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**London Business 1000 2023 Summary**

**Introduction**

London Chamber of Commerce and Industry (LCCI) and London Councils have published the latest *London Business 1000* survey for 2023. This is the seventh edition of the *London Business 1000*, and our fourth survey working with polling agency YouGov. The report is an annual survey of 1,271 London business senior decision-makers, asking for their views on a range of important issues.

This provides a summary of the findings. The full report can be found at..

**Devolution**

The findings show that London businesses strongly support greater devolution of powers to local councils, including more control over skills, housing, and infrastructure investment.

Business support for devolution:

* 73% support local London councils have more freedoms to fund and build more homes, a third (32%) strongly agreeing with this statement.
* 70% support local London councils have more freedoms to fund and build infrastructure, with a quarter (26%) strongly agreeing with this.
* 72% support local London councils having greater powers to raise resources to fund additional community safety and policing, with a quarter (25%) strongly agreeing.
* 74% support local London councils having greater powers and funding to integrate employment, skill, and apprenticeships in their local area, with just under a quarter (23%) strongly agreeing.

The UK remains of the world’s most centralised nations, which we believe restricts positive economic and social outcomes. We will continue to make the case for decision making to be closer to communities, with devolution from central to London local government.

**Support for local taxes**

Businesses support the introduction of a ‘hotel tax’ on overnight visitors to the capital, such as the levies seen in other major European countries. Once told about the scheme which could raise vital funds to support local services such as street cleaning and policing, while also promoting London to visitors, six in ten support the introduction of this scheme. Over half (56%) of businesses in accommodation and food services/ arts and recreation would support the introduction of a ‘hotel tax’.

**Economic impact of housing**

The research shows London’s businesses are looking to recruit and expand their headcount, however cite continuing difficulties in recruiting. Approximately two in five (44%) believe the cost of transport in London has negatively impacted their ability to recruit or retain staff over the last 12 months, a figure that rises to approximately half (50%) when they are asked about the cost of housing in London.

With a General Election on the horizon, London businesses were clear that the next UK government should prioritise house-building and tackling climate change, with three in ten (29%) of businesses citing these 2 among the top 3 priorities for the next government. Four in ten (39%) London business leaders think that building more homes should be a priority for business rates revenue.

High housing costs are a drag on London’s economy and we will continue to campaign to secure the resources needed to deliver affordable housing for Londoners.

**How business is coping**

Three quarters (77%) of London companies are making operational changes as a result of the rise in inflation and associated cost of living crisis. The most common actions are to raise prices for products / services (36%) or reducing profit margins (25%) – encouragingly however only 5% had said they have/ will cease trading as a result of the rise in inflation.

**Recruitment plans**

Two thirds of companies either recruited or tried to recruit over the last 12 months, and similar proportion expect to hire staff over the next 12 months (both 65%). This is true across businesses of all sizes, although hiring activity over the past 12 months was stronger for larger firms. This sustains the trend since 2020 of an increasing proportion of businesses having recruited staff in the past 12 months (44% 2020, 49% 2021, 63% 2022) or planning to do so in the next year (41% 2020, 54% 2021, 61% 2022). Nearly half (47%) expect to grow their workforce in the next 12 months. The post-pandemic recruitment drive remains, but we will need to keep an eye on how this progresses.

Coupled with this recruitment drive are concerns about the ability to get the right skills. Three quarters (76%) of firms have challenges with their current workforce’s skills, with decision-makers in large businesses particularly likely to say this (84%). Although challenges with technical/ job-specific skills remain the most common, the proportion reporting this has fallen notably since 2022 (31% 2022, 24% 2023). Challenges with other skills have increased, with around a fifth now reporting challenges around their staff’s management/ interpersonal skills (20%), commercial awareness (19%), time management (19%), or leadership (18%).

Access to the right skills remain a challenge and as the capital looks to decarbonise, we will need greater collaboration and resources to ensure that London has the skilled workforce to deliver its objectives.

**Apprenticeships**

One of the more encouraging figures has been a marked increase in the proportion of small and micro businesses in London that employ apprentices, rising from 7% in the 2021 *London Business 1000* to 20% in the 2023 report. However, for large businesses it remains stubbornly constant (42% 2021 and 45% 2023). At the same time, there has been an increase in the proportion of firms who engage with their boroughs on apprenticeships (from 28% in 2022 to 35% in 2023). Nevertheless, a majority of businesses (55%) still report no engagement at all from their local authority on apprenticeships.

While some of the increase in apprenticeships will be driven by a post-pandemic recovery the encouraging signs around small business suggests that using the apprenticeship system is increasingly understood.

However, there are still barriers facing businesses to employing apprentices; when prompted, just over a third (35%) cite that they do not meet the needs of their business. A fifth reported that issues revolving around the extra workload that employing apprentices would involve was a barrier, whether this be the administration time or the extra management that it would require (both 22%).

There is strong appetite for making improvements to the Apprenticeships Levy too, with making the Levy system simpler (51%) and allowing the Levy to contribute to paying for wages (50%) proving most popular.

We will continue to make the case for reform and devolution of the Apprenticeship Levy.

**Diversity and inclusion**

When prompted with a list of actions, most London businesses said they were taking steps on diversity, inclusion and equality (62%), rising to 86% of large businesses. A third (32%) of all companies said they had introduced diversity and inclusion policies (such as anti-discrimination and harassment policies), and a quarter ((24%) conducted inclusive people management. However, just under a third (31%) of London firms said they were not undertaking any of the prompted activities.

The lack of action around diversity and inclusion is a concern and an area of action for future work with the capital’s business leaders.

**Reaching net zero**

The proportion of London businesses who say they are taking steps to reduce their emissions has continued to increase, up from 69% in 2021 to 74% in 2023. In the 2023 report, firms said they were focussed on adapting products as the main method for reducing emissions (34%), followed by using greener technologies (32%).

Costs appear to be the main barrier to reducing emissions, with almost a quarter citing high initial upfront costs (23%) and a similar proportion selecting higher operating costs (22%) and lack of resources and time (21%). Businesses are also most receptive to financial support whether this be green grants (28%) or tax breaks for environmentally friendly businesses (37%).

There is also clear support amongst businesses for greater involvement from local councils both in terms of providing enhanced recycling services (29%) and providing more information about how to improve sustainability (25%).

Boroughs will continue to engage with local businesses to support them to reduce their environmental impacts.

**Crime**

One in five businesses in London said they had experienced at least one incident of crime in the past 12 months (20%), with theft (54%) and physical damage to property / goods (38%) the most common among those who have experienced a crime. While three quarters (75%) of firms are taking steps to reduce their vulnerability, businesses feel that increased resources for police and greater involvement from local councils would help to reduce the likelihood of crime. Four in ten companies (41%) also felt that the revenues from business rates should be prioritised for reducing crime in London, just behind improving public transport (46%).

We need to ensure the right local partnerships to reduce crimes against businesses, especially in our town centres.