an HQ in the UK.'[84]

In this regard, London is 'a hub for international trade, selling both goods and services to partners all around the world and in return attracting foreign investment as a key driver of the economy.'[85] Being a centre of financial activity means that the capital has been able to secure striking levels of investment throughout the UK which has helped 'to fund businesses across the country, and positioned the UK as a key hub for strategic, forward-looking sectors such as FinTech and life sciences'.[86]

As such, its asset as one of only two full-service IFCs is a major attraction for international investors seeking support 'with extensive financial and technological capabilities, quality legal and regulatory systems, a richly diverse and inclusive talent pool, flexible labour markets, a globally central time zone and an international language of business.'[87] Not only does this enhance the UK's soft power, but it also means that the UK has a financial and professional services ecosystem which employs 2.3 million people across the country, with two thirds of those being outside London. This drives employment in financial and professional services throughout the UK, which in total contributes around £200 billion to UK GVA.[88] This means that the country can benefit from what London unlocks for the country and that efforts should be made to strengthen the capital's position.

This is particularly important given the events of the last three years, whereby even before the pandemic, a number of analysts predicted a higher than 50% chance of a recession in 2020 and the city was adjusting to Brexit implications. London's loss of economic output in 2020 was sharper and deeper than during the financial crisis and by 'by Q2 2021 output was still lower than its pre-pandemic peak but had shown relative resilience and recovery was underway.'[89]

This can also be glimpsed from the Global Financial Centres Index, whereby in March 2021, London was given its second lowest score since the report's inception. Sector-specific data over the last decade reveals 'a trend of the UK enjoying moderate growth weighted against a relative decline.'[90] This involves the UK's global share of cross-border bank lending falling from 17.8% in 2010 to 15.2% in 2020, even as total UK annual cross-border lending rose from $5.3 trillion to $5.4 trillion. Similarly, insurance premiums fell from 6.9% in 2010 to 5.8% in 2019, while the value of UK insurance premiums rose from $300 billion to $366 billion. Pension assets fell from 8.6% in 2010 to 6.8% in 2020, even while UK pension assets grew from $2.3 trillion to $3.6 trillion. Lastly, hedge fund assets fell from 20.7% in 2010 to 14% in 2019, while UK hedge fund assets grew from $290 billion to $447 billion.

As highlighted, a key challenge to address 'is the difficulties being faced by London's capital markets, which lie at the heart of the UK's financial centre. Between 2010 and 2020 the number of international companies listing on the London Stock Exchange fell from 599 to 370. This has allowed New York to surge ahead as a listings centre, replacing London as the leading centre for international listings over the last decade. Meanwhile, Hong Kong is hot on London's heels.'[91]

The APPG believes that more should be done to reverse this trend, although we note that these figures were from the past decade. The new decade means seizing the opportunities of Brexit and we have already seen an overhaul of public company listings to attract more high-growth and special purpose acquisition companies. The early successes can already be seen from 2021 new company listings raising £13.9 billion and 53 new companies being listed on the London Stock Exchange[92].

81 London & Partners – APPG submission, page 1
82 Ibid.
83 City of London Corporation – APPG submission, page 3
84 Centre for London – APPG submission, page 5
85 City of London Corporation – APPG submission, page 1
86 TheCityUK – APPG submission, page 1
87 Ibid.
88 TheCityUK (2020): Key Facts: About UK-Based Financial and Related Professional Services, https://www.thecityuk.com/assets/2020/Reports/05a3382368/Key-facts-about-UK-based-financial-and-related-professional-services-2020.pdf
89 London & Partners – APPG submission, page 2
90 TheCityUK – APPG submission, page 2
91 Ibid.
92 Rebecca Perring, 'Brexit WIN for City of London as new companies bring in £13.9BN – three times 2020 figure', The Express, 7th January 2022, https://www.express.co.uk/finance/city/1546321/Brexit-news-City-of-London-latest-figures-uk-market-update

While amongst the major economies, the UK's regulatory framework is leading, sets international standards, is at the forefront of innovation and offers the lowest corporation tax rate in the G20 economies, London still came behind Singapore and Hong Kong. Both cities provided competitive and enabling regulatory and legal environments, although Singapore in particular enjoyed 'a competitive and simple tax system, and low barriers to international trade.'[93] This in turn suggested that in facing global challenges, the UK needs to be perceived as more predictable, stable and strategic in order to reinforce businesses' confidence in the UK market for investment.

Investigating the tax system and lowering barriers to trade may therefore be pro-active areas of work that the Government could progress to increase international competitiveness alongside establishing long-term stability in the wake of the pandemic. This also extends to removing trade and regulatory barriers that make it harder to develop new market capabilities, with key barriers being 'digital trade restrictions, regulatory divergence around green standards and green taxonomies, investment barriers and restrictions on transferring risk via international insurance markets.'[94] Crucially, the competitiveness of the UK's tax regime is key to its global financial centre status and that while 'the cut in the bank surcharge, also announced in the Autumn 2021 Budget is a welcome step towards ensuring a level playing field for banks even though the sector will continue to be taxed at a higher rate than other parts of the UK economy.'[95]

This is salient given the pandemic's effect on potentially altering work habits permanently, given that London's economy is highly reliant on its city centre being busy – but more weight is 'likely to be placed on remote working flexibility, future skills, decarbonisation, and public health as key draws for the city going forward. London does show promise on these measures.'[96] Therefore, as a rejoinder, the capital is resilient because 'while London's economy and residents were significantly impacted by the pandemic, its appeal as a place to live and do business remains. London was voted the most admired and trusted city in 2020.'[97]

This is significant because of the 'London Plus' concept, in which London is a gateway for FDI to other parts of the UK and that so-called 'London+ UK companies (companies that invest first in London and then elsewhere in the UK) contributed £7.6 billion to the rest of the UK, creating 38,712 jobs outside London.'[98] The top destinations for London+ across the rest of the UK were the South East, Scotland and the North West, with Scotland seeing the highest number of jobs created by London+ companies.

It is possible to attribute this to a clustering effect whereby businesses enjoying the benefits of agglomeration[99]. This is evidenced by 42% of all UK enterprise turnover in 2018 being generated by enterprises with a London headquarter. This increased by 14% since 2007, demonstrating the concentration of value creation in London in comparison to other cities in the UK. As a consequence, 'London is home to the largest number of headquartered enterprises, (estimated at more than half a million in 2018) in the UK'[100].

While it took an average of three years for a London+ company to invest elsewhere in the UK, not only did each company make an average of three further investments, 12.1% of FDI projects in the UK stem from an investment in London. Furthermore, one in every thirteen companies which first invest in London go on to subsequently invest somewhere else in the UK[101]. In effect then, London's world-leading industries 'compete internationally for investment, but they are connected to clusters across the UK. London's advantage in these areas delivers benefits for the whole country.'[102]

There is therefore scope for a joined-up approach which recognises London's unique role in attracting investment to the UK and does more to improve its offering, but in which there is 'greater coordination between London and the rest of the UK on regional 'spin off' investment. Figures at the time of publication showed that London-headquartered businesses are responsible for 1.9 million UK jobs outside of the capital, or 5.8 per cent of non-London jobs in Britain.'[103] Focusing on businesses headquartered in London to increase investment and growth in the rest of the country would thereby also have the advantage, as Africa House postulate, of creating job opportunities, branching out and creating businesses for smaller cities and which would reduce pressure on the capital.[104] This pressure may in turn be more widely understood as negative sentiments towards an economic reliance upon London.

As a result of previous London+ investments, there is already ground to build up from in key sites given that 'while London remains core to the UK's global strong position in financial and related professional services, around two thirds, or 1.5 million people, work outside the capital. Overall, 21 towns or cities in the UK have in excess of 10,000 people employed in the industry, with major hubs in Birmingham, Bristol, Edinburgh, Glasgow, Leeds and Manchester.'[105]

Early steps towards this endeavour could be taken by following the City of London Corporation's suggestion for UK Mayors convening in 'quarterly roundtable events with London representatives to share best practice on policy topics where there is common interest; agree how to help each other; and coordinate asks of the government.'[106] The APPG would welcome this, although believes that the Minister for London would be in a prime position to host such meetings for UK Mayors in order to best address how London spin-off investment could be felt across the country.

93 City of London Corporation – APPG submission, pages 3-4
94 TheCityUK – APPG submission, page 4
95 City of London – APPG submission, page 8
96 Centre for London – APPG submission, page 2
97 Central London Forward – APPG submission, page 4
98 London & Partners – APPG submission, page 8
99 GLA Economics (2020): The Evidence Base for London's Local Industrial Strategy – Final Report, https://www.london.gov.uk/sites/default/files/lis-evidence-base-final.pdf
100 London & Partners – APPG submission, page 7
101 Ibid.
102 Central London Forward – APPG submission, page 1
103 Centre for London – APPG submission, page 4
104 Africa House – APPG submission, page 4
105 London Councils – APPG submission, page 1
106 City of London Corporation – APPG submission, page 8

Investment and reforms

Enhancing London's offering thereby requires a consideration of the capital's current investment strengths and where improvements may be needed to increase competitiveness.

An intrinsic part to future success will be access to growth capital, which is essential for start-ups looking to scale and create jobs. A good example in this area is from iLondon, 'which has emerged as one of the world's leading hubs for impact tech, attracting large amounts of VC investment into start-ups addressing one of the 17 UN's Sustainable Development Goals.'[107] Given such a network, London's impact firms secured 429 deals between 2015 and 2020 – more than any other city globally, growing by almost 800% in five years[108].

However, there is a danger that, following the Brexit vote, London's relative position as an investment centre has declined. While analysis suggests that it is challenging to disaggregate Brexit from other impacts, including other factors, the overriding concern is that 'some may require reassurance about London's continued strength as a route into the EU, while some may perceive trade opportunities as a result of the UK's strategic pivot.'[109] This would therefore suggest that new endeavours must be made to highlight areas where London is able to offer competitive advantages.

The role of tech, and in particular fintech, is one of London's leading sectors. London is ranked the number one city in Europe for the total number of advanced digital technology companies and a leading destination for technology and financial services, 'according to a post-Brexit survey of over two hundred senior US tech executives, London is the best city in which to build a European operation.'[110] Given this, London has quickly become recognised as a global leader in new advanced digital technology and emerging fields in artificial intelligence, the internet of things, extended reality, blockchain, robotics and autonomous machines will 'drive the capacity to transform both the economy and society, contributing to the creation of good jobs, improving London and UK-wide productivity.'[111]

This is evidenced by London-based venture capital firms having 'unprecedented levels of fresh capital to deploy in 2021 - with European fintech firms raising $13.9bn, up 51% on full year 2020 investment levels. London was at the heart of this growth, with its fintech firms accounting for over a third of all European fintech funding.'[112] In essence, London's tech sector could make a vital contribution to the capital's continued global city status, with tech companies attracting record levels of investment at £7.6 billion in 2020 alone and London remains the tech capital of Europe.[113] Investment into London's fintechs has also been growing, being 2.4 greater in the first half of 2021 than in the same time period of 2020, and so there is renewed investor confidence following the pandemic[114].

107 London & Partners – APPG submission, page 7
108 Ibid.
109 London & Partners – APPG submission, page 5
110 Mayor of London – APPG submission, page 4
111 Ibid.
112 London & Partners – APPG submission, page 4
113 Centre for London – APPG submission, page 5
114 Ibid.

The onset of the pandemic itself has also accelerated the expansion of tech companies into other industries, forcing transformations which has 'been evidenced in the FS [Financial Services] sector, with tech firms holding strong advantages in payment and credit analytics. Chinese tech players are reaching even further into FS within wealth and asset management offers and current accounts. With London an FS hub, firms are well positioned to take the lead in responding to competition.'[115] The pandemic has also triggered the potential utility of widespread data sharing and London's regulatory environment actually complements safeguards. As the home to a range of data initiatives, including the London Data Commission, 'regulatory and technological safeguards, as well as heightened transparency among firms processing data, all have a role to play in growing consumer confidence in data sharing and enabling the resulting innovations to flourish.'[116]

In order to help seize this potential, there are a number of related calls to establish a Centre for Finance, Innovation and Technology as per the Kalifa Review of UK Fintech[117]. It is estimated that establishing this Centre, and following seed funding in the Autumn 2021 Budget, will not only benefit the UK's fintech sector, but also solidify the UK's position as a global leader, 'which could add £24 billion to the economy by 2030.'[118] While a range of Government departments and regulators have made commitments to take forward the Review's recommendations, but 'more work is necessary on strengthening the strategic development and adoption of FinTech policy and regulation.'[119]

The APPG welcomes the fact that the Chancellor has previously committed to take forward many of the recommendations made by the Kalifa Review, including the Centre, as well as all the recommendations in the Listing Review by Lord Hill[120]. In particular, the sector's growth funding gap is estimated to be as much as £2 billion per annum and so the Fintech Growth Fund proposal within the Kalifa Review would help to address it[121]. The APPG therefore joins its contributing stakeholders in supporting the Government's plans and calling for this to be expedited to help close the gap between London and other global cities.

The APPG also notes that there are a number of related steps which can be taken so as to enhance the overall offering in financial services. These include working with London & Partners to promote 'the Financial Conduct Authority's (FCA) regulatory and digital sandboxes that help overseas businesses understand how they can gain access to the London market and consumers.' [122] Until such time as the Kalifa Review is implemented, the APPG believes that such steps may unlock more investment in London's world-leading industries. Additionally, there may be scope for exploring programmes akin to start-up incubators on a specific theme, 'e.g. Station F in France and London's Founder's Forum, Level 39 and Plexal),'[123]

115 City of London Corporation – APPG submission, page 5
116 Ibid.
117 UK Government (2021): The Kalifa Review of UK FinTech, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/978396/KalifaReviewofUKFintech01.pdf
118 City of London Corporation – APPG submission, page 6
119 TheCityUK – APPG submission, page 3
120 UK Government (2021): 'Ambitious plans to boost UK fintech and financial services set out by Chancellor', 19th April 2021, https://www.gov.uk/government/news/ambitious-plans-to-boost-uk-fintech-and-financial-services-set-out-by-chancellor
121 City of London Corporation – APPG submission, page 8
122 City of London Corporation – APPG submission, page 6
123 Ibid.

which would provide physical and virtual work spaces for experts from government, academia and business to coalesce and innovate on specific priority themes. The APPG finds this to be an interesting idea, particularly if targeted around areas such as the future of fintech or the UK's regulatory system, although any such proposals would first require further details.

Importantly, on the basis of written evidence received, there are two other policies under consideration which could benefit both domestic and international business and thereby further improve the capital's collective offering.

Firstly, SME finance should be explored to help developing businesses to grow. There is already a strong foundation to work from, as 35% of SMEs attempted to access external finance in London, of which 48% obtained all funding required and 30% obtained partial financing[124].

Given that SMEs in the South East, South West, West Midlands and East of England are all 'strongly reliant on London based investors, supported by relevantly short travel times between investor and the SME,'[125] this means that 'London represents an attractive location for innovative start-ups looking for finance and support. This also represents an opportunity to spread the benefits.'[126]

Effectively then, London could enhance its SME financing so that it becomes 'a city of competitive financial interest rates, where rates of SME borrowing and lending should be more attractive than other cities.'[127] The APPG thereby welcomes the City of London Corporation's recommendation to build resilience through an outreach network that acts as an online clearing house for SMEs with experts in the business community[128]. The APPG notes the synergies this would have with the 'London Plus' concept and in enhancing the spokes around London and connectivity with the surrounding regions and so believes that further policy should be explored. As Africa House have stated, this could also have international – as well as domestic – benefits.

Secondly, reforms to business rates would need to consider London's specific environment and the high cost of commercial rents. There are concerns that rates have increased far more than revenues and that this may prove an existential threat for retailers. Therefore, reforms to the business rates system could allow local authorities to keep more of the rates collected in their area, while also becoming more appropriate for a digital 21st century and level the playing field between online and physical retail, as well as offering green investment via discounts and incentives.[129]

The APPG finds that these are worthy suggestions and, in building on Fundamental Review of Business Rates[130] which informed Budget 2021, alternative business rates models should be studied.

124 London Business Survey (2014): The London Business Survey 2014, https://data.london.gov.uk/gla-economics/london-business-survey-2014/
125 London Councils – APPG submission, page 2
126 London School of Economics – APPG submission, page 3
127 Africa House – APPG submission, page 1
128 City of London – APPG submission, page 7
129 Heart of London Business Alliance – APPG submission, page 4
130 HM Treasury (2021): Business Rates Review: Final Report, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1028478/BRR_final.pdf

Skills and Talent

One of the key means by which London can increase its international competitiveness and thereby draw more investment will be through improving skills and attracting talent. As observed with the financial services sector, its role as a hub for innovation is 'enhanced by its ability to attract global talent – one crucial example of how the UK is open for business and why this must continue.'[131]

However, there is a danger that London is facing a skills shortage as even before Brexit and the pandemic, '23% of all job vacancies were due to a lack of applicants with the right skills and 42% of firms were not confident they would be able to recruit people with the higher-level skills their organisation.'[132]

As such, there has been speculation that changes in the UK-EU trading relationship, and the ending of free movement, could accentuate this challenge. This is compounded by a risk to London's global city role, given that the capital's labour market had the highest proportion of EU nationals of any region or nation of the UK before Brexit, and businesses in the capital are particularly likely to cite a decline in EU workers as a factor in growing skills shortages.[133]

In London, 90% of businesses employ EU citizens, with 14% of jobs being held by EEA workers compared to 6% in the rest of the UK[134]. EU nationals make up significant sections of the workforce across multiple industries: 30% of the construction workforce, 15% in financial services, 30% in the tech sector, 10% of London's NHS workforce, 30% of those in hospitality and 12% of the wholesale and retail workforce[135][136]. This thereby poses a potential risk insofar as 'ending free movement will make London a less accessible and less attractive location for European migrants, which in turn may worsen skills mismatch issues and reduce the competitiveness of London as a location for businesses to locate.'[137]

The APPG notes, however, that the mass exodus of EU workers as speculated by various commentators, has simply not occurred – as evidenced by the Office for National Statistics.[138] Interestingly, London's hugely internationalised workforce is not strictly predicated on EU or EEA nationals – before the pandemic, around 26 per cent of London's workers were non-UK nationals, compared to 12 per cent across the UK.[139] When cross-referenced with the above data, there is almost an even split between EEA workers and rest of the world.

It is also important to note that 'London and the UK came behind only New York and the US in terms of access to talent, in recognition of the UK's world-leading universities and

131 City of London Corporation – APPG submission, page 2
132 London Councils (2017): Skills gap in London, https://www.londoncouncils.gov.uk/our-key-themes/economic-development/adult-skills-0/bridging-skills-gap/skills-gap-london
133 Central London Forward – APPG submission, page 2
134 Rocks, C. (2018): EEA workers in the London labour market, https://www.london.gov.uk/sites/default/files/eea-workers-in-london-cin-56.pdf
135 Ibid.
136 Seidu, R. et. al. (2019): Mind the Gap: Skills Shortage within the UK Construction Industry. International Conference on Innovation, Technology, Enterprise and Entrepreneurship icitee 2019. Al-Ekir, Bahrain, 24-25 November 2019.
137 London School of Economics – APPG submission, page 1
138 Jay Lindop, 'Experimental migration data: No evidence of UK exodus', Office for National Statistics, 25th November 2021, https://blog.ons.gov.uk/2021/11/25/experimental-migration-data-no-evidence-of-uk-exodus/
139 Centre for London – APPG submission, page 1

MBA programmes, international workforce, and high quality of life driven by a rich cultural scene,'[140] and therefore the capital continues to have a very strong offering despite the impact of the past few years. Broadly, this may be in part due to London's uniqueness whereby its 'culture and heritage is seen as a driver of talent to the UK… as a pull factor for investment.'[141] However, as has been stated previously in the report, complacency will lead to a drop in London's global city standings and so there are a number of steps which can bolster its offering.

The APPG therefore finds that there appears to have been a pre-existing skills issue which has been largely unaffected over the past few years. There remains a continued need, however, to adapt to improve London's offering and a wider point to ensure that the 'UK remains open, outward-looking and confident on the world stage – as set out in the government's Global Britain agenda – will be vital for the capital remaining a preeminent global city.'[142]

Although, this cannot focus only on overseas talent. Having a highly internationalised workforce has also created an issue in of itself for the UK's own workforce, whereby 'the migration of highly educated workers from overseas and other parts of the UK has given London a workforce twice as qualified as the rest of the UK in many sectors. This is a boon to London's employers, and to the city's productivity, but it is also a potential barrier to career progression for Londoners with fewer qualifications'.[143]

This has been compounded by a consequently highly competitive labour market where, despite enormous opportunities, Londoners 'with lower levels of qualifications tend to have lower levels of employment and earnings compared to similarly qualified residents of other regions. Supporting Londoners to develop the skills, qualifications and experience they need to access the opportunities in our economy is crucial to ensuring inclusive growth.'[144]

Therefore, to remain competitive in the future, the overarching objectives can be summarised as a three-pronged approach whereby 'the UK needs to close skill gaps in London and across the country, provide skilled international talent with a pathway into UK-based firms, and re-build London's attractiveness as a metropolis to not lose bright minds to other centres.'[145]

In the first instance, the APPG welcomes the Government's Skills and Post-16 Education Bill which is intended to address an acknowledged historic skills shortage. However, as the Heart of London Business Alliance set out, there is a shortage of both skilled and unskilled workers. While they similarly welcome the Government's commitment to reskilling, they point out that there is 'a lack of agility in the existing skills system combined with a lack of short-term flexibility in the immigration system risks making the recovery precarious.'[146]

140 City of London Corporation – APPG submission, page 3
141 City of London Corporation (2021): Our global offer to business: London and the UK's competitive strengths in a changing world, https://www.theglobalcity.uk/PositiveWebsite/media/Research-reports/CoL-Our-global-offer-to-business.pdf
142 Central London Forward – APPG submission, page 2
143 Centre for London – APPG submission, page 1
144 Central London Forward – APPG submission, page 2
145 Centre for London – APPG submission, page 3
146 Heart of London Business Alliance – APPG submission, page 2

This is coupled with the move towards home working arrangements which will create short-term disruption and render certain institutions unviable, particularly given that 'skilled workers in key sectors such as theatres and hospitality that were severely impacted by the crisis, have moved to other sectors with more job security. This leaves a short and long term issue for key sectors wanting to attract new entrants to the market and retain current talent.'[147]

Therefore, specific sectors – hospitality, culture and retail – in the West End may require increased support, at least in the short-term. The APPG thereby supports HOLBA's call for the Government to examine the particular reasons as to why these sectors are currently facing a skills shortage[148], given the evidenced value that West End businesses provide for London and the UK.

More widely, there is also potential to build on existing schemes across varying sectors. New talent could be created by expanding City of London Corporation-sponsored jobs fair for university and secondary school students towards tech, financial and professional services. Similarly, digital skills could be boosted by collaborating with training providers such as FutureDotNow and the Mayor's Digital Access for All Recovery Mission[149]. The APPG recognises the merits of these proposals and recommends that stakeholders work together to co-ordinate the offering available for such sectors. The APPG further suggests on the body of evidence it has received for this report that there would be a specific utility by targeting fintech training, given London's premier hub for this industry.

The attraction of London for international workers and the projection of London as a global city are intertwined. In this regard, the Centre for London suggest that an international image should be projected which welcomes overseas business investment and migration. In particular, the value of making the immigration system for skilled tech workers is highlighted to 'establish a more efficient and flexible immigration system that delivers against London tech's talent needs and the requirements of emerging areas.' [150]

The APPG reserves caution in relaxing visa requirements given the post-Brexit immigration system and, as evidenced above, the damaging potential this might have on the UK's domestic workforce at a time when a high-skilled and high-productivity economy is being aspired to. The group also notes further proposals in calling for immigration powers to be regionally devolved, which cannot be accepted given that this may disharmonise and perhaps further estrange sentiments between London and the rest of the UK. However, proposals for specific sectoral visas merits consideration.

TheCityUK posit that a core industry priority for the UK's competitiveness is labour mobility, with skilled, multinational and multilingual workers being the key to London's success on the global stage[151]. Following a joint report,[152] there are three key suggestions to mobility

147 Ibid.
148 Heart of London Business Alliance – APPG submission, page 3
149 City of London Corporation – APPG submission, page 7
150 Centre for London – APPG submission, page 5
151 TheCityUK – APPG submission, page 2
152 TheCityUK (2021): Global talent mobility: Ensuring UK competitiveness – One year on: our scorecard, https://www.thecityuk.com/assets/2021/Reports/fa233ae25b/Global-talent-mobility-Ensuring-UK-competitiveness-v2.pdf

framework which involve the creation of a hybrid short-term business visa to allow employees to enter the UK for short-term productive activity without a work visa; allowing changes of employment with the same Sponsor to be affected by a Sponsor Management System update; and to negotiate with trade partners reciprocal hybrid short-term business visa streams.[153] There may also be further scope to enhance competitiveness by introducing 'scale-up visas, of which eligibility criteria were set out at the Autumn 2021 Budget.'[154]

While the APPG maintains its reservations on changes to the UK's immigration system, particularly for unintended consequences on domestic talent, it notes that such suggestions are circumspect and limited. Therefore, the creation of short-term hybrid visas and scale-up visas could be explored further in policy terms, although with due reference to existing Government policy on priority lists. In this regard, the life sciences, tech and financial sectors may receive additional support given their clear importance to London's competitive global standings.

Trade

Existing trade delegations by key organisations have been affected by the pandemic and their importance across financial and professional services, tech, infrastructure and regulatory conditions was considered significant enough that 'a Virtual Engagement Programme was developed in place of overseas visits, involving a programme of virtual meetings with leading international partners and key Ambassadors.'[155] In the aftermath of the pandemic's worst ravages, there is an arguable case for London to increase inbound funding missions and use the capital's unique ecosystem to secure investment, 'specifically targeting investors around the world. It also suggested that the Mayor should publicly state that they have an open door to investors and companies seeking to invest in London's tech companies and digital infrastructure.'[156]

However, there is also potential for trade missions to be launched on a collaborative basis with the aim of increasing investment opportunities across London and other UK cities. Currently, joint initiatives are being discussed domestically between cities and towns, but 'similar coordination and cooperation on foreign direct investment and other private sector activity has generally been less frequent and less successful to date.'[157]

It is therefore suggested that there should be greater links between relevant London stakeholders to work with partners outside of the capital on areas such as tourism and international investment. While it is noted that the City of London Corporation's Regional Engagement Strategy already provides a template, this can be developed further so as to broaden connections.

153 TheCityUK – APPG submission, page 2
154 City of London Corporation – APPG submission, page 8
155 City of London Corporation – APPG submission, page 2
156 Centre for London – APPG submission, page 5
157 Centre for London – APPG submission, page 4

This would have the advantage of strengthening London's 'spokes' across industries and thereby further increase prosperity outside of the capital as well.

Some nascent initiatives already provide a platform for further expansion, such as the 'Mayor's International Business Programme and the Global Scale-up Programme which came together to discuss the idea of a diversity led mission, taking a group of diverse founders to North America.'[158] This collaboration between London and Manchester evolved into REACH (Race Ethnicity And Cultural Heritage Virtual Trade Mission to North America), whereby both cities 'promoted their businesses jointly to North American investors and corporates.'[159] This partnership is continuing between both cities and their mayors, with further participation on virtual trade missions and Silicon Valley-UK activities.

This has led to the ScaleUp Institute consistently recommending that 'the London and Manchester programmes be replicated across the UK and it is good to see both areas collaborating and keen to share the good practice with others and how they can be expanded to other cities.'[160]

The APPG supports such endeavours in principle. However, these should not be for cities to have to take the lead on. Instead, this should be a national policy priority instead of being conducted intra-city and, so as to have UK-wide co-ordination, the Government should convene a meeting of Mayors to explore how such joint trade missions could work in practice. This should be with the explicit aim of attracting investment across the whole of the UK, although London's role as a gateway to the UK must be seized upon as a major selling point.

Recommendations

- The Treasury should comparatively examine Singapore's model for tax and trade to inform possible regulatory reforms on the tax system and how this would strengthen London's ability to increase inward investment to the UK
- The Department for International Trade could look to strengthen the 'London Plus' approach, by improving London's international offering whilst improving a joined-up approach between the capital and regions for increased spin-off investments. The Minister for London could convene meetings with UK Mayors so as to explore how these investments could reach other parts of the country
- The Treasury should explore how existing organisations, such as the Financial Conduct Authority, can work with London & Partners to promote investment in leading sectors, until such time as the Kalifa Review's implementation provides further clarity
  The Treasury should examine how SME resilience can be increased via a specific domestic outreach network to help connect businesses, while also looking in policy terms at how this could increase international financing options

158 London & Partners – APPG submission, page 9
159 Mayor of London – APPG submission, page 6
160 London & Partners – APPG submission, page 9

- The Treasury should research a fundamental reform of the business rates system, including by studying alternative models
- The Department for Digital, Culture, Media and Sport should investigate why hospitality, culture and retail West End businesses are facing sectoral-specific skills shortages
- Private companies and interest groups should liaise with the City of London Corporation to promote greater jobs fair and access for tech, financial and personal services sectors. Particular emphasis should be placed on fintech given London's prominent strength
- The Home Office should work cross-government to explore the potential for short-term hybrid visa schemes as well as scale-up visas with due regard to London's globally competitive strengths in life sciences, tech and financial sectors
- The Department for International Trade should convene a 'UK Cities Forum' of Metro and Combined Authority Mayors to establish the potential for city trade missions to enhance investment opportunities; and, if worthy, to consider the merits of this organisation being made permanent

4. A CITY FOR TOURISM

This chapter looks at London's appeal to international visitors for leisure and for high-net worth commerce within the Central Activities Zone. The most recent statistics are contrasted with the effects of the pandemic and policy ideas to encourage more inbound tourism as part of the capital's wider domestic recovery.

International visitors

London's global appeal is greatly reflected in the long-term demand for international services and tourism. It is an industry with appetite for continued expansion. London & Partners have reported that[161], since 2011, the organisation has boosted London's economy with £2.6 billion Gross Value Added, 142 million people have been attracted via visitlondon.com, 2,554 events have created or supported 73,615 jobs and 2,290 overseas companies have been supported to either set up or expand in the capital. Before the pandemic, from 2009 – 2019, this was a growing part of the economy as 'visitor numbers grew from 31 million to 40.9 million (+32%) and spending grew from £17.6bn to £28.4bn (+61%).'[162]

This consequently has had a wider – but significant – beneficial impact upon the capital's economy, given that 'tourism accounts for as many as one in seven jobs in London and contributes almost 12 per cent of the city's GDP.'[163]. Tourism thereby merits considerable attention when discussing trade, investment and global growth[164], and is tied to a number of other sectors – retail, culture, hospitality and leisure – and accounts for 1 in 5 jobs in London. It is also a major exporter with £10.3bn exported by the cultural sector in 2019 representing 3.3% of UK service exports – an increase from 2.8% in 2015[165]. Notably, tourism and the night time economy contribute £36 billion annually to London's economy, and employs 700,000 people.[166]

Tourism between London and the UK is closely interlinked. Amongst similar comparisons already made within this report on gateways and the 'London+' effect, London highlights 'internationally what the whole country has to offer'[167] and there is future potential to capitalise on this. In practice, 15% of visitors to London have gone on to visit somewhere else in the UK[168] and, and, before the pandemic, 1.6 million visitors[169] contributed £641 million in local economies[170].

161 London & Partners – APPG submission, page 1
162 New West End Company – APPG submission, page 3
163 Mayor of London – APPG submission, page 3
164 London & Partners – APPG submission, page 3
165 Department for Digital, Culture, Media & Sport (2019): DCMS Sectors Economic Estimates 2019, 11th February 2011, https://www.gov.uk/government/statistics/dcms-sectors-economic-estimates-2019-trade-in-services/dcms-sectors-economic-estimates-2019-trade-in-services
166 Greater London Assembly (2021): Supporting the Tourism sector, https://www.london.gov.uk/what-we-do/business-and-economy/supporting-londons-sectors/supporting-tourism-sector
167 Central London Forward – APPG submission, page 1
168 London Councils – APPG submission, page 1
169 Central London Forward – APPG submission, page 5
170 London & Partners – APPG submission, page 7

This has provided a UK-wide benefit of 'in-directly employing 4m people and making a direct economic contribution of £75bn a year. Before the pandemic, London was the third most visited city on the planet, welcoming 21.7m inbound visitors in 2019, therefore accounting for 53% of all visits to the UK, with inbound spend reaching £15.7bn.'[171] Based on VisitBritain assessment of jobs supported by the tourism industry, international tourism supports around 452,000 jobs in the UK[172].

Before the pandemic, inbound tourism was forecast to be the fastest-growing tourism sector, with spend by international visitors forecast to grow by over 6% a year in comparison with domestic spending by UK residents at just over 3% and the value of inbound tourism to grow to £57bn by 2025[173].

However, central London is more reliant on international tourism than any other part of the UK[174], which leaves the capital highly vulnerable to reductions in global travel. This reliance has meant that the capital was disproportionately affected by the pandemic, with footfall in the Central Activity Zone (CAZ) down 27% when compared to 41% in Manchester and 47% in Birmingham.[175]

This is due to a higher proportion of London's visitor spend originating from international markets as in 2019, 84% of overnight tourism spend in London came from international visitors, compared to 37% for the rest of Great Britain[176]. In essence then, 'London's great strength as an interconnected global hub has proven to be one of its greatest liabilities'[177] and there is a risk to the capital's unique ecosystem.

This is evidenced in part by London receiving 11.1 million inbound visits in 2020, a 73% decline from the visit levels seen in 2019. 63% of the visits to the UK were in the first quarter and, chiefly due to the pandemic, this fell in Q1 by 16%, Q2 96%, Q3 80% and Q4 87%, compared to 2019. In 2020, inbound visitors to the UK spent a total of £6.2 billion, a decline of 78% on 2019 results. This represents a loss versus the counterfactual pre-COVID forecast for 2020 of 31 million visits and £24.1 billion spending.[178]

Visit Britain's[179] most up to date forecasts for inbound tourism in 2021 is for 7.4 million visits, a further 33% decline on 2020 and 18% of the 2019 level; and £5.3 billion to be spent by

171 Mayor of London – APPG submission, page 6
172 New West End Company – APPG submission, page 4; VisitBritain/ Deloitte "Tourism Jobs and Growth: the economic value of tourism to the UK economy" calculated that the marginal cost of a job in the tourism industry in 2013 was £54,000, or £63,000 in 2020.
173 Visit Britain (2019): 'Britain's visitor economy facts', https://www.visitbritain.org/visitor-economy-facts
174 Resolution Foundation (2021): Football went to Rome; holidays came home: The impact of 'staycations' on the UK's labour market, https://www.resolutionfoundation.org/app/uploads/2021/07/Football-went-to-Rome-holidays-came-home.pdf
175 London First (2021): Central Government's role in helping London drive recovery, https://www.londonfirst.co.uk/sites/default/files/documents/2021-05/CentralGovtsRoleInLdnRecovery.pdf
176 London & Partners – APPG submission, page 3
177 Heart of London Business Alliance – APPG submission, page 1
178 ONS International Passenger Survey 2020 (no data collected from March 2020, figures based on modelling)
179 Visit Britain (2021): 2022 tourism forecast, https://www.visitbritain.org/2022-tourism-forecast

inbound tourists, a decline of 14% on 2020 and 19% of the 2019 level. This is a downgrade from the previous forecast, run in May. The APPG further notes written contributions received in which industry analysis suggests that output will not recover to 2019 levels until 2024.[180]

Despite this, there are reasons to be cautiously optimistic given that 'London has been resilient through our current crisis. Last year we saw more international investments into our city than anywhere else in the world, and surveys suggest international tourists see London has their ideal location for their first international holiday after the borders reopen.'[181] London can therefore bounce back, perhaps even greater than before, but there must be a suitable climate for international visitors – particularly given competition from other global cities.

High-Net worth

A key driver behind previous attraction to London has been the suite of amenities available within the International Centres of the West End and Knightsbridge, as well as the wider CAZ. This concentration of the former, combined with local cultural, entertainment and heritage attractions, make them world-beating. This attracts investors, business and talent 'with stores such as Selfridges and Harrods having a global appeal. The West End alone has over 250 UK and European flagship stores. The West End's theatre is globally renowned. The range and quality of restaurants and hotels in and around the two International Centres are unmatched worldwide.'[182]

As illustrated by the New West End Company, their district covers 80 streets, representing 150,000 employees and with a pre-COVID annual turnover of £10 billion. Half of this was generated by international visitors, even though they account for just 25% of the 200 million West End visitors every year. In particular, the retail and hospitality sectors within the West End, including theatre, culture, heritage and substantial office based commercial activity are key elements. Collectively, they employ over 522,000 people – 10% of all working Londoners – and produce a GVA of £53 billion. It is noted that this is more than the City of London. This meant that £2.2 billion in business rates were raised annually by Westminster City Council and that half of this was specifically raised within the West End. This was 25% of the total raised across London and for every pound raised in Westminster, 96p is retained by the Treasury for redistribution through the Government system of grants to local authorities across the country.

The comparatively high spend from international visitors is therefore crucial to London's competition with other global cities across travel, retail, hospitality, culture and entertainment sectors. A key distinction, however, needs to be made between EU and non-EU visitors.

180 London & Partners – APPG submission, page 3
181 London & Partners – APPG submission, page 1
182 New West End Company – APPG submission, page 2

In 2019, 24.8 million visitors were from EU countries, spending £10.6 billion. The 16 million non-EU visitors spent £17.8 billion. So, while non-EU visitors were just 39% of international visitors, they account for 63% of all international spending. Furthermore, non-EU visitors alone paid £3 billion value added tax (VAT) in 2019.[183] This is why, although considerations for EU visitors must not be excluded, there is a target area for attracting high-spending non-EU visitors; particularly those from the six Gulf Cooperation Council (GCC) states and the Far East[184].

As elaborated further, in 2019, GCC visitors spent £1.97 billion in the UK. The average GCC visitor spent £2664 per visit, compared with £696 for the average international visitor. While GCC visitors were just 4% of all non-EU visitors, they accounted for 26% of the £3 billion tax free shopping spending. 51% of visitors from Saudi Arabia and 41% of visitors from the UAE cite shopping as their reason for visiting Britain. Chinese travellers are the world's top spenders with the potential for massive growth. Between 2012 and 2019, Chinese visitor numbers grew by 400% (200,000 - 800,000). Additionally, in 2019 Chinese visitors were just 4% of all non-EU visitors but accounted for 32% of the £3 bn spent on tax-free shopping[185].

However, even before the pandemic struck there was a danger of London falling behind cities such as Paris and Milan in attracting such high-spending international visitors. The New West End Company ascribe possible changes to three key policy areas as to how this can be addressed: visitor visas, tax-free shopping and Sunday trading.

First, the UK's Electronic Visa Waiver (EVW) is less attractive the Schengen Area's equivalent. The Schengen version can be applied for at any time and allows multiple entries during a 6-month period. Furthermore, the EU is also planning to launch a new European Travel Information and Authorisation System which will be valid for three years, multi-entry and cost just 7 euros[186].

There is also further scope to extend the EVWS from four to all six GCC countries, identify and support other high-spending Far East markets, introduce a standard 10-year visitor visa, introduce a visa for families of international students and also expand the joint Schengen-UK visa application process. It is noted that this is a view shared across affected organisations and that simplifying the visa application process with quicker, easier visas for high-net worth visitors is considered 'vital for London's long-term competitiveness as a global tourist destination.'[187] As such, there are concerns about a subsequent lowering of productivity through having more visitors but less income garnered, when the Government is aiming for a more productive economy. This could also have wider repercussions for investment opportunities as a change in preferences may give countries such as France and Italy a greater advantage.

The APPG is sympathetic to the principles behind such ideas, but is conscious about ensuring coherence in the UK's overall migration system, particularly following post-Brexit reforms and the introduction of the New Plan for Immigration. The APPG also recognises that the

183 New West End Company – APPG submission, page 1
184 New West End Company – APPG submission, pages 3-4
185 New West End Company – APPG submission, page 4
186 New West End Company – APPG submission, page 5
187 Heart of London Business Alliance – APPG submission, page 4

Government have set out plans for a full UK Electronic Travel Authorisation (ETA) visa waiver to be available by 2025.[188]

In light of this, the APPG therefore considers that a phased and time-limited approach to existing policies, rather than introducing new ones, would be most appropriate. This should be done with strict reference to enthusing economic recovery from the pandemic. In this regard, the potential expansion of the EVW scheme for all six GCC countries and high-spending Far East countries should be assessed. This would have a cut-off in 2025 in order to allow the ETA as a successor scheme.

Secondly, the UK is now the only country that does not offer tax-free shopping to visitors from outside the EU. Not only does mean a direct loss of £1.2 billion of retail sales, there may be wider indirect losses to high-net worth visitors travelling less frequently and spending less overall time in the UK. These visitors may therefore prefer to visit and buy in other global cities where a 20% reduction applies and this will have knock-on effects, such as with 'VAT on spending by non-EU visitors totalling over £3bn in 2019, the initial £350 million that HM Treasury expects in additional VAT will be lost if spending in other areas (such as hotels, restaurants, travel, culture and entertainment) falls by just 10%.'[189] More widely, this impacts the financial viability of regional airports given airside tax free shopping contributed up to 40% of revenues and this has already caused Dixons Carphone to close all airport stores as a result[190].

As Central London Forward summarise, 'reintroducing the VAT Retail Export Scheme could help boost international tourism. Overseas visitors to London spent approximately £15.73bn in 2019, which generates huge benefits for the capital's economy and the UK as a whole… This risks driving tourism away from London to other global cities outside of the UK.' [191]

Reciprocally, these changes also mean that high-value domestic customers may choose to travel to Europe for large purchases. Early data with the easing of COVID-19 travel restrictions indicates that 'many high spending British shoppers are now spending in Paris and Milan rather than London, particularly on large purchases.'[192] This therefore makes London less attractive not just as a global city to international visitors, but to UK shoppers as well.

However, as the former Exchequer Secretary to the Treasury set out in a Written Ministerial Statement[193], 'the Government made clear in the consultation that it had a number of concerns over how the benefit is passed on to passengers and that in some instances the relief is not consistent with international tax principles… The VAT Retail Export Scheme is a costly relief which does not benefit the whole of GB equally, with current use of the scheme largely centred in London.'

188 https://www.etauk.uk/
189 New West End Company – APPG submission, page 6
190 Ibid.
191 Central London Forward – APPG submission, page 6
192 Heart of London Business Alliance – APPG submission, page 6
193 Kemi Badenoch MP, Treasury Update, 11th September 2020, https://questions-statements.parliament.uk/written-statements/detail/2020-09-11/hcws448

The APPG understands the need for parity of rules across the country, but notes that some divergence already exists for freeports and other special enterprise zones. The Government should therefore take into account London's unique position and the business case for such an overhaul and consider this matter carefully.

Thirdly and lastly, London's International Centres compete with similar places in global cities but there is a 6pm Sunday closure. It is noted that the rules vary across the Union and that Scotland has no such trading restrictions. As the Heart of London Business Alliance posit, 'there is concern that Government policy does not always recognise the special needs and requirements of Central London.'[194]

Pre-pandemic research estimates that such a cost-free measure would generate an additional £250 million in sales annually and would support over 2,000 full-time equivalent jobs[195]. With geographical definition in the London Plan, it would be possible to add them to the existing list of exemptions in the Sunday Trading Act 1994 without having a wider impact on Sunday trading regulations throughout the rest of England.

The APPG is nominally supportive of the prospects behind such a change, and further notes that this measure would better recognise London's unique circumstances. Although, the APPG considers that an impact assessment would first be required before overt support could be rendered.

Outreach

For both domestic and international visitors, the CAZ as a whole faces larger challenges in the aftermath of the pandemic than counterparts in other global cities 'due to much lower numbers of people living in the heart of the city and our greater reliance on visitors, including tourists and workers.'[196] The APPG notes the London Economic Recovery plan intends to 'rapidly reimagine the CAZ, as part of a polycentric London – a place that people want, rather than need, to visit so that the London remains a flexible and exciting inward investment location of choice.'[197] This is coupled with other actions within the framework of five pillars (Jobs, Business, Thriving Neighbourhoods, Connected City and Global London)[198] to re-launch London as one of the world's greatest visitor destinations and to deliver major new cultural and creative developments.

The redevelopment of the CAZ along such criteria is interesting, but the APPG suspects this will be a long-term endeavour and so more immediate initiatives should be focused upon. A number of schemes have thus far been forthcoming, such as the Back to Business Fund and Pay it Forward London, a £2.3 million allocation for a Culture at Risk Fund;[199] as well as £5 million in the Let's Do London domestic tourism campaign which has added £70 million to London's economy by reaching 8.1 million within and 35 million outside of the capital[200].

The APPG welcomes the Government's launch of the Tourism Recovery Plan, aimed at returning visitor spending to 2019 levels by the end of 2023[201] and ensure sustainable growth. However, against this backdrop, London has been losing market share despite the number of international visitors continuing to increase – international visitor numbers rose by 3.7% over the past ten years but the global tourism market grew by 4.7%[202]. It is poignant that returns to pre-pandemic levels of footfall in the West End are actually being driven by domestic visitors[203].

As such, it has been suggested that Government should reduce the rate of VAT for the rest of 2022 'to support the capital's hospitality sector recover from the pandemic and adapt to low levels of international visitors.'[204] However, the APPG notes that the final COVID-19 restriction, namely on self-isolation, has recently come to an end and so there is expected to be greater domestic spending as a result of higher confidence levels. As a result, the APPG is reluctant to call for merely extending a cliff-edge.

Instead, as London & Partners point out, London's strengths should not be taken for granted and that, although close partnership working has led to over-performance, 'we have traditionally deployed far lower resources towards promoting our city than our international peers. The international promotion bodies of Paris, Berlin, New York and Singapore, amongst others have significantly higher annual budgets.'[205] In a like-for-like benchmark analysis, London has spent only £15.6 million, against Toronto (£17 million), New York City (£22 million), Berlin (£38 million), Paris (£40 million), Singapore (£201 million) and Hong Kong (£253 million).[206]

Furthermore, without intervention, it is estimated that London's international visitor recovery will take at least 4 years (including 2021), resulting in a loss to the economy of £21.3 billion, the equivalent of 192,000 FTE jobs[207].

There have therefore been calls in the written evidence which has informed this report to promote London as a headquarter city[208] for businesses whilst simultaneously providing spin-offs to advertise London across industries. This view is echoed by the Mayor of London[209] and London & Partners[210] in calling for an international marketing campaign aimed at drawing more international tourists and which would work alongside the Tourism Recovery Plan.

Heart of London Business Alliance in particular call for a competitive marketing budget, in

194 Heart of London Business Alliance – APPG submission, page 4
195 New West End Company – APPG submission, page 7
196 Mayor of London – APPG submission, page 2
197 Ibid.
198 Mayor of London & London Councils (2021): An Economic Recovery Framework for London, https://www.london.gov.uk/sites/default/files/mayor_of_london_economic_recovery_framework.pdf
199 Mayor of London – APPG submission, page 2

200 Ibid., page 6
201 Department for Digital, Culture, Media & Sport (2021): The Tourism Recovery Plan, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/992974/Tourism_Recovery_Plan__Web_Accessible_.pdf
202 Visit Britain (2020): Quarterly data by area, https://www.visitbritain.org/latest-quarterly-data-area
203 Heart of London Business Alliance – APPG submission, page 3
204 Ibid., page 4
205 London & Partners – APPG submission, page 2
206 London First (2014): Benchmarking the effectiveness of London's promotional system, https://www.londonfirst.co.uk/sites/default/files/documents/2018-06/Benchmarking-Londons-promotion-full-report-Nov-2014.pdf
207 London & Partners – APPG submission, page 6
208 Centre for London – APPG submission, page 5
209 Mayor of London – APPG submission, pages 6-7
210 London & Partners – APPG submission, page 6

line with international competitors, and for a roadmap similar to the Tourism Recovery Plan, setting out how the Government envisages 'international travel returning to pre-Covid levels so the capital's businesses can plan for the future,'[211] in which cultural amenities are integral.

The APPG notes that this presents a paradox – despite comparatively low promotional spending, London has nonetheless been incredibly successful. This may be ascribed to its unique ecosystem and other factors. It thereby begs the question as to what additional results such promotional spending could produce, or whether this would increase yields in addition to London's 'natural' appeal?

Although generally supportive of the premise, the APPG is wary by what metric any such marketing campaign would be considered successful by and whether such investments could be spent domestically instead.

Therefore, the APPG suggests that stakeholders work together to identify key performance indicators, and any associated spending for this campaign be properly costed. This includes whether, as with other recommendations in this chapter, any such advertisements should focus on post-pandemic recovery or to determine whether additional investment is needed in the long-term in order to assist with the Government's Tourism Recovery Plan. As a corollary to this, the places and people being advertised to must also be factored in – and whether the Middle and Far East may generate greater returns.

Recommendations

- The Home Office should temporarily expand the current Electronic Visa Waiver to include all six Gulf Cooperation Council states and include high-spending Far East countries until such time as the new Electronic Travel Authorisation is introduced in 2025
- The Department for Business, Energy and Industrial Strategy should conduct a cross-governmental impact assessment into relaxing Sunday trading restrictions in London's International Centres
- The Treasury should work with the Department for Digital, Culture, Media and Sport to examine the merits of restoring tax-free shopping in order to for London to better compete with other global cities
- London stakeholders must work together to identify key metrics and international target audiences by which to initially base a co-ordinated marketing campaign for the capital before lobbying Government for such a scheme

211 Heart of London Business Alliance – APPG submission, page 4

5. A CITY FOR LEARNING

This chapter considers the strengths of London's higher education sector and its subsequent economic output. The capital's leading world role for students and research capabilities are then scrutinised against national policies and R&D investments.

Education

As London Higher set out in great detail throughout their submission to this report, London is the world's leading higher education cluster, with one of the largest concentrations of universities and colleges. Four of its universities are in the top 40 worldwide[212] and again in the top 200 – more than any other global city[213]. Given the quality of its higher education sector, its international integration and as the most connected city in the world, London is one of only two global cities ranked 'Alpha++'.[214]

Even in spite of the pandemic, London remains the best city in the world to be a student – retaining the top position for the third year running and ranking ahead of many other global cities.[215] The Study Abroad Index also names London as the best global city to live and study, with 22 top-ranked universities a clear contributing factor[216].

Given this, it is unsurprising that London is also the most popular region in the UK for international students, enrolling over 70,000 first-year international students every year. Just one year's cohort generates an average net impact of £88 million per parliamentary constituency, equivalent to £760 per resident. This is the highest economic impact from international students of any region in the UK.[217]

The capital is home to a combined student population of over 425,000[218]. Just under a third (32%) are overseas students, of which 22% are from across the world and 10% from the European Union[219]. As a result, 223,000 jobs across the economy are supported, generating £12 billion GDP[220].

212 QS Top Universities (2021): QS World University Rankings 2022, https://www.topuniversities.com/university-rankings/world-university-rankings/2022
213 London & Partners (2021) Global Cities Comparison Report, Edition 3, page 31
214 Globalization and World Cities Research Network, 'London and New York are the most connected cities in the world – new data shows', Loughborough University, 2nd September 2020, https://www.lboro.ac.uk/news-events/news/2020/august/london-new-york-most-connected-cities-in-the-world/
215 Richard Adams, 'London remains best city in the world to study in new rankings', Guardian, 28th July 2021, https://www.theguardian.com/education/2021/jul/28/london-remains-best-city-in-the-world-to-study-in-new-rankings
216 Rhodes, C. et. al. (2021): Research and development spending, House of Commons Library, 2nd September 2021, https://commonslibrary.parliament.uk/research-briefings/sn04223/
217 Nick Hillman, 'International students are worth £28.8 billion to the UK', Higher Education Policy Institute, 9th September 2021, https://www.hepi.ac.uk/2021/09/09/international-students-are-worth-28-8-billion-to-the-uk
218 Higher Education Statistics Agency (2021): 'Who's studying in HE?' 9th February 2021, https://www.hesa.ac.uk/data-and-analysis/students/whos-in-he#numbers
219 London Higher (2021): The impact of removing the London Weighting, April 2021, p.14, https://www.londonhigher.ac.uk/wp-content/uploads/2021/04/RPT-LH-Impact-of-LW-Removal-FINAL-STC_spg.pdf
220 Frontier Economics (2021): The Economic Contribution of the Higher Education Sector in England, 27th September 2021, https://www.universitiesuk.ac.uk/sites/default/files/field/downloads/2021-09/UUK Economic Footprint of HE Sector Summary.pdf

The net impact of attracting students from over 200 countries is also determined to be £4.6 billion annually[221].

This is supported by the Government's aim to attract 600,000 international students each year by 2030, as well as the Graduate Route visa for remaining in the country up to three years after graduation to enhance the capital's employment potential.[222] However, there are challenges in realising this target set out in the International Education Strategy.

Students

In 2021, there was a 56% reduction in the number of EU students accepted onto higher education courses, with accepted applicants falling from 22,430 at the same period last year to 9,820 this year[223]. The APPG notes that this was during the pandemic and so it is doubtful whether remote learning would have even been desirable for international enrolment. It may be the case that this reduction will prove time-limited while myriad travel restrictions were in place across multiple countries. As rest of the world students are not featured, caution needs to be exercised before this statistic is used to make specious political arguments.

This does, however, signify wider concerns about long-term student footfall and subsequent employment prospects in London whilst recovering from the pandemic, given that 'questions are being raised by investors and property providers whether it is now worth investing and planning in London to capitalise on future market growth'[224]. Furthermore, due to job losses in London accounting for more than any other UK region[225], there is uncertainty about the health of the capital's labour market which means 'prospective students and graduates may be tempted to look elsewhere to kick-start their careers.'[226] London Higher point to two areas for policy consideration. First, the Turing Scheme has replaced the Erasmus+ programme and 29 London-based higher education providers have been successful in securing grant funding to send students on education and training placements around the world[227]. However, there is no funding provision for incoming international students, which makes it harder for London institutions to attract students from the EU to undertake short-term placements.

221 Mayor of London, APPG submission – page 2
222 London Higher, APPG submission – page 2
223 Nic Mitchell, '56% plunge in EU students accepted at British universities', University World News, 19th August 2021, available at, https://www.universityworldnews.com/post.php?story=20210819092302668#:~:text=But%20the%2056%25%20drop%20in,to%20just%209%2C820%20this%20year
224 London Higher, APPG submission – page 3
225 Poppy Wood, 'Coronavirus: London suffers "heaviest job losses in UK" during pandemic', CityAM, 16th February 2021,: https://www.cityam.com/coronavirus-london-suffers-heaviest-job-losses-in-uk-during-pandemic/
226 London Higher, APPG submission – page 3
227 Turing Scheme 2021: Funded Organisations, UK Government, available at, https://www.turing-scheme.org.uk/wp-content/uploads/Turing-Scheme-2021-Funded-Organisations-Higher-Education.pdf (Total number of successful providers from London plus Royal Holloway, University of London).

This could also affect long-term placements, 'since fewer students will be being inspired from positive Erasmus experiences to apply for future postgraduate study in London and the wider UK.' [228]

The APPG notes, however, that the Turing Scheme's overarching purpose is to be a global programme so that every country in the world can partner with UK education settings[229]. Merely attempting to re-prioritise EU placements would thereby be self-defeating. That said, there is scope to explore options for greater international student support to bolster the international pipeline of global talent and further enhance London's attractiveness. Indeed, London Higher themselves promote a 'Study London'[230] campaign for consideration in strategic discussions and further examination of this is merited.

Secondly, the decision to remove the London Weighting – the extra £64 million a year[231] in funding received by higher education providers in the capital to reflect higher costs of commensurate services – is claimed to create an uneven playing field by levelling London down to level up the rest of the UK[232]. This is in part due to international students not deciding between two UK cities to study in but choosing between London or other global cities. As such, this may have negative effects on the attractiveness of the UK's higher education sector and thereby disadvantage the UK as a whole[233]. Instead, it is argued that the London Weighting should be reallocated and a three-year funding allocation for a Uni Connect higher & further education partnership be provided to help schools drive social mobility in the capital, alongside equal access in strategic funding schemes.

The Department for Education previously acknowledged higher costs, but they reflected the overall weighting of the economy towards London. It was held that this policy could thereby not be justified – particularly given the inconsistency that it was the only such regional weighting within the grant funding and that this would allow investment to all regions in England[234].

The APPG finds, however, that London has special circumstances which are reflected in other sectors. It is therefore not incorrigible that a similar policy should exist for educational reasons. Given the developing post-pandemic situation, and a new Ministerial team in place, a feasibility study would be welcome. This might determine the long-term effects of what the Weighting's absence would mean and the benefits of reintroducing it. The APPG also notes the success of the Uni Connect Scheme, having engaged over 765,000 young people in higher education outreach and working within partnerships amongst 2,480 schools and colleges[235]. In particular, while there is a drop in funding from £60 million to £40 million in phase 3 – given annual consultation and confirmation – the APPG welcomes the increased focus on further education colleges as opposed to traditional academic pursuits.

This is a topic that should be explored further when designing phases beyond July 2025 with particular consideration to the Skills and Post-16 Education strategy. This is salient given a national skills shortage and whereby London had 23% of all vacancies due to a lack of applicants with the right skills and 42% of firms not confident they could recruit higher-level skills as needed over a five-year period[236]. It may therefore be expedient to consider multi-year financing for Uni Connect given its synergy with the Government's skills objectives to provide stability when addressing pockets of deprivation in London as well as in other parts of the country. This could also help the national effort to increase technical skills and a long-term high-wage and high-productivity economy.

Research

London's stellar academic record is not only beneficial in its own right, but the economic boon means that the higher education sector is 'an important driver of UK FDI, providing research and innovation capacity and a supply of talent.'[237] This is chiefly due to London's global city status, whereby academic institutions can synergise their ideas with a business community which will marketise them.

As a result, London's institutional ecosystem contributes towards human capital formation as well as innovation activities themselves.[238] This plays a significant role in attracting and retaining future talent, not least given that student numbers from outside the EU have been rising, possibly because a lower exchange rate makes the UK more attractive.[239]

In particular, London has two institutions in the top 100 universities ranked against the UN's Sustainable Development Goal surrounding Industry, Innovation and Infrastructure. These universities – Imperial College London (ranked 7) and King's College London (ranked 88) – are recognised for their ability to produce research relevant to industry innovation and infrastructure, generate patents, create spin-offs and undertake research with the support of industry.[240] The combination of talent generation, research, and university-industry linkages which London's higher education institutions offer, represent a significant opportunity to build upon the capital's global city status[241].

This is further supported by the capital being a global hub for life sciences, whereby demand for research and development (R&D) space in London has risen fourfold since 2016[242].

Life sciences are one of the key industries for the development of new and advanced technologies, which play a key role in maintaining London's and the UK's position 'as an

228 London Higher, APPG submission – page 3
229 Department for Education (2021): What you need to know about the Turing Scheme, 9th March 2021, https://educationhub.blog.gov.uk/2021/03/09/what-you-need-to-know-about-the-turing-scheme/
230 London Higher, Study London, 28th September 2021, https://www.londonhigher.ac.uk/study-london/
231 Diana Beech, 'The difference a year makes', Higher Education Policy Institute, 31st January 2022, https://www.hepi.ac.uk/2022/01/31/the-difference-a-year-makes/
232 London Higher – APPG submission, page 4
233 Ibid.
234 Department for Education (2021): Guidance to the Office for Students – Allocation of the Higher Education Teaching Grant funding in the 2021-22 Financial Year, 19th January 2022, rt-hon-gavin-williamson-cbe-mp-t-grant-ofs-chair-smb.pdf (officeforstudents.org.uk)
235 Office for Students, Uni Connect, https://www.officeforstudents.org.uk/advice-and-guidance/promoting-equal-opportunities/uni-connect/
236 London Councils (2017): Skills gap in London, https://www.londoncouncils.gov.uk/our-key-themes/economic-development/adult-skills-0/bridging-skills-gap/skills-gap-london
237 Mayor of London, APPG submission – page 2
238 Deiaco, E. Hughes, A and Mckelvey, M. (2012) Universities as Strategic Actors in the Knowedge Economy. Cambridge Journal of Economics, 36 (3).
239 Hope, M. (2019) The economic impact of Brexit on London. London, GLA.
240 Ormond, V. (2021) London – city of innovation, https://www.knightfrank.com/research/article/2021-02-03-london-city-of-innovation
241 London School of Economics – APPG submission, page 3
242 Med City (2021): A Turning Point for London Life Sciences, 28th October 2021, https://www.medcityhq.com/2021/10/28/a-turning-point-for-london-life-sciences/

internationally competitive location for inward investment and private investment in specialist real estate.'[243] Indeed, R&D activities performed in London and the South-East already account for over half (54%) of all UK R&D, bringing in £9.1 billion to the UK economy[244].

The APPG thereby has some concerns on how the Levelling Up White Paper summarises that the Business, Health and Defence departments will all increase related investment outside of London and the South East'.[245] The driving philosophy behind this is welcome, given that a quarter of all new graduates from UK universities worked in London six months after graduation[246]. This shows that there is co-dependency, given that the capital relies on the rest of the UK for a significant amount of domestic talent attracted by the opportunities offered. However, the relationship is not equal when compared to other countries and cities[247]. For example, while London consistently ranks second in global city scores, it is the only UK city in the top 30 global cities. By contrast, Germany has no cities in the top 10, but three in the top thirty: Berlin, Munich, and Frankfurt[248].

Despite this, clarification is needed that London's existing eco-system will not be forgotten about, given the significant benefits to the country as a whole, and that its unique features will continue to receive co-ordinated investment across central government. Current resource levels should be maintained and there is even scope for regional collaborative clusters to encourage practice-based solutions to local challenges – including those outside of London[249]. This can actually complement the intended Levelling Up agenda given that research relies on building strengths within, across and between regions[250].

Recommendations

- The Department for Education should explore expanding the Turing Scheme with greater international student support to enhance London's appeal and help meet the International Student Strategy target of 600,000 per year by 2030
- The Department for Education should also conduct a feasibility study to determine the absence of the London Weighting on the capital's international student numbers and the benefits of its reintroduction
- The Department for Education should consider changing the Uni Connect scheme's annual funding levels to multi-year settlements so as to provide greater security in meeting the Skills and Post-16 Education strategy
- The Government must continue to invest at least at current levels in London's life sciences and R&D environment, which are currently unique features within the UK

243 Mayor of London – APPG submission, page 4
244 London Higher – APPG submission, page 2
245 HM Government (2022): Levelling Up the United Kingdom, page xx – xxi, https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/1052706/Levelling_Up_WP_HRES.pdf
246 Centre for Cities (2016): The Great British Brain Drain: Where graduates move and why, https://www.centreforcities.org/publication/great-british-brain-drain-where-graduates-move-and-why/
247 London School of Economics – APPG submission, page 4
248 Kearney (2020): 2020 Global Cities Index: New priorities for a new world, https://www.kearney.com/global-cities/2020
249 London Higher – APPG submission, page 5
250 Chaytor, S. et. al. (2021): Regional policy and R&D: evidence, experiments and expectations, HEPI report 137, https://www.hepi.ac.uk/wp-content/uploads/2021/05/Regional-policy-and-RD_HEPI-Report-137-FINAL.pdf

6. A CITY FOR THE ENVIRONMENT

This chapter considers London's leading role in 'greening' its economy and how this can be further progressed via related investment opportunities, as well as the capital's built spaces. This highlights areas where further support could meet joint green and financial goals, and in tackling current domestic issues within the capital.

Greening

Given the risks of adverse environmental changes, it is important to note that London is already a world-leader in developing a green economy, with benchmarking analysis finding that the city ranks first amongst the global top 10 for such growth[251]. As alluded to previously in this report, one of the emerging contributors to London's financial strength is its green finance sector, where it was similarly placed at the top ranking following the evaluation of 80 major financial centres around the world[252].

The London Stock Exchange is also the greenest in the world. It was named 'Stock Exchange of the Year' in the Environmental Finance Sustainable Investment Awards 2020 and 2021, and was the first exchange to launch a dedicated green bond segment in 2015. London Stock Exchange's Sustainable Bond Market now has 300 active bonds which have raised $70bn and London has seen a 250% increase of green funds in the past five years[253]. It is therefore unsurprising that 'climate change and clean energy solutions are most attractive to investors making up over 50% of overall VC [venture capital] investment in 2020 into London's impact tech companies.'[254]

In addition to measures in global finance, there are also localised steps which can be taken, such as by supporting 'small businesses to develop green business models and better understanding and addressing the skills needs of the green economy across all business sectors.'[255]

This is important because, particularly post-pandemic, 'accelerating global trends in technology and the trade in services further strengthen the pressure on London to reimagine its future in the global marketplace.'[256] As such, transitioning to a green economy offers a 'huge opportunity and we need to collaborate and work at scale to take advantage,'[257] for which London is already in a significantly established position. The capital has incredible potential to develop further and thereby realise tremendous environmental and financial yields given that 'there are unique opportunities for London to tackle environmental issues. London's position as a global financial leader should be harnessed to serve as the global centre for green finance.'[258]

This is partly evidenced by commissioned research on behalf of Central London Forward, which recommends that London's expertise and innovation should be harnessed to accelerate climate action through cross-sector collaboration.[259] Research finds that there are already a quarter of a million green jobs in the capital. The transition to net zero will see rapid growth in the sector, with the total number of green jobs doubling by 2030, and reaching 1 million by 2050.[260]

This potential can also be considered via the City of London Corporation's Climate Action Strategy to make the Square Mile net zero by 2040.[261] An investment of £68 million over the first 6 years is expected to create 800 green jobs, alongside further measures such as updating planning regulations and encouraging more sustainable buildings.[262] The APPG considers the economic and qualitative benefits of introducing an early 2040 target to be an interesting proposal. If initial progress were to be successful, then there would be a strong case in attempting to apply similar initiatives in other localised areas of the capital.

In this regard, the progress to meet this target according to key performance indicators and – crucially – the economic outputs that investment will generate should be closely monitored in order to determine whether other areas could benefit from similar action.

The challenge for London is that meeting net zero is estimated by the Mayor of London to require in excess of £61 billion via a mixture of public and private investment[263]. This is an exorbitant sum and the APPG has serious concerns about the risk of those less well-off in society being left behind without sufficient support in any such transition. It will be important to guard against actions that increase disparities within the capital and thereby actually lower qualitative factors which contribute towards London's premier global city rankings.

The APPG notes that the Government has already taken welcome steps to support London's preeminent position for global green finance. These include issuing the UK's first Sovereign Green Bond and becoming the first country in the world to make TCFD-aligned [Task Force on Climate-Related Financial Disclosures] disclosures mandatory.[264] There are a number of

251 Centre for London (2020): London at a Crossroads, page 95, https://www.centreforlondon.org/wp-content/uploads/2021/01/London_at_a_crossroads.pdf
252 Long Finance & Financial Centre Futures (October 2021), https://www.longfinance.net/publications/long-finance-reports/global-green-finance-index-8/
253 Mayor of London – APPG submission, page 4
254 London & Partners, 'San Francisco and London global hot spots for impact tech', 12th November 2020, https://media.londonandpartners.com/news/san-francisco-and-london-global-hot-spots-for-impact-tech
255 London Councils – APPG submission, page 3
256 City of London Corporation – APPG submission, page 1
257 London Councils – APPG submission, pages 3-4
258 City of London Corporation – APPG submission, page 2
259 Central London Forward – APPG submission, page 4
260 Central London Forward (2021): Green Jobs and Skills in London: cross-London report, final report, https://centrallondonforward.gov.uk/wp-content/uploads/2021/11/Green-Jobs-and-Skills-in-London-Final-Report.pdf
261 City of London Corporation – APPG submission, page 7
262 City of London Corporation, 'Net zero by 2040: City set to become a world leader in climate change fight', 8th October 2020, https://news.cityoflondon.gov.uk/net-zero-by-2040-city-set-to-become-a-world-leader-in-climate-change-fight/
263 Mayor of London – APPG submission, page 4
264 City of London Corporation – APPG submission, page 4

possibilities to meet environmental goals by trusting market solutions and by working alongside stakeholders – not least London's own governing bodies and the role they have to play.[265]

For instance, the convening of private finance and financial private services at COP26 has led to exploring ways to encourage the accelerated flow of capital into climate and nature-friendly investments, translating commitments into action, and helping financial institutions 'green' their business models.[266]

Similarly, it has sought to drive innovation in the growing sustainable finance sector by setting up the Green Finance Institute and through in-house projects such as Finance for Sustainable Growth, a pilot study in the north east of England seeking to utilise untapped potential for investors in greentech and associated sectors.[267] This highlights how London can use its leading role and act in unison with other areas across the UK so as to help facilitate low-carbon investment by boosting investor confidence.[268]

There is also scope for international collaboration, given the Mayor of London's role as elected chair of the C40 network, which connects 97 world cities around climate change.[269] There is a particular synergy for London were this forum to be used to exchange ideas and attract inward green investment to London to boost its global green finance role.

The APPG is interested in London Higher's suggestion for the creation of a Global Green Innovation Hub. The intention behind this scheme in policy terms would be to utilise London's global leadership to champion sustainability for a cleaner and greener future.[270] This would apply across industries, given groundwork against the fast fashion trend as led by the Royal College of Art[271].

Formalising such a policy would dovetail extremely well with the capital's pre-eminence as the number one green global financial market. This should be the primary consideration as, given London's offering, it is likely that there would be substantial financial returns yielded which would – in turn – help source available funds for London to meet its net zero target.

Built space

As noted previously, London scored only middling benchmarks on affordability and commute conditions, which suggests that the capital has not kept pace with other global cities and competition from other global cities is growing.

The London School of Economics provide a detailed summary of the city's housing situation, with the population having grown by 28% and jobs increased by 45% since 1997. However, the number of homes has only grown by 20%[272] and this gap does not appear to be closing. The current Mayor has set target of building 65,000 new homes a year over the next ten years, but between 2017 and 2020 an average of only 40,000 have been built. This means that in 2018, house prices were 13 times the median gross annual earnings, compared to an average of eight times in the rest of England. [273][274]

This means that, after accounting for housing costs, 28% of Londoners are classified as of relative low-income and this is a higher proportion than any other region[275]. While low-income groups are able to maintain a foothold in London as a certain share of housing is assigned to them through social housing, and/or they are willing to accept poorer living conditions[276], middle-income groups are being squeezed out.[277]

This suggests that there is a potential brain-drain of domestic talent, as 'while the capital benefits from international investment, the very high cost of housing poses a challenge for Londoners,'[278] and that Londoners need further support to continue living in the capital. Related to this, housing shortages can also limit international talent given limits to the city's capacity and this may inhibit national growth.

Housing is thereby a major constraint on London's prosperity, with rents in the private rented sector (which now accommodates more than one in four Londoners) taking more than a third of the tenants' median income. Equally, new housing output is constrained by available land; slow planning processes and the costs of bringing brownfield sites into use.[279]

The APPG is therefore of the opinion that the Mayor must re-double efforts to meet his own new home targets in order to make London's housing more affordable and increase the city's international appeal. Given the significance thereof, if he is unable to do so, a national commission, rather than regional through the Greater London Authority – whether by the Government or via the Levelling Up, Housing and Communities Committee in Parliament – could investigate where the potential blockages in the housing supply system are.

There are new opportunities to increase housing stock in the wake of the pandemic and the societal changes which will likely follow. As the Centre for London set out, pre-pandemic reports underlined that a good mix between residential and commercial uses is a hallmark of successful and attractive cities, 'offering a complementary balance of uses, and improving safety and liveability through enabling formal and informal stewardship of public spaces. An opportunity has opened up during the pandemic to increase the number of homes in central London.' [280]

265 City of London Corporation – APPG submission, page 2
266 Ibid.
267 City of London Corporation (2021): "Finance for Sustainable Growth: investing in innovation for a greener UK", https://f4sg.co.uk/wp-content/uploads/2021/07/F4SG-Report-RGB-HM_AW.pdf
268 London Councils – APPG submission, page 4
269 Mayor of London – APPG submission, page 7
270 London Higher – APPG submission, page 6
271 Royal College of Art, 'RCA-led consortium awarded £5.4m by UK Research and Innovation (UKRI) to establish the Textiles Circularity Centre', 11th November 2020, https://www.rca.ac.uk/news-and-events/news/rca-awarded-grant-by-uk-research-and-innovation-to-lead-the-textiles-circularity-centre/
272 Cosh, G and Gleeson, J. (2020) Housing in London 2020: The evidence base for the London Housing Strategy
273 Gariban, S. (2019): London's housing challenge, in for graphs, https://www.centreforlondon.org/blog/londons-housing-challenge/
274 Greater London Authority (2021): Housing in London- the Evidence Base for the Mayor's Housing Strategy, https://data.london.gov.uk/dataset/housing-london
275 Francis-Devine, B. (2020) Poverty in the UK: Statistics, House of Commons Library Briefing Paper 7096, https://researchbriefings.files.parliament.uk/documents/SN07096/SN07096.pdf
276 Rodriguez-Pose, A and Storper, M. (2020): Housing, urban growth and inequalities: The limits to deregulation and upzoning in reducing economic and spatial inequality. Urban Studies, 57 (2), pages 223-248.
277 Buitelaar, E. Weterings, A and Ponds, R. (2018): Cities, Economic Inequality and Justice: Reflections and Alternative Perspectives. Abingdon, Routledge Focus.
278 Centre for London – APPG submission, page 2
279 London School of Economics – APPG submission, page 4
280 Centre for London – APPG submission, page 3

The APPG acknowledges the fact that the pandemic has only recently ended and is therefore cautious about making long term predictions on the basis of what may prove to be a temporary reaction to an extraordinary event. However, we note that demand for office space in London dipped sharply at the height of the pandemic in 2020 as a result of work from home rules, and it is possible that changes to how property is used – the mix of offices, commercial spaces, and homes - will need to be made. High vacancy rates could affect the public realm of central London and make it less appealing to workers and visitors, while poor quality residential conversions could also create risks. In essence, 'with limited space in the capital's center [sic.], land values are exceptionally high. This makes buying central London property a tough proposition, and often prices new entrants out of the market.'[281] However, there is an opportunity here to contribute to London's world city status and respond to changing ways of working.

In this regard, it is important to bear in mind London's boroughs as 'place-makers' to help keep the capital as somewhere people wish to live, work and visit. This relates to their role in 'maintaining the public realm, providing the public services that the city needs to keep running, or developing the homes and commercial space the city needs,'[282] and is preceded by calls for greater powers, funding and freedoms.

As such, there are calls for specific changes to the planning process with 'modern methods of construction and of meantime housing sites'[283] which could have the potential of significantly increasing output levels. In addition, certain existing rules and regulations might also be reformed to increase housing supply.

As the London School of Economics explain, permitted development rights, if handled carefully, may provide significant opportunities as both office and retail usage is re-structured. However, it is important that minimum standards, notably with respect to light and ventilation as well as size, are consistent with London's more general housing regulations and it is important that any office space converted is truly unoccupied. Equally, enforcement of standards in the existing stock needs to be significantly improved.

The threshold approach to S106 has worked well in London but the planning process needs to be more certain and transparent, and the new viability rules more effectively enforced. Enabling some housing policies to operate on a London-wide rather than borough basis, including expenditure of Right-to-Buy receipts and First Homes could also help.

Given this, such proposals would also extend to commercial, as well as private, dwellings. The APPG notes that planning policy changes by the Government to allow the conversion of office to residential use has helped to drive increases in availability. However, per square foot office rents have been rising quickly over the last 10 years with the traditionally cheaper city fringe catching up with the city core.[284] A chief advantage for London is its highly skilled workforce and thriving SME sector, which drives innovation in the economy. To ensure that this enterprise culture is nurtured and encouraged, the capital needs affordable workspace where young businesses can grow,[285] which extends to the retention of lower-value office space. By this same token, policy SD5 in the London Plan, which sets out the strategic functions of the CAZ and gives greater weight to offices rather than residential development, should be explored in other areas of the Capital, where innovative clusters are located.

This, therefore, poses the need for a careful balancing act between repurposing commercial spaces to increase private dwellings, while keeping professional spaces available for businesses. The proposals detailed within this report are gratefully received and should be considered further, although the APPG feels that in order not to impede housing availability, all such changes need to be assessed holistically in further study.

In doing so, it will be possible to make more strategic considerations on London's built environs. This is because following the immediate pandemic recovery, 'supporting and facilitating investment in infrastructure in London will be vital to ensuring sustainable growth in the medium to long-term.'[286] A number of projects have already been identified[287] to help boost growth, unlock more homes and aid the transition to net zero.

These suggestions are not without precedent, as similar recommendations have been made to innovate infrastructure for 'encouraging walking and cycling across the city by prioritising pedestrians at crossings, exploring how smart city tech can be deployed to reduce congestion, and explore opportunities of innovation within London's transport network that consider new consumer and commuter behaviours and the network's financial difficulties.'[288] It is crucial that such prospective development is not confined just to the CAZ, as while it is an important economic driver, London is privileged to benefit from many such places across the capital. In doing so, there will be opportunities for boroughs to enhance their profiles for foreign direct investment in aiding their development and regeneration objectives. This will, in turn, 'help to deliver a clear shared narrative about Global London promoted by a wider group of stakeholders. In addition, it will throw a spot light on investment opportunities across the capital. The objective is to provide a platform for boroughs to use as they see appropriate to promote internationally their local priorities.'[289]

The APPG believes these ideas are worth scrutinising further in order to develop a coherent map of key sites.

Transport

One of London's greatest assets is its transport network, Transport for London (TfL), which affords significant levels of connectivity. This facet is crucial for its 'continued role as a global city and an economic powerhouse requires an effective and efficient transport system.'[290]

281 Africa House – APPG submission, page 3
282 Central London Forward – APPG submission, page 3
283 London School of Economics – APPG submission, page 4
284 Bailey, C. (2021) British Council for Offices: briefing note, https://www.savills.com/research_articles/255800/315848-0
285 London School of Economics – APPG submission, page 5
286 Central London Forward – APPG submission, page 6
287 Central London Forward (2021): Central London's Infrastructure Priorities: Sustainable, connected and productive, https://centrallondonforward.gov.uk/wp-content/uploads/2021/10/CLFJ9190-Infrastructure-report-WEB-211006-FINAL.pdf
288 City of London Corporation – APPG submission, page 7
289 London Councils – APPG submission, page 3
290 Central London Forward – APPG submission, page 2

This is particularly important for tourism levels and other international visitors post-pandemic given the additional pressure this has previously placed upon the network.

TfL's revenue has declined significantly during the pandemic due to a sharp decline in passenger revenue, which for 2019/20 was £4.9 billion as its single largest source[291] and this has necessitated a frequent series of negotiations between the Mayor of London and the Government. The APPG notes, however, that there was much debate surrounding the health of TfL's finances before the pandemic: a fares freeze policy that cost TfL – by its own estimate – at least £640 million was coupled with an extended delay in the completion of the Crossrail project, leading to more than £1 billion in lost fares income. At the time of the production of this report, Crossrail has still not opened and lost fares income rises by the day.

Whilst these bailout packages continue, the APPG calls for urgent reform of TfL's structural finances to ensure its long-term operational sustainability. Part of this could be a long-term funding settlement from the Government which acknowledges 'the recommendations made in London First's Transport in London report, which advises to move away from overreliance on fares to a more sustainable funding system as a potential solution.'[292]

Recommendations

- The Government should support the Square Mile net zero 2040 initiative as a litmus test for potentially expanding similar schemes into other key areas of London, such as Canary Wharf or the wider Central Activities Zone
- The Treasury should explore the idea for a Global Green Innovation Hub to cover not just research across industries, but to focus on taking advantage of London's green global financial market role to enthuse greater investments and transactions
- Due to London being credited as the gateway to the UK economy, it requires affordable housing in order to house a skilled workforce. As a result of the importance of housing to the London and UK economy, we propose that alongside the work of public agencies in London there should be a national commission to examine how housing targets are to be met, the potential of blockages in the housing supply system and the impacts on UK plc
- The Government should consider a wholescale review of the planning system to explore possible amendments to London planning rules on developer contributions, permitted development rights, commercial/private dwellings and application from borough to city-wide regulations; in addition to how more modern methods of construction can be introduced
- The Government should map strategic infrastructure and local borough projects to help transform London's built environment and secure long-term investments
- The Department for Transport must make clear that significant reforms to Transport for London supply-side finances are needed in order to decrease its overall running losses

291 Waitzman, E. (2021): 'Extraordinary funding for Transport for London' House of Lords Library, 6th December 2021, https://lordslibrary.parliament.uk/extraordinary-funding-for-transport-for-london/
292 Heart of London Business Alliance – APPG submission, page 4

7. CONCLUSION

The APPG is grateful to all stakeholders which have submitted evidence to inform this report.

As the group's first report, this has always been intended as a scoping exercise in order to identify what London's global city status means and how this affects its relationship with the UK. By launching the initial inquiry along such lines, it has been possible to identify key areas of strengths and improvements so as to ensure future competitiveness.

This has therefore allowed a review of well-researched submissions to pick out specific recommendations which the group can now explore in further detail through the establishment of specific workstreams.

The APPG therefore looks forward to continuing to work with stakeholders along such lines and turn these ideas into policy proposals.

The following stakeholders are thanked for their engagement with this inquiry

Africa House

Confederation of Business Industry (CBI)

Central London Forward

Centre for London

Central District Alliance

City of London Corporation

City UK

Heathrow Airport

Heart of London Business Alliance

London Councils

London First

London Higher

London School of Economics (LSE)

London and Partners

Mayor of London

New West End Company

Tech UK

West London Business Alliance

About the APPG for London as a Global City

The APPG will bring together parliamentarians and London business to promote awareness of the vital role London plays as the UK's global city and the policies needed to support this position. It will encourage investment in London's continued success for the benefit of Global Britain's reputation and competitiveness.

The Secretariat for the APPG is provided by London Chamber of Commerce and Industry (LCCI)

LCCI

London Chamber of Commerce and Industry (LCCI) is the capital's largest independent networking and business support organisation. It represents the interests of London businesses, enables them to collaborate, creates thousands of connections and offers its members a comprehensive range of business services to see them prosper.

LCCI provides businesses with a platform to raise their profile and helps companies of all sectors and sizes to create new business relationships. From innovative SMEs to global corporations, it provides businesses with a wealth of opportunities to network and grow.

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