

12 February 2021

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Chancellor,

BUDGET 2021

We write to you as a coalition representing the London business community, to outline the capital's needs for the 2021 Budget.

Local businesses and workers are crippling under the weight of the pandemic. The capital has seen some of the highest numbers in the UK in terms of unemployment and job losses. The most recent [ONS survey](#) estimated a "record increase" to 6.9% unemployment. Furthermore, the London Chamber of Commerce and Industry's most recent [Quarterly Economic Survey](#) with Savanta ComRes revealed the worst economic outlook amongst the capital's business leaders since the period following the financial crisis of 2008. The months of ongoing uncertainty caused by constant, rapidly changing restrictions and the absence of a path to recovery have created a genuine sense of despair among workers and business owners alike.

It is unquestionable that every part of the UK has felt the impacts of COVID-19, but it is imperative that the Government recognises the significant difference in the costs of doing business in the capital – with the average rateable value in the Heart of London area amounting to as much as £600,000 – and the disproportionate impact coronavirus has had on central London.

Priority asks: giving businesses the certainty they urgently need

With tight restrictions likely to remain in place for months, businesses and employees urgently need certainty to help them past the finish line. Many are afraid of a cliff-edge at the end of March and this must be avoided at all costs.

We urge you to move as quickly as possible to:

- extend furlough beyond the end of April,
- maintain the business rates holiday and extending the VAT relief scheme until March 2022,
- extend the deferral of all other tax liabilities until the end of 2021, allowing until mid-2022 to resolve deferred payments and removing the obligation to pay interest on late payment on such liabilities,
- increase the top level of business grants for the largest businesses forced to lock down, and remove the cap on discretionary grants to better reflect the high costs of doing business in London,
- deploy the necessary funding and resources to put in place a long-overdue effective testing system,
- introduce targeted support for the aviation sector, including full business rates relief for airports,
- introduce targeted support for night-time economy and accommodation businesses which have been unable to open since March,
- introduce targeted support for arts and culture by increasing theatre tax relief and providing tax relief to supply chain businesses that supply the arts and culture sector,
- set out a clear solution for landlords and tenants to address the rent arrears crisis,

- and introduce a Government insurance scheme for live events designed to cover the costs incurred due to lockdowns (nationally or regionally) and incurred by Covid-related risks.

Beyond lockdown: measures to support economic recovery

As we look ahead to the reopening of our economy, those businesses that survive will have been dealing with the impacts of the pandemic for a year. Many will need support to reopen and/or adapt their operations. In addition, the impacts of job losses and prolonged periods of furlough are a growing worry for the workforce.

The need to support and invest in sustaining London's global competitiveness should not be underestimated or undermined. As a world-leading global capital, it has an essential role to play in the UK's overall recovery and reputation, especially as the UK defines its place on the world stage post-Brexit, and as host of COP26 and the G7. Its unique set of circumstances require a tailored response.

The Central Activities Zone, a strategic economic heart for London and the UK, will remain of particular concern and will need targeted support. The loss of footfall and international travel has left many businesses in this area either unable to open at all or unable to make a profit outside of lockdown.

The worst hit industries, such as hospitality, travel, tourism, culture and leisure, will need targeted support to reopen, including:

- grant funding to help make cultural venues COVID-19 secure and to enable the reopening of venues,
- a reversal of the decision to abolish VAT refunds for all overseas visitors and making the scheme digital,
- abolishing the curfew for hospitality businesses,
- providing that the necessary measures are in place for this to be done safely (namely a suitably functioning testing system), reintroducing Eat Out to Help Out and exploring a similar scheme – or voucher scheme – for the culture sector,
- introducing a scheme to fund the difference between ticket sales and break-even point and cover the cost of cancellation in the event of further movement restrictions,
- investing in retrofitting buildings to improve their environmental performance and generate economic activity,
- and reducing VAT on admission for currently non-exempt forms of entertainment, such as “commercial” performances.

In addition to this, steps must be taken to revive the competitiveness of London's economy, particularly its Central Activities Zone, including:

- expanding flexible rail ticketing to help workers adapt to changing work patterns,
- incentivising new businesses to start up in or move into the CAZ,
- investing in a global destination marketing campaign to encourage local, domestic and international visitors to travel to central London when it is safe to do so,
- and investing in supporting businesses and workers at all skills levels to pivot to new opportunities where needed.

Sustaining London's vital transport infrastructure

It is vital that a long-term settlement is agreed with Transport for London (TfL). Successfully functioning public transport will be absolutely critical to the recovery of London's economic activity and is essential to its global reputation and competitiveness as a world city. As highlighted, both factors have a key role to play in the UK's overall recovery and competitiveness. Investment in the capital's transport infrastructure should therefore be treated as a necessary solution to building back better, rather than an impediment to national growth.

We support TfL's Financial Sustainability Plan and urge the Government to work with TfL to reach a deal in the interests of London's people and businesses. A greener, more sustainable recovery should be at the heart of this settlement, and the Government should seize this opportunity to invest in reducing the capital's carbon footprint.

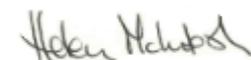
We would welcome the opportunity to engage with your team on the measures needed to support the recovery of the UK's global city and enabling London to play its essential role in the UK's overall economic recovery.

Should your team have any queries, please contact Nadine Tewfik-Saad, Head of Policy and Research at London Chamber of Commerce and Industry (ntewfik-saad@londonchamber.co.uk).

Yours sincerely,



Richard Burge
Chief Executive, London Chamber of Commerce and Industry



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