

London Assembly Economy Committee – 13 December 2023

Transcript of Agenda Item 5 – The Impact of Remote Working on Central London

Marina Ahmad AM (Chair): We are now on our main item of business, which is a discussion with our invited guests about the impact of remote working on central London. Joining us at City Hall today are Councillor Kaya Comer-Schwartz, the Leader of Islington Council and the Deputy Chair of Central London Forward; Kate Hart, who is the Chief Executive Officer (CEO) of the Eastern City Business Improvement District (EC BID); Jonathan Seager, Policy Director at BusinessLDN; Rosie Day, Director at the London Property Alliance; and Ben Johnson, Mayoral Head of Business and Economic Policy at the Greater London Authority (GLA). Welcome. Thank you for joining us.

I would like to start, and I will start off with questions. What I would ask is that I know everyone has lots and lots to say but we have quite a lot to get through, so if we could try to keep our responses brief. If I can start, my first questions will be to Jonathan and Kaya. Why is the Central Activities Zone (CAZ) so important to London and the UK economy? Jonathan, perhaps you can start.

Jonathan Seager (Policy Director, BusinessLDN): Yes, OK. It is of massive strategic importance to the capital; not just the capital though, but the whole UK economy. It is the heart of what is a global city and within that there is a huge concentration of value generation. The Central London Forward evidence base, which may be brought up, clearly explains that there are about 2.2 million jobs within the CAZ. That is about 6.4 per cent of employment in the UK. I think the CAZ accounts for about 44 per cent of London's economic output, roughly, and that is 9.5 per cent of national output. Just in terms of economic value, it is massively important.

When you layer in that it has this unique economic system and clusters that support the wider agglomeration of London's economy, that is the foundation of the capital's success and arguably a huge part of the UK's success. Then you come on to the other parts of the CAZ, which are about hospitality, leisure and this unique cultural offer. Nine out of ten of the capital's most visited attractions are in the CAZ. You throw that all in the melting pot and it is of such strategic importance that it merits special attention and a lot of focus. It is great the Committee is focusing on it because it is the heartbeat of the city.

The other thing to say from my perspective is it also, of course, houses a lot of people. We should not forget that. Arguably, some of the future of the CAZ may be that it needs to house more people, which no doubt we may come on to.

Marina Ahmad AM (Chair): Thank you, Jonathan. Kaya.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Thank you. Jonathan has given quite a comprehensive answer. All I would say is that Jonathan is right, it is huge in terms of the economics, but also the layering. We have huge sectors across all sorts of industries, be it tech, hospitality, finance, culture, any industry you can imagine, but we also have residents, we also have tourists, and we also have a lot of retail. If any one of those falls down it affects the whole ecology of central London, which is why the topic you have brought up today is so important. People being in the office is a key driver of that ecology.

Marina Ahmad AM (Chair): Thank you. My next question is directed to Rosie, Kate and Jonathan again. To what extent have central London businesses recovered from the loss of customers and revenue during the pandemic? If you could answer a couple of other specifics here, when do you consider that there was a start of a recovery and what supported this recovery? If we could start with Rosie, please.

Rosie Day (Director, London Property Alliance): Sure. Thank you, Marina. It might be worth explaining that I am from London Property Alliance. We are the membership body for the property industry in central London. We cover the two key areas of the City of London and the West End, and the nature of property in those two areas is that they are majority commercial. We are talking office here, as well as other commercial uses. In terms of businesses and customers that my patch covers, it is very much the office space.

I think the pandemic-era predictions that the office is dead, particularly in the CAZ, were absolutely wrong. We have the Centre for Cities research that was quoted in your paper saying that people are back 2.3 days a week, and that was back in the spring, at 60 per cent of pre-pandemic levels. The evidence since then is a bit patchy but we have some very positive public transport figures. The annual report that was put in for the December [2023] meeting of the Transport for London (TfL) Board was saying that between 80 and 90 per cent of public transport is up, which is really positive.

There are a few caveats to that. We are obviously seeing this midweek peak between Tuesday and Thursday, with Thursday being by far the most popular of the working week. We are seeing higher levels at the weekend, and on Sunday's public transport is up on pre-pandemic levels.

The impact that that is having on the commercial real estate industry is that vacancy rates in central London are at 7.5 per cent. We are seeing in the West End that is particularly low, 4.3 per cent; in the City, a little bit higher, 9.7 per cent; and in east London, at more of the periphery level, we are at 12 per cent. But those figures are very positive compared to other cities. London Property Alliance publishes quarterly research on how London is faring in comparison to other global cities like Paris, Berlin and New York, and that figure of 7.5 per cent in central London vacancy rates is 22 per cent in Manhattan. Actually, we are not doing bad.

Marina Ahmad AM (Chair): Thank you. Kate?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Thank you very much. Can I just say thank you for the invitation to appear today? I am very pleased that on behalf of the EC BID I am able to give my perspective on these very important questions. Just to say the EC BID is one of the five BIDs in the City of London, we are the largest occupier BID by income and we form part of the Primera portfolio of central London BIDs. Obviously, as you will know, there are now more than 70 BIDs across London and we invest private sector money into areas to deliver hyperlocal enhancements, working very closely with our public sector partners and wider stakeholders. In the Square Mile we invest around £9 million across the five City BIDs each year, delivering these hyperlocal improvements.

Obviously, the response to COVID has been a major priority for us over the last few years. In terms of the EC area, it is a quite extraordinary commercial hub, as you will know. Looking at the businesses that make up a large proportion of our area, they all adapted quite quickly when COVID arrived. A lot of them were able to adapt quite quickly to remote working. We did see that wider impact on the ecosystem, as Rosie [Day] has mentioned, that impact on hospitality and leisure, but we are seeing this quite swift return now and quite a steep trajectory upwards to these pre-pandemic levels and, in many cases, record levels of recovery. In the City specifically we have seen record numbers of planning applications. There are currently 11 tall new buildings that are either in planning or have been given permission. This equates to about 70 football pitches of new office space. I would say that this is a flight to quality. This is grade A, superb, prime-quality space where we

are seeing this really high demand. The City itself has projected huge numbers in terms of growth in numbers of people. In the EC BID footprint we currently have over 80,000 people. We are expecting that number to rise to 100,000 workers over the next few years.

In terms of the immediate recovery and what the future looks like, I think our business community is extremely positive. I think they are very optimistic about the future. While things are different, and Rosie has talked about this midweek peak, there are some real opportunities that we collectively, between the public and private sectors, need to optimise. There are opportunities around Friday. There are opportunities to grow the leisure market, seize these opportunities and unlock the growth potential. We know from the gross domestic product (GDP) figures today that growth is flatlining. There is a real issue. We have commissioned research that we could perhaps come on to a little bit later, but we really need to find new ways to unlock growth and I think this is the moment to try to find those new solutions.

Marina Ahmad AM (Chair): Could I just ask? When you talk about Friday opportunities, could you give an example?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): We know that pre-pandemic, from an office worker perspective, Fridays were on the wane. A lot of people were seeing Friday as their day anyway to work from home. We have obviously seen that falling into sharp focus post-pandemic and many people now choose Friday as their day that they work from home. What we are also seeing, though, is there are challenges around the agglomeration issue that Jonathan [Seager] mentioned. We are seeing issues around mental health and mentoring for younger workers. We think that there is an opportunity to try to encourage offices and corporates to see Friday as an opportunity to bring their teams together. It is reinventing what Friday could mean from a work perspective.

Then, similarly, it is an opportunity to be a real transition day from the working week into the weekend, and where I think there is huge opportunity for growth is in that leisure market. Rosie [Day] has mentioned that we are already seeing that Tube ridership is higher on Saturdays than on many weekdays, and if we really focus in on Friday and repositioning Friday - we talk in the City about reinventing Fridays and uniting around what Friday could mean for London - I think there is real opportunity. That could mean we test some new, brave things. Could we introduce a flexible fare policy on TfL for a Friday? There are all sorts of things we could look at in terms of that cultural offer, that leisure offer and how we encourage employers to look at it in a different way, which could still keep that vibrancy going in the city and support that very vital ecosystem that we have spoken about already.

Marina Ahmad AM (Chair): Thank you. Jonathan.

Jonathan Seager (Policy Director, BusinessLDN): It is fair to say that the recovery has been slower in the CAZ, for a number of reasons. You have heard that we are on an upward trajectory, but the CAZ is, on a number of metrics, behind where it was pre-pandemic. Footfall has been slower to recover compared to what it was. As we have heard, Tube ridership is up across the TfL network, but the CAZ was, at least in 2002, slower to recover compared to other areas. If you look at international visitors - we have heard how important it is in terms of tourism - numbers remain below pre-pandemic levels. A recent survey by the Heart of London Business Alliance demonstrated that one in five roles within hospitality businesses are vacant, and this is leading to a loss of trade across many different parts of the hospitality sector.

We are seeing on these metrics that the CAZ is still a bit behind, but that as you look at London as a whole, everything is moving in a positive direction. I think it is just that the CAZ was so badly hit, it had further to

come compared to other areas. That, I think, is largely as a result of the fact that the CAZ is dominated by people who can work from home and therefore they have been a bit slower to return to the CAZ.

Marina Ahmad AM (Chair): Thank you very much. Assembly Member Boff.

Andrew Boff AM (Deputy Chair): Just following on, Ms Hart, from what you were saying, you suggested that one of the things might be a discounted rate to attract people back on the Tube or public transport, to attract people in on a Friday. Where are those people who are not coming in on a Friday? Where are they spending their money?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): We know that there is the midweek peak for office workers Tuesday to Thursday, and Friday is the quietest day for office workers coming into the workplace. They are largely staying at home on Friday. We are seeing more tourists and leisure visitors beginning to come into the City and that does begin to start on a Friday, but I think there is a real opportunity to look at Friday as an opportunity for growth if it can be reimagined and repackaged. Where we are now post-COVID, we are well into this recovery. Gone are the days where we were wanting to get back to the way things were. We have talked about the challenges around productivity that have been a problem for London for a number of years. Where we are now in London's recovery, it is a moment for opportunity and to think, "Where are the barriers to growth and where does opportunity lie?"

Friday is one opportunity. It is not the silver bullet, it is not where all growth lies, but it is certainly something that should be explored. There are others. The move to hybrid working, for example, does appear to have encouraged more women back into the workplace on a full-time basis. That is a really exciting opportunity that could be further looked at. Similarly, we need to tackle and get underneath the problem of mental health in the workplace. We lose millions of workdays to poor mental health. If we want to unlock London's growth potential, keep this recovery going and have this trajectory continue to move upwards, this is the moment to look at any of these barriers to growth.

Andrew Boff AM (Deputy Chair): I may come in a little later on this area. I am just a little concerned because if they are at home they are supporting the Pret in their high street rather than the Pret in the City. Are we actually losing this money by people staying at home or remote working? Surely the whole of London may be benefitting, and perhaps outside London as well, depending on their commuter journey.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): I think it goes back to the strategic importance of the CAZ and how important we see the CAZ as being, that driver for growth not only across wider London but the wider UK too.

Andrew Boff AM (Deputy Chair): Thank you. I will now go on to the question I was going to ask you. Sorry, that just fed on from what you were saying. What role did BIDs play in providing support to central London businesses impacted by remote working during the pandemic?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): The EC BID only went live as a BID in 2022, but if I look across the rest of the Primera portfolio of BIDs we were extremely active in supporting businesses right from the moment that lockdown first hit in March 2020. One of the benefits of the business improvement model is that they are agile. We are able to pivot towards changing demands. Across the portfolio and indeed other BIDs in central London, they were able to pause their business-as-usual (BAU) activities and look at what the local business community needed. That was a variety of different things. Obviously, a number of our workers were then fully remote at that point, so there was a whole series of online activities and events that were shifted from real person to online. We have seen that

continue, as well as a trend where you are now getting a mix of virtual and real life. It is one of those legacies of lockdown that has continued.

Andrew Boff AM (Deputy Chair): The BIDs were active in encouraging that?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Yes, in terms of supporting people while they were stuck working in their dining room or their spare room, so that they could connect with the City, and they could still continue to learn and engage with things. It went right through to supporting rough sleepers, working with hotels and our charity partners. Then, as we started to get towards the recovery and things opening up, it was about signage, it was about supporting on maintaining social distancing, it was supporting our leisure and hospitality operators, it was a whole range of different things.

BIDs were able to respond and be quite agile in getting new programmes off the ground. It was an immediate response to supporting people while they were working remotely, right through to then starting to think about what the recovery might look like and how we would get people back. There was a different phase of work that got underway when we were trying to think, "How do we get people out of their pyjamas and back on a train?" which was the largest obstacle to overcome, to be honest.

Andrew Boff AM (Deputy Chair): Or just get on a train in your pyjamas. Why not? I have seen that happen. If I can move over to Councillor Comer-Schwartz, same question really but with local authorities. What role did local authorities play in providing support to central London businesses impacted by the remote working during the pandemic? Thank you.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): A lot of local authorities did a lot of hard work working with local businesses, and local businesses themselves, as was said, really pivoted during that time. I know a lot of local businesses did a lot to adapt their businesses to support what was happening in the community during COVID, whether that be manufacturing masks or helping with food distribution. One of the things that I saw, which was --

Andrew Boff AM (Deputy Chair): Forgive me. We know local authorities did a lot during the pandemic. The question really was about the support for central London businesses more specifically.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): OK. There was a lot of support in terms of making sure that the grants that came down from local government were given to those businesses. A lot was collecting the data on what we were seeing in terms of local businesses, which industries were coming back, and which industries were not. A lot of local authorities also did a lot to encourage residents who are in those areas to help with a lack of COVID spread by shopping locally and using smaller local businesses to do that. Trusted messaging, local authorities were key in that. Working with businesses to drive smaller local economies was the key thing that local authorities could do.

Andrew Boff AM (Deputy Chair): It is established, I think, that local authorities came out of the pandemic very well. Personally, I think they generally did a good job. But I wondered how this impacted central London differently from the rest of London. That is our focus. Did they do anything specifically in central London for businesses?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Well, it is being alive to the differences that central London had in that area. Literally, some of those big office spaces just went quiet overnight. There was a lot around security, a lot around how to plan in the moment but also how to plan to go forward. Obviously, we have a planning system as local authorities,

and during that time - although it has bounced back now - we had quite a few big planning things around offices pause because they were not sure. Obviously as well, we collect business rates and so we saw a significant decrease in what was happening in other things. How we negotiated with landlords in those areas to support smaller local businesses was different to what you were seeing in some of the outer areas, for sure.

Andrew Boff AM (Deputy Chair): Thank you. Mr Johnson, almost the same question to you. What support did the Mayor provide to central London businesses that were impacted by remote working during the pandemic?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): Sure. To broaden it out slightly initially before coming onto the specific point, first and foremost, keeping London moving during the pandemic was absolutely crucial to support for businesses of all types in the CAZ as well as the people working in them themselves, both those who had to work remotely and those who had to travel into central London. Keeping the TfL network running at an appropriate level of frequency and indeed working with TfL to promote confidence in the cleanliness and safety of the transport network during that time was absolutely crucial.

To talk specifically about a couple of initiatives to support those businesses most affected by remote working, one thing that we did very early on in the pandemic was launch the Pay It Forward London platform, which was effectively a crowdfunding platform. By the way, of course this was not limited to central London, although I think - and I cannot give you the specific numbers - probably the majority of businesses on it, or certainly approaching half, were within the CAZ.

Pay It Forward London was a crowdfunding platform. Businesses could place themselves on it or indeed we urged Londoners to nominate businesses that they loved in sectors like retail, hospitality, leisure and culture, generally small and medium enterprises (SMEs). They would go on that platform and could market the platform to their customers and their regular client base through whatever channels they had and urge them to make donations to the business in exchange for the promise of goods or services delivered upon recovery after the pandemic.

Andrew Boff AM (Deputy Chair): How did that work? I am fascinated. There were so many schemes coming up during the pandemic that I have not had an opportunity to take them all in and see if they worked.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): I do not want to make out that it was more scientific than it was, really. It was a simple crowdfunding platform. Let us say you ran a coffee shop. You could put your shop on that platform and say, for example, "If someone donates £20 through this platform, we will reward them at the end of the pandemic with a £25 or £30 gift voucher for our coffees", that they can then use at their leisure, so to speak. We backed that up with a £1 million Back to Business Fund, which was a match funding scheme, so that businesses that succeeded in raising funds through the Pay It Forward platform could then apply to have match funding from us to support their return to business following the pandemic. We helped over 300 businesses and raised over £2.5 million from 30,000 Londoners who contributed through the platform. That is one quite specific --

Andrew Boff AM (Deputy Chair): Sorry, £2.5 million into businesses?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): Yes.

Andrew Boff AM (Deputy Chair): How many was that again, how many subscribers?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): 30,000.

Andrew Boff AM (Deputy Chair): Businesses?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): No, sorry. 30,000 Londoners raised money for over 600 businesses.

Andrew Boff AM (Deputy Chair): 30,000 Londoners, thank you. Yes, that is rather a lot of businesses.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): I suspect this may come up later so I will not go into too much detail here, but coming out the far end - although long before the end of the pandemic - we of course decided to launch the largest domestic tourism campaign that London had ever run, Let's Do London, through which the Mayor invested £6 million in a campaign and programme of cultural activations to promote visits to London from UK residents at a time when international travel was still very difficult, if not impossible for leisure visitors. That came in spring 2021 and we have iterated that for the following two years as an international tourism promotional campaign.

Andrew Boff AM (Deputy Chair): The performance of that, how did that go?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): I do have some figures, if you will excuse me referring to my notes.

Andrew Boff AM (Deputy Chair): Bearing in mind I am always dubious about, "What we did for tourism and, as a result, millions of people turned up to London", "We put London on the map", that kind of thing. I am very cynical about these figures; I will warn you in advance.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): Understood, and I would never claim we put London on the map.

Andrew Boff AM (Deputy Chair): Yes, but some people have. Some people have.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): Over the three years, using the measurement techniques that London & Partners use, which are based on sampling interviews with inbound tourists, we estimate the campaign attracted over 850,000 additional visitors - that is a measure of additionality, that is not the total number of people who came to London, of course - from UK, Germany, France and the United States (US), in turn contributing £360 million additional spending to London's economy. Whatever way you put it; it is a very good rate of return. But to be clear, it is not to suggest that people only came to London during that period because they saw the Let's Do London campaign. Indeed, it represents a small but still significant additionality to the inbound tourism that we had.

Andrew Boff AM (Deputy Chair): Thank you. If I may come back to Ms Hart, what support did the Government provide to central London businesses impacted by remote working during the pandemic?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Sorry, can you just repeat the question?

Andrew Boff AM (Deputy Chair): Yes. It is effectively the question I asked you about BIDs, but this time the Government. How much did the Government provide to central London businesses impacted by remote working during the pandemic?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Obviously, there is a separation between central Government and local government. One of the things that I think was a real gamechanger in the early days of the recovery was the recognition that Government wanted to approve and facilitate recovery in all sorts of ways. The licensing rules were opened up so you could have outdoor dining. I know that framework was set by central Government, but it was then implemented at the local level. That was really important to instil confidence that you could come back into London, and you could get together with friends and colleagues, but do it in a socially distanced way.

Equally, there has been some real progress in terms of delivering some quite transformational projects in the period since the recovery got going. Again, I would say that has probably largely been driven at the local government level. If you look to an example in Westminster, the Strand Aldwych scheme got approval back in 2020, I think, and has just been delivered. Now, that is a public realm scheme that has been talked about for 30 years and it has been a great example of public-private partnership. But I think it can be seen in that context of recovery, in that creating a great experience when you come into London is now ever more important and there is a demand for great-quality public space. It is difficult to say that is something that has been set by central Government because I think that was driven at the local level.

For me, from a central Government point of view, I think there has been a real challenge around London. I think that central Government struggles with the narrative of central London. That can be a political point, as over the last few years with levelling up. There is a real need for there to be a new narrative for London that central Government can support.

Andrew Boff AM (Deputy Chair): I do not like putting words into people's mouths but effectively I think what you have said is that by Government allowing local authorities to make more decisions locally, it invigorated the social space. Is that a fair summary of what you are saying?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): That is absolutely fair. London, obviously, being devolved, was able to benefit from taking some of those decisions at the local level to enable quite quick and agile decisions to be made. It did really work in those early days of the recovery, in terms of some of the permissions that we saw and how it formed part of that narrative to encourage people, to give them the reassurance that they could come back and feel safe. I think the fact that London was able to take those decisions was a key part of the success of that, and that is a great argument for looking at that devolution model and the potential for it to go further.

Andrew Boff AM (Deputy Chair): Yes. I think you will find nobody in the Assembly disagreeing with the fact that we need more devolution here, absolutely nobody. Thank you very much.

Marina Ahmad AM (Chair): Thank you. Assembly Member Hirani.

Krupesh Hirani AM: Thank you, Chair. My first question has been answered to some extent by Kate, about the current impact of remote working. You have already explained the work patterns and how people are returning to work, with Thursday being the busiest day. I am just wondering about the impact on London's night-time economy. What impact do you think this has had on London's night-time economy?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): In the City I have to say that we have fewer night-time economy businesses, but we are seeing much more of a shift towards the growth of that leisure market. In fact, you look at the City of London Corporation and our Policy Chairman,

Chris Hayward, his flagship policy for his term is Destination City, which is focused around driving that leisure growth, which obviously includes growing the night-time economy.

We have seen quite a big uplift and new openings in terms of the leisure offer, particularly in the City. Hospitality clearly has been one of the sectors most adversely hit by COVID, but the numbers are looking much more positive now. Interestingly, we did some research recently with Colliers that showed that even though workers may only be coming in perhaps around three days a week, their spend when they come into central London is the same as it was pre-pandemic. What that tells is that there is an appetite for workers, when they are returning to the workplace, to engage with the leisure offer that is in London. Again, we read into that that there is an opportunity for us to grow that. If they are coming in and spending that on three days, we can attract other people to come in and enjoy it on the other days of the week as well.

I think the Destination City policy is absolutely the right one and the BID stands shoulder to shoulder with the City [of London] Corporation on this. It does open up other questions that we have to get right in the longer term. If we are encouraging people to come in and enjoy everything that the City has to offer, then we need to get all of the different factors right. The public realm needs to be an exemplar. It needs to be clean. It needs to feel safe. We need to make sure that there are toilets available for families if they are coming into the City on the weekend. This is part of a journey that is an ongoing one. We are not quite there yet but we are definitely on the right path, and I see this as being a great opportunity for future growth for the CAZ and for the City.

Krupesh Hirani AM: Great. Rosie, you spoke about vacancy rates in London, and you mentioned explicitly the 7.5 per cent figure. Do you have that broken down into different sectors, whether it is office space or retail space, or is that just a general vacancy rate?

Rosie Day (Director, London Property Alliance): The office vacancy rate.

Krupesh Hirani AM: Office, OK. You would not have details on the leisure space as such, or pubs?

Rosie Day (Director, London Property Alliance): No, I am afraid not.

Marina Ahmad AM (Chair): Would you like to ask your question now then, Assembly Member Garratt?

Neil Garratt AM: Yes. Kate, earlier you spoke about a flight to quality with office space. I suppose it is a question for Kate and perhaps Rosie as well. You were talking about vacancies. Obviously, a flight implies both a to and a from. I am interested in what is happening in the places that people are flying from, let us say, which I am guessing are less desirable secondary or tertiary locations. What is happening either in those as places or in those buildings, which may be in good locations but lower-quality buildings in those good locations?

Rosie Day (Director, London Property Alliance): You are absolutely right, Neil, it is vacancy. I mentioned earlier that 7.5 per cent figure vacancy rate for offices across central London. In the West End that is only 4.3 per cent and in the City of London slightly higher at 9.7 per cent, but in east London it is 12 per cent. We are seeing this concentration, this flight of businesses and workers wanting high-quality, sustainable, amenity-rich offices in central locations with excellent transport links, and we are seeing that reflected in the prime office rents. In the West End prime office rents have gone up to 10.6 per cent year on year, and in the City of London 6.9 per cent. We are seeing this flood, this concentration, which is very good.

In terms of what is happening in those periphery levels, there is a real danger of what we call in the industry 'stranded assets', empty, unlettable buildings, and there is a real opportunity here for working with local authorities to transform those spaces into either spaces that attract those businesses out in the suburbs or other areas of the country that want to come into London, or it might be - I am sure we will talk about this later - that in some real periphery areas we could convert offices into housing or into more leisure and cultural uses. While the central CAZ is so, so important to workspace and to commercial space, there is also an opportunity for the other areas of London in how we transform them.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): If I could just add to what Rosie said, we are looking at some of the empty spaces in our area, in the EC, to try to test some new concepts and to try to attract some different operators to come in. Where we have vacant units that could be, in the long term, part of a redevelopment plan -- for example, we are working with Landsec on a project on Old Broad Street, which was a vacant Itsu unit and another unit next to it. We have transformed that into a cultural hub now on Old Broad Street. We have seven artist studios, we have public access at ground floor where there is a workshop and a small shop, and it is bringing a whole different type of user into that part of the city and offering valuable, affordable workspace for artists. There is a quite an interesting commercial model where we work with a charity, and you can then benefit from the discretionary business rates. As Rosie said, it is opening up an opportunity to think creatively about what you do with these buildings that are no longer as desirable for office occupiers but could provide some opportunities to create that new vibrancy in the city as we are in this interesting period post-COVID.

Neil Garratt AM: I was interested because obviously it is very easy to talk about converting an unwanted office space, let us say, into residential, but the floor plans are usually very large, and conversions are not at all straightforward. I wondered whether that conversation has moved on from, "This is possible", to, "Realistically, it probably is demolition and redevelopment for some of those buildings".

Rosie Day (Director, London Property Alliance): Absolutely. There is a real danger here, I think, particularly under permitted development rights (PDR), that poor-quality, undesirable offices are turned into poor-quality, undesirable houses, potentially in commercial areas where there is not that residential community.

There are instances. Tower Hamlets, for instance, is reviewing its Local Plan areas on the outskirts of Canary Wharf, converting that into housing. Done at that local level with local consent it can work really well, but it has to be so carefully planned. If we just switch all this office stock into, as you say, poorly-designed, inappropriate housing, there is the potential to create the slums of the future, and that is absolutely not what the CAZ needs.

Neil Garratt AM: Just to move from theory to practice, are things developing in that direction or is it still very much on the horizon, a possibility?

Rosie Day (Director, London Property Alliance): Luckily, a lot of those central London boroughs are using their Article 4 directions to protect this uncontrolled conversion into residential. We would say that it works really well when local authorities have a very supportive planning environment for either retrofit or redevelopment into new space - Kate [Hart] gave some fantastic examples there - that could attract new occupiers. We have published some research recently into the life sciences market and how central London is turning into this incredible global hub for science and innovation. Those workspaces, be they labs or other research spaces, require very different designs and formats, and so you do need to have either very careful retrofit or new redevelopment, but those are very high-growth businesses that can employ an awful lot of local people and drive the economy as well as science and technological innovation.

Neil Garratt AM: Great. That is interesting. Thanks very much. Thank you, Chair.

Marina Ahmad AM (Chair): Thank you. Assembly Member Hirani.

Krupesh Hirani AM: Thank you. That was interesting to hear as well. Some of us have particular views on those PDR from office to residential, which obviously are not working in London. My question is to Jonathan. To what extent have businesses in central London adapted to hybrid working and are businesses supportive of this way of working?

Jonathan Seager (Policy Director, BusinessLDN): I think there has been pretty swift adaptation. When the pandemic hit, most businesses were not working in a hybrid fashion and then quickly, structurally, that changed. That is to the credit of the businesses in terms of how they are operating. I think it is now fair to say that that seems to be baked into the way that most are operating.

It is being interpreted differently in different sectors. There is a sometimes a danger that we talk about hybrid working as if there is one definition. It is clear, as we have heard, that Tuesday to Thursday dominates when people come in, but different sectors are responding differently. The most important thing that businesses are thinking about is how they operate, what is their culture and what is best for their business in their individual sector, and then what requires you to be in person and what can be done remotely. When you put all those things together, that informs an individual business's decision about how it operates.

As I say, most have adopted a hybrid way of working but many professional services have adopted a 'work from anywhere' type of stance. Some sectors, such as banking and financial and professional services, place greater value on in-person presence, but there is a real blend. We are starting to see those businesses operate in such a way which value more in-person interaction. They are not someone we represent, obviously, but I think the civil service are starting to slowly mandate a three-day in-person presence in the office.

This is an evolving topic. The important thing to consider here is that what constitutes hybrid working now -- in 10 years I am sure there will be hybrid working, but what that looks like will no doubt be a bit different. At the height of the pandemic, we heard lots of predictions about how the future of work will be and I am not so sure that many of them stuck, really. As I say, the thing about this is that it is evolving. Ideologically, not many people sit there and say, "It must be this", or "It must be that". It is about what works for your business. That will be driven by a number of factors, obviously including what works for staff as well. There is a huge emphasis for many employers about supporting staff, realising the benefits, as we heard about earlier, that hybrid working has delivered for some sectors of the workforce, but ensuring that there is huge value to in-person activity, particularly for those at the start of their careers to learn from more experienced colleagues.

Krupesh Hirani AM: You mentioned the civil service. To what extent are businesses mandating that workers come back to the office, say, a set number of days a week?

Jonathan Seager (Policy Director, BusinessLDN): In our experience, when we talk to many of our members, they have frameworks and they are saying, "We would expect you to be in the office for a set amount of time". But that is implemented in a quite flexible way. Being in the office could be in a client's office. It could be in a satellite office. It could be going out to meetings. The days of just sitting at your desk because that is what we do, that does not appear to be something that many businesses place a premium on. If they have staff in the office, it is because they want them to interact with colleagues because they have meetings that require multiple views from different parts of their team. They are working around a framework

and most of those frameworks do include time in the office, but it is then maximising why you are in the office and really focusing on the benefits of that in-person interaction.

Krupesh Hirani AM: What has been the impact in terms of productivity of remote working practices?

Jonathan Seager (Policy Director, BusinessLDN): It was alluded to a bit earlier. There is quite a lot of research that shows, generally, that unfortunately productivity is pretty sluggish. It has been sluggish for a while. It was early on into this new working practice to be able to accurately say that as a result of hybrid working we are plus or minus on productivity. It is a broader issue that certainly London's economy and the UK economy in general has been suffering from a lack of productivity. That was a problem long before COVID. Hybrid working will no doubt form a mix of how we improve productivity, but there are probably bigger issues at play there.

Krupesh Hirani AM: I am just going to turn to Kate for my next question, linked to something I mentioned earlier about the night-time economy, culture, tourism and leisure. What impact has the rise in remote working had on businesses in that particular sector?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Can I just comment quickly on Jonathan's [Seager] point regarding productivity?

Krupesh Hirani AM: Sure.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): We did do some research with Centre for Cities at EC BID, which showed that productivity has been flatlining in the UK since the 2008 crisis. In fact, productivity has slowed down right across the country, but it has been driven from London, which is quite surprising. Between 2007 and 2019, the capital grew just 0.2 per cent per year, which accounts for 42 per cent of the overall slowdown nationally. There is a real productivity issue in London.

We commissioned another piece of work called *Office Politics Around Hybrid Working*, which I will share with the group afterwards. The assessment was that this hybrid working phenomenon that we are now seeing could be seen as a great big social experiment. Because of the productivity issue we are facing, it is almost too important to leave it down to just, "Let us see how these things pan out". We have talked a bit about agglomeration, the benefits for workers to be together with their team members. The BID certainly welcomed when the Mayor announced a few months ago a drive to try to bring workers back into central London, into the workplace, because it is too important to just leave it down to the evolution and see where we end up on this.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): I just wanted to add a quick point on that as well. It is not only within businesses. Obviously, especially in the CAZ area, a lot of the designs of those areas were especially thought of to bring together either different sectors or the same sectors - for example, Silicon Roundabout or the Knowledge Quarter - in design. We are seeing the same going forward in biodiversity and med tech. These areas are being purposely designed to have cross-hybridisation across businesses. It is really important that we support that because it is not only individual businesses' innovations but that wider productivity and ourselves as a global city being seen as driving those industries.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Sorry, to your question about the night-time economy, in the EC area we can look to a few examples where, obviously, during the lockdown and the initial recovery, they were extremely badly hit. We have seen also a number of

casualties where, particularly on the hospitality side, businesses that closed their doors in March [2020] never reopened.

We are now seeing businesses adapting, though. We have used this word 'adapting' quite a lot. Flexibility is something that businesses are adapting. They are looking at where their peak days are. Some hospitality businesses are opening now only on their peak days, which is not a long-term ideal situation at all because, obviously, what London then loses is its vibrancy on the days that those businesses are closed. What we do not want to see is a city or a CAZ that only really has that vibrancy on Tuesday, Wednesday and Thursday. What we want is a city that is vibrant seven days a week, which is why I alluded to the Destination City policy as being something that we fully support in the City.

But how we get there -- we are on a journey, and we are not there yet. It is about looking for ways to bring more workers back more regularly for a whole range of reasons that we have talked about, not only from a productivity point of view but supporting that vital ecosystem. The vibrancy of London is so important not only to support office workers but to make it that attractive global city that can continue to pull in the tourists. We have talked about the Let's Do London campaign. International visitor numbers are not yet where they were pre-COVID. We need to be working harder than ever to make the experience of being in London as good as it can be. It is a whole range of factors that make that experience work. Having a vibrant night-time economy is one factor.

Krupesh Hirani AM: Thank you. You mentioned the hospitality industry. We continue to hear that the hospitality industry is struggling to fill vacancies. Is that because of the increase in demand and the vibrancy returning to central London or is that more to do with the ongoing issues that we have had almost as soon as the pandemic hit, with people moving to other sectors and not coming back?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): We know there are a number of job vacancies that they are really struggling to fill and there is a range of factors. A number of people left the hospitality industry when COVID hit, retrained and left the sector altogether. We have some issues around foreign workers and the Brexit impact, and the foreign workers who left London at the beginning of lockdown and then have not returned as well. It is very difficult to give one reason and give one answer to that question. It is a multitude of answers. But it is definitely having an impact in terms of when those businesses are able to operate because it could be down to staffing but it is also down to the demand in terms of customers.

Krupesh Hirani AM: OK. What impact do you feel the Home Secretary's plans to raise the minimum salary needed for skilled workers overseas from £26,200 to £38,700 have on the level of vacancies in London's hospitality sector?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): As a general point, anything that can make it easier for people to come and be meaningfully employed and support the labour market in this country is a good thing.

Krupesh Hirani AM: Kaya?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): If I may as well, the terms, conditions and costs of living and working in London are quite specific. It is really important that the London Living Wage is given as a benefit, but we have to remember in London your coffee is £5, and your sandwich is £10 and then you are travelling into London as well. Other cities like Paris give free transport for some sectors of workers. We do not have anything like that in London to drive

that. For a lot of people, it is pretty unaffordable to work in London as well. That is also a factor. It is a factor that is really key. Someone said earlier about people working from home and our economy going outside. You might pop out for a coffee if you are at home but, if you are working in the office, you will probably get a coffee. You might go out for lunch. You might go out for drinks afterwards with four other people. It is really thinking about how we can make London an affordable place to work as well.

Krupesh Hirani AM: Good. All right. That is it from me, Chair.

Marina Ahmad AM (Chair): Thank you. Assembly Member Boff, you had a supplementary question?

Andrew Boff AM (Deputy Chair): Are businesses the best people to decide when they should be working in the office and in negotiation with the staff when there should be homeworking? We are talking about a negotiation between the workers and the business. Surely, if for the business's interests and for the workers' interests they say, "We do not want to work on a Monday and a Friday", why is it up to us to tell them otherwise?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Businesses are very good at adapting themselves. As we have said previously and as many members of the panel have said, there is no one fixed picture. There has been a varied approach to this move to hybrid working.

What you are seeing is there may be some moves towards mandating a bit more at the moment, but where we will end up - and this is an ever-moving picture - is that businesses will work really hard to make sure that that experience for their worker is excellent when they do come into the workplace. What we will then see is that the trend will be that people will start to want to be back with their colleagues and will want to start coming back into the city.

However, I caveat that by saying that we have to earn that commute. As a city, as a series of businesses, there is a responsibility to make sure that if we want people to want to come back to the workplace, it is not as simple as just telling them to do that. There are a number of push and pull factors that will have a role to play. The mandating argument only goes so far before you really will start to lose members of staff.

Andrew Boff AM (Deputy Chair): The fact that the reaction is going to be variable, well, businesses are different. They have different demands. They are all different.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Businesses are different, and they are doing different things, yes.

Andrew Boff AM (Deputy Chair): I just have this little bit of worry that we are saying, "This is what you should be doing. You should be out there five days a week".

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): No.

Andrew Boff AM (Deputy Chair): We talk to loads of people, do we not? A lot of staff like that model of working.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): The days of being in the office five days a week are long gone. They will never return.

Andrew Boff AM (Deputy Chair): We still have the majority. Is that not the case?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): The name of the game was going to be flexibility and that flexibility goes right from a flexible approach for each business to choose their own way of doing things to flexibility being embedded into how people work and where people work, but with the knowledge that -- what is the optimum? What is the optimum for a business in terms of where that worker is? How many times should they be getting together with their colleagues? You have to go into these decisions with your eyes open.

Andrew Boff AM (Deputy Chair): They are all individually negotiated and there will be varying responses.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): They will make those decisions, yes.

Andrew Boff AM (Deputy Chair): Thank you. Certainly, Kaya?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Although I would say that - and I know Kate [Hart] alluded to this earlier - it is us not missing the opportunities. If people are working differently, more in the central, what is the opportunity for the cultural sector or the charitable sector to be using that same office space at another time? What is the opportunity for us to be using those spaces to drive apprenticeships, employment skills and all of the things that we sit around talking about? Retrofit, for example. We know we have to create the employment pathways to do that. There are all of these spaces that we could be using smarter and differently.

Also, yes, especially in the CAZ, it is a pretty commercial place, but there are residents there, too. What could residents be using that space for in terms of community? We need to keep on pushing each other to use those spaces differently.

I would also say, if businesses in the hospitality industry are only thinking about working certain times, I have a business that has now worked out that they can open just for the Christmas period and make the same amount of money as they would from having the shop open all year around because they are so flogged in terms of rents and rates. That is a high street place closed most of the year. What does that say to the wider community? We need to be thinking cross-sector. What are we doing in terms of rents? What are we doing in terms of rates? What are we doing in terms of jobs, conditions, employment and all of these things?

It is an ecology. Yes, whether someone works at home three days is part of that and an important part of it, but we need to be thinking about the economy of London. As was said earlier, it drives the economy for the rest of the country. We could be working cleverer in policy terms, not mandating but thinking about how else we could encourage different areas of it.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): When you ask businesses and employers what they think about the future vibrancy of London, they really care about it. They do not want to see central London become emptied out.

Andrew Boff AM (Deputy Chair): Yes, they do not want to see that.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): They want it to be that vibrant place. They are prepared to invest in it, which is why we are seeing that spend levels are the same as they were pre-pandemic, even though they are coming in fewer days.

Andrew Boff AM (Deputy Chair): I thought this was a very quick supplementary. It is obviously quite -- Mr Seager, sorry. I apologise.

Jonathan Seager (Policy Director, BusinessLDN): It is a fair question that you ask, but also just a bit of context. Sometimes we get very focused on office workers. Obviously, a huge chunk of workers cannot work from home and London has a big proportion. Let us not forget them.

Also, the other thing when we get very focused on returning to the office or not returning to the office, some important context as well is that office utilisation pre-pandemic was never 100 per cent. There are all kinds of varying stats about how well utilised -- the truth is that not many businesses measured or indeed knew. Then they looked back through their stats and realised, "We never did really occupy all the space in our office". It is important to remember that context when we talk about people returning because we never utilised all the space that we had.

We heard a bit earlier about the flight to quality. Businesses are getting smarter about utilising the space where they do have office space and thinking, "How do we create environments that draw people in because it is good for our culture as a business?" That probably is more why they are saying, "Come in", to their workers, as opposed to saying, "We want you to come in just because we want you to come in".

Andrew Boff AM (Deputy Chair): Yes, I agree. Some people look at surplus office space as some kind of wicked thing. It is rather good because it makes a buyer's market. If there is a large surplus of something, the price goes down. Those businesses that are having problems with rent would appreciate a surplus, to be honest, because, if there is 100 per cent occupancy, prices go up, of course. Anyway, sorry, I am not here to give evidence. You are. Sorry about that.

Marina Ahmad AM (Chair): Thank you,. OK. Can we move on, Assembly Member Boff, or was there anything else?

Andrew Boff AM (Deputy Chair): That was it, no. Thank you very much.

Marina Ahmad AM (Chair): OK. Thank you. If we could move on to the next question, Assembly Member Desai, please?

Unmesh Desai AM: Thank you, Chair. Good afternoon, panel. If I can start off with you, Rosie, if I may, how has the rise in remote working impacted the decisions of businesses on whether and where to base themselves in central London?

Rosie Day (Director, London Property Alliance): It is a point that we have been making previously and so apologies for repetition. Despite those fewer days in the office, those days are really valued by employers and employees. They are coming into fantastic -- there is demand for grade-A, high-quality, sustainable workspaces in central London. Employers and workers want fantastic local amenities. They want arts, culture, great public realm, great transport connections and the best of London on their doorstep. We are really seeing that in those central locations. That is where we are seeing the lowest vacancy rates and it is where we are seeing the highest commercial rents.

Unmesh Desai AM: OK. Thank you. Moving on to you, Kaya [Comer-Schwartz] and Ben, I have a couple of questions. What actions have local authorities and the GLA taken to implement the actions set out in the CAZ Futures Action Plan? Either of you can start off.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): As you will be aware, the CAZ Futures Action Plan comes from a group that was established with Central London Forward in the lead comprising GLA officials, Central London Forward, the boroughs, BIDs and other private sector representatives. I think BusinessLDN was involved as well. What the plan does is it brings together those groups, sets out the shared agenda and looks at the commonalities and the work we are all trying to do together across some key areas; for example, trying to create within the CAZ a unique habitat for the people and the businesses that occupy it, unforgettable experiences, the cultural, visitor, leisure and indeed retail and hospitality offer that draw both tourists and indeed office workers and commuters in, and also space for innovation and growth, that agglomeration point that is so crucial to productivity as well as London's global competitiveness.

The ways that we get that -- and I will not rehearse the full gamut of the plan itself. It is a long document, and I am sure Assembly Members will have had access to it. To talk in brief, perhaps using a few examples, one key action is supporting and enhancing the visitor economy, as well as London's role as a global centre for business and trade. I can talk about Let's Do London and the fact that we have continued that in the past year as well as the previous two, as well as the London Tourism Vision, which L&P has published based on a conversation that happened with the tourist economy; and, also, especially on that global centre for business and trade side of it, the establishment of Opportunity London, again, working closely with our partners in the boroughs and also the private sector to, for the first time, really, create an investment playbook for London with a common approach to going overseas and courting global investment and winning it.

We have set out a shared agenda around enhancing our environment and the quality of the public realm. People have already made reference to that in terms of how we drive the increasing numbers of office worker as well as visitors, again, into London. The Mayor's Design Advocates have been working to support that agenda, including working with local authorities as well as the GLA. BusinessLDN has produced its Place Commission work. [The City of] Westminster is very much in the lead, but we are working with Westminster on its vision for Oxford Street, for example, which, as Assembly Members will be aware, is absolutely crucial to bringing back the strength of Oxford Street not just as the nation's high street but as a global shopping destination.

Of course, another area of the action plan very pertinent to the Mayor's role is in, basically, boosting passenger numbers and service levels on the TfL network. I will not rehearse the ways we are doing that, but of course a lot of it hinges on the nature of future funding settlements. There is that end of things as well.

Unmesh Desai AM: Thank you for that detailed answer. Over to you, Kaya.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Yes. There was the initial action plan that really responded post-pandemic, but what we have been able to do on that and using the data we saw from that is really galvanise around key lobbying points and services by local authorities and partners to help that, especially around employment and skills development, really thinking about how we can make sure that we are future-proofing the CAZ and the employment of the CAZ. Jonathan [Seager] mentioned earlier about how having people in the office is really key to that because it is OK if you have been a planner for 20 years but, if you have not, you are really starting from scratch there.

Also, really, as I was talking about earlier, think about where London will be leading in terms of world-leading innovation areas. We are seeing a lot at the moment of life sciences, biotech, retrofit, and how that fits with our longer-term values in terms of net zero and the economy, and really thinking about, once again, an ecosystem around a green city that is leading for that. The central local authorities are really key to that in

terms of growing that talent, applying that talent especially in terms of residential areas, and also leading those big-sector areas, especially, as I said, around life sciences and others.

Also, talking about what would really help London to thrive and those areas, lobbying on behalf of London around getting a fair deal for funding for TfL. Whilst it is obviously the Mayor's priority because of its own viability, it is crucial to our economy in terms of making sure people can get to work. Across all sectors, we have seen that, particularly around buses. We were talking about people who have to come into work. A lot of those are on pretty low pay and so buses are crucial to doing that. We have been really focusing and working with that.

We also made sure that we invited Jules Pipe [CBE, Deputy Mayor for Planning, Regeneration and Skills] from the Mayor's Office to talk about planning. It is a real area that we have not talked enough about in terms of non-residential. We are all very clear on the future around residential and how important things like affordable housing are. But how important is affordable workspace to innovation and where we need to be in the future? That is something we need to continue to work with our private sector and the Mayor's Office on, too.

Then also I would say that we mentioned the visitor economy. One of the key things that Central London Forward has been lobbying on is having a visitor tax-free economy. It would be such a boost for the CAZ area and for London if we could offer that on a global thing. It would really draw in that shopping, that retail and those visitor experiences. Being able to offer something like that, similar to what we saw in the cultural sector around museums, would really leapfrog where we were. It is not only the services we provide as local authorities in creating that economy but also those key lobbying points and working with policy makers and listening to businesses to drive that.

Unmesh Desai AM: OK. Thank you. Thank you, Chair.

Marina Ahmad AM (Chair): Thank you. Assembly Member Garratt, you had a supplementary. If you could ask your supplementary, we will get the answers. Then we will take a break and come back, and you can ask the rest of the questions in the next section.

Neil Garratt AM: Yes. I guess starting with you, Kaya, you have been talking about all the things that local authorities are doing. I am always interested in how input turns into output. This is something that lots of people are interested in. Notwithstanding my colleague Andrew and his views about businesses coming back into central London, obviously, people want to see the central London economy thrive and lots of things are happening. There are lots of activities that you have just described. What measurements are there? I realise this is difficult, but what measurements are there to understand which of the things that people have done have had an impact versus not had an impact? We, obviously, can do more of the former and less of the latter.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Yes. It is interesting because we have been working with the New Economics Foundation (NEF) to monitor some of that and really look at where the spending is being spent and what factors we could be doing to create and increase that. What others like Rosie have illustrated is that we are seeing that where that high-quality office is being created - that is what is being sold - and where we have invested in public realm.

Assembly Member Hirani mentioned earlier about article 4 directions. We have protected three in Islington around Brewery Road, Camden Passage and, sorry, I have forgotten the third one. But it has shown that when you do protect those areas and you invest in those areas, we have seen the productivity of those areas really fly. It is something that we always need to be conscious of. We cannot just be doing things for the sake of doing things. Where money is scarce, we certainly cannot. We need to be monitoring it.

It is key that what we are hearing from businesses is similar to what we want. They want to be placed in a place that is vibrant. If we are investing in making sure that the hospitality industry survives, that is a circular win. Similarly, with the environment, they want to be in a place that is pleasant to be in. As local authorities, we need to be making sure that we are working with BIDs and others around safety, licensing and the environment to do that. The evidence given by the panel has shown that that has worked.

Neil Garratt AM: In terms of measuring some of those things, you say that the NEF has done some work on that.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): They are doing some work with Central London Forward, yes.

Neil Garratt AM: You pre-empted my question, which was: do you have anything that you could share with us?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): We certainly will, for sure.

Neil Garratt AM: If you could send that over to us when that is done, that would be really useful.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Yes.

Neil Garratt AM: Kate?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): The BID sector does also take quite a lead in terms of being insight-driven. You will see that BIDs across London are commissioning an awful lot of research to ensure that the activities they are undertaking are meeting a known need or are trying to reflect where we are seeing these trends heading.

We are also, speaking from the EC's point of view, working with Colliers so that we can measure footfall, spend, dwell time. We are focusing it on the investment in some of our activities so that we can then measure that impact. I need to do that to report back to my board, but this is really important to share with our colleagues at the City of London Corporation so that we can say, "Look, this really worked at a hyperlocal level in the EC. Perhaps we could grow this in the future".

From our point of view, being insight-driven, we are testing these new concepts and doing all these new things. It is really important.

Neil Garratt AM: I am a big fan of trying many things and then sticking with the ones that work.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): The ones that work, yes. I can share with your various bits.

Neil Garratt AM: Some specific case studies? That would be really useful.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Yes. There has been so much work done across the BID sector and across local authorities to try to assess and learn a bit

about all this new landscape that we all find ourselves in. It is trying to distil and unpick that so that we are able to utilise it in the best way to inform our future plans.

Neil Garratt AM: That will be great. Thank you very much, Kate. Thanks, Chair.

Marina Ahmad AM (Chair): Excellent. Thank you. We will take a break now and reconvene at 3.30pm. Thank you.

Marina Ahmad AM (Chair): Welcome back. Moving on to questions from Assembly Member Garratt.

Neil Garratt AM: Hello. Two questions, which might be quite quick because we have probably covered some of these already, as is the nature of these meetings.

Thinking about what local authorities have been doing and what the Mayor has been doing to support businesses in central London - and I am going to underline the word 'further', ie beyond things that you have already said; we already have those and you do not need to reiterate - things that local authorities in central London are doing, I suppose, perhaps particularly to support those businesses that are struggling because of the changes. We have spoken a bit about coffee shops and sandwich places. Beyond the things that have already been mentioned, are there things going on to support those kinds of businesses that might be struggling in a changing world? I do not know if you have anything to add to what you said earlier, Kaya.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Yes. The one thing I did not touch on is how much we have been doing to promote active travel, which, for smaller businesses, is crucial. In a borough like Islington, 70 per cent of people do not own a car and so having good public realm and access -- and it is something that we have been working a lot with the Mayor's Office on, especially on the Cycle Superhighways and working on Low-Traffic Neighbourhoods and Liveable Neighbourhoods, in collaboration with the Mayor. It is what we were talking about earlier. Especially now with electric bikes, it takes 15 minutes to get across my borough and so it is really crucial that we have different infrastructure. That obviously helps people get to work but it also means that people can get around those things and other tourist attractions in a different way. Working with the Mayor's Office, it is incumbent on us to think about how we can shape the CAZ to encourage that and increase that. That is something that we have been working on.

Local businesses want to work on that and big businesses. We are having conversations with companies like Amazon about end-mile travel and different ways that couriers are delivering supplies to offices. A lot of big corporates are quite environmentally minded now and their employees are so much the next generation of workers. I went into an office and was given a micro plant, which has apparently all sorts of benefits. But these are the kinds of things that are seen as important now to new employees. It is a real crescendo of ways we can work together.

Neil Garratt AM: Interesting. I can personally vouch for the speed of e-bikes. You can get all the way from here back to what I still call City Hall in 27 minutes. You can get just across your borough and beyond. I was going to ask the Mayor, but I will come to you in a second. Well, not the Mayor. Ben. You are representing the Mayor for the purposes of this meeting.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): Thank you. I will be very brief because I probably will not be telling you much you do not already know. I suppose three things I have not mentioned yet in other answers.

On the night-time economy side of things, I should mention all of the good work my colleague Amy Lamé [Night Czar] does with her Night-Time Economy Team and the Night Time Strategy she is working on with boroughs and their business stakeholders, as well as the wider strategic work of that team.

Then there is the work that Justine [Simons OBE, Deputy Mayor for Culture and Creative Industries] has been doing with the Culture Team, especially around the Culture At Risk Fund, in terms of more direct help to businesses, in particular those that have struggled not only but particularly as a direct result of the pandemic and the other impacts we are talking about. I believe 1,300 organisations have benefited so far, not only businesses of course but most or many of them. That was £2.3 million allocated.

Then, finally, I will not delve into this because, again, you have heard it all before, but through the London Business Hub we have, obviously, supported a great many SMEs in various ways but including with advice related to the impacts of the pandemic and so forth.

Neil Garratt AM: OK. Are you going to talk about what BIDs are doing?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): It is to build on the point about the public sector --

Neil Garratt AM: One of my colleagues wanted to ask about what BIDs are doing, and I was just asking about what councils and the Mayor is doing. If you had something to add on that? Otherwise --

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): It is very much linked to that because it is to make the point that, during the pandemic, we saw greater public-private partnership in London than ever before. It has really delivered some quite transformational benefits. If there was one thing to say what could we do more of, more of that public-private partnership. We are already seeing some really innovative projects getting off the ground. Opportunity London is a great opportunity for a public-private partnership to speak with one voice about the future investment opportunities for London. Just building those opportunities for that collaboration to deliver more, which is where you have got the public and the private working to the same goals, can only be a good thing.

Neil Garratt AM: OK. Thank you very much. Thank you, Chair.

Marina Ahmad AM (Chair): Before we move on, Kaya, I am dying to ask. What is a micro plant?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): I believe - and I am not an expert - it is like a micro herb plant that, apparently, you can grow really small in impact, but it has a high level of nutrition when you eat it.

Marina Ahmad AM (Chair): Who knew? Thank you. Assembly Member Bokhari.

Hina Bokhari AM: The sale of micro plants now is increasing everywhere. Thank you. I have to say I am a very good example of why we should be doing remote hybrid working. I have a terrible cold today and there are benefits of working in a hybrid fashion.

I am going to talk a little bit more about the Government and how it can support the economic recovery in terms of hybrid working. Can I just start with Ben? I would like to know a little bit more about how the Mayor is working in terms of enabling disabled people, people who are parents, people who are carers, who really do

benefit from a hybrid approach to working. Can you tell me a little bit more about what he is doing there in terms of the economy and recovery of the economy in terms of hybrid working for those particular groups?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): I am not sure I have a huge amount to say in terms of specifically how he is supporting people from those groups specifically in relation to hybrid working. That is not intended to be an unhelpful answer, but I cannot say that we have any schemes or programmes that are specifically related to supporting people from the groups you have described or others specifically in relation to hybrid working. It is not, to my knowledge, an area where we have launched any specific programmes.

Hina Bokhari AM: Do you think there is something that we could be doing better at and getting support from the Government?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): Potentially, if there is an evidence base to support it. My assumption - and this has been referenced previously in the session - is that people who have caring responsibilities or disabled people might well inherently find hybrid working something that is more conducive to a better work-life balance, greater access to specific roles in the labour market more generally and opportunities. If there is an evidence base to support interventions to look at how we can support people to specifically benefit from hybrid working, then I am sure we would consider it.

I would say, in a broader sense, that certainly through our work with the Adult Education Budget (AEB) and Skills Academies and so forth, we are targeting people from various communities, including, for example, returning mothers with that skills work to help them upskill for the demands of the emerging economy. Whether there is then a play into that from the hybrid working side of things, potentially, yes.

Hina Bokhari AM: Kaya, you want to come in?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): What I would say is that we need to think about why it is better for certain groups of people to work from home and, if we are saying that we want to encourage people to come back into the office, understanding that, for example, one of the reasons it is probably easier to work from home if you are disabled - if you are physically disabled, anyway - is because of the transport for disabled people is not great.

Hina Bokhari AM: Yes. I am glad you mentioned that, yes.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Improve that. Can we improve the step-free access infrastructure? Yes.

Hina Bokhari AM: This was what you mentioned earlier, was it not? You were talking about the impact that transport has. There was a survey that found that 65 per cent of Londoners cite the public transport as a factor for why they want to work from home rather than come into the office. Now there is also the cost of living as well. You were talking about the price of sandwiches and things like this. All of these are factors.

Do you think this is something where the Government or even the Mayor of London could be supporting Londoners? You were giving an example of Paris, for example. Are there any other ways that the Government could be supporting Londoners to make it just easier cost-wise to come into London?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Yes. That is the short answer. There are lots of ways. The Government needs to massively improve in terms of terms and conditions and pay of workers. There is a lot of legislation that is needed in that area that would drive productivity. We know that people on the lowest incomes spend more and especially locally to their areas. That is crucial. Then, also, things like travel subsidies for workers, as I have mentioned before, and, also, the more the economy grows.

We need to be conscious, as was said earlier, that London is different because it is such a high-cost area. Things that we can be doing to increase not necessarily the subsidies but the wages and the pathways to wages for more diverse communities especially is crucial to driving that economy and that diversity of talent and thought.

Hina Bokhari AM: Thank you. Did you want to come in, Kate?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Just to echo your views, the commute - we were talking about the recovery in the early days - was the biggest barrier to people coming back to the workplace and that was for a whole variety of reasons. Cost was obviously there but also just the experience of it. I mentioned this term 'earning the commute'. When you get off the train or the Tube or the bus, what is your experience then from your transport hub to your office? Is it a world-class, excellent experience? Is it worth you then leaving your house to come and have that experience in London? There are so many different elements that need to all be working at their A game to really bring those people back.

Another point on other groups, women in particular, is a really key area. Rather than use the word 'hybrid', I would use the word 'flexible'. This is about mums being able to do the school run. It is not necessarily about them working from home but having that flexibility built into their day jobs. It is about having those conversations and educating businesses that these are the options that are open to them.

In our footprint and in other BID footprints, we have so many great case studies of businesses that have innovated and shifted to try to attract more people back to come into employment and to have that flexible approach to employment and the workplace. Sharing that and encouraging others to learn from those best-practice examples would be really beneficial.

Hina Bokhari AM: You have talked about policy, Kaya. Is there anything specific that we should be pushing the Government to do?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): I have to say also let us not ignore the massive elephant in the room when it comes to female employment. If we could reduce the cost of childcare, we would have a lot more women back in the office.

Hina Bokhari AM: We are doing a bit of work on that, are we not, Chair? Yes.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): Yes. That is a key policy the Government needs to get right now. Also, there is childcare and then there are school times. My son is finishing at 3.15pm. I am here.

Hina Bokhari AM: I am living this.

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): There is plenty that the Government could do to encourage women back into the office.

Hina Bokhari AM: Yes. Thank you. I do want to talk more about the future of remote working and the impact that it is going to have on London. Jonathan, I am going to move on to you. Do you anticipate the current trends right now of hybrid working - or flexible working - can continue into the medium or maybe even the long term for London?

Jonathan Seager (Policy Director, BusinessLDN): As referenced a bit earlier, we published a bit of work in May of this year [2023], which we called our Place Commission, which looked at how London as a place should evolve in the future. We made a set of assumptions within that report, which speaks to some of what you are asking. Our assumption was that hybrid working would remain for the foreseeable future, but that would potentially be applied differently to different sectors, as I mentioned earlier. We are seeing some of that apply now. I am sure hybrid working will continue. What that means in 10 years is anybody's guess. That is one key thing for us.

But allied to that is that we think businesses of all sizes and values will consider London still to be a place where they want their headquarters. That sense that the capital is a desirable place to locate your business - and in particular, the CAZ - is really important in terms of businesses being in the centre. But when you ally that to hybrid working, it is a different, potentially, type of occupation of office space. These two things are compatible.

It does feel that the sense that hybrid working is here to stay at the moment seems an entirely credible assumption. The only caveat I would give - and I alluded to it, that it would look different - is that there certainly were points in the pandemic when various things seemed absolutely stuck. There was a point when people were wearing face masks on the Tube. At that point in time, it was hard to see anybody ever getting on the Underground not wearing a face mask. Even if you were to project ahead and say, "COVID will go eventually", there was still this strong sense. People get very stuck in the moment.

We have to think about this as being flexible and evolving. It is good to make assumptions and plan ahead on that basis but to think about it flexibly as well, which is the way that businesses are thinking about it. They are taking decisions now about the medium term and perhaps being more flexible about the long term. You are seeing that particularly in office occupation, increases in terms of short-term leases versus long-term leases. We are certainly seeing a rise in short-term leases.

Also, there is a sense that, as once was put to me by one of our members, the days of let-and-forget are completely gone now. You do not just let your office space and not talk to those inhabitants there. The tenants of office spaces are working -- people are just working differently. While that will evolve, the sense of flexibility will remain.

Hina Bokhari AM: There are some complexities in terms of preparedness for businesses because a report from the Centre For Cities argues that the Government should be pushing workers to go back to the office five days a week, and yet at the same time we have this Friday effect that you were talking about earlier. There do seem to be some conflicting messages coming through. Does that impact on the way businesses are planning ahead, do you think?

Jonathan Seager (Policy Director, BusinessLDN): Personally, I do not see that -- we would never tell -- our members take decisions that are best for them in terms of their operations. It is about striking the right balance.

If all businesses mandated that none of their staff had to come into central London, that would ultimately be a disastrous thing for their businesses because the impact on the economy would be quite significant. We would see a huge dilution of the agglomeration benefits of London's economy and, therefore, that individual decision would be extremely negative. But likewise, it is not for the Government to tell businesses that they should be sending staff into the office five days a week.

What we want to create is an environment that encourages economic growth, and it is for businesses to navigate their pathway along that.

Hina Bokhari AM: Giving them the choice, yes.

Jonathan Seager (Policy Director, BusinessLDN): It is creating a flexible, pro-growth economy. From there, you will create growth, which will be good individually but for the wider economy.

Hina Bokhari AM: OK. Yes?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): An evidence-based approach to this is going to be key. There are differing views on the impact of remote working, and we have to understand it more. The Centre For Cities piece of work that we commissioned basically talked about this big social experiment that is too high-risk for us to just let it play out. We need to learn more about it.

We need to understand really what is the blocker for this productivity growth that we are seeing in London. We need to understand what will encourage more women back into full-time employment. We need to really get to grips with the mental health impact and whether being stuck in a room at home working is a good thing or a bad thing for your mental health.

These are all things that we do not really fully understand yet. If we want to really supercharge growth, we have to unpick them all. It is not one piece of research. It is understanding all these different factors and the roles that they play.

Hina Bokhari AM: OK. I am going to leave the last question to Ben from me on this, as you said, 'social experiment', which is great. There is definitely a need for economic growth, but you have talked about flexibility.

One of the things I have been asking the Mayor about is liberalising Sunday trading. We have talked about the fact that so many different people are working in different ways. This is something that he should be doing, and I am definitely pushing for the trial. I know that he is interested in a trial. Is it going to happen? Can we see more action on this?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): As you say, it is not for the Mayor to decide on this. This is a matter of national law and legislation. The Sunday trading thing is certainly something that is of interest, especially in the CAZ and West End locations. Let us be frank. There is a certain dissonance between the idea that you could be working in a large supermarket or, say, a department store like Selfridge's or John Lewis and not be allowed to operate on a full-day basis on a Sunday and yet, if you work in a small shop or a Tesco Express, you can. That is an odd situation.

However, being frank, for those who do work in those environments and who are - I use the word advisedly - 'protected' by the Sunday trading regulations, for too many of those workers that is seen as a benefit and

something that you would have to consult heavily with them about taking away. What would replace it in terms of beneficial terms and conditions? The prospect of a trial is an interesting one but, ultimately, it is not something that the Mayor has power to implement --

Hina Bokhari AM: If he asked the Government to devolve powers, it could happen.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority):

Potentially, but -- fine.

Marina Ahmad AM (Chair): Thank you, Assembly Member Bokhari. Assembly Member Polanski?

Zack Polanski AM: Thank you, Chair. Ben, if I could start with you, the conversation has had lots of implicit things within it and something we just heard about turbocharging or supercharging growth and talking about having a city that is almost constantly buzzing and has constantly got things going on. It is not necessarily that that is a bad thing, but it feels like if that becomes a priority, that is a priority over things like mental health, tackling the climate crisis, having a city where people feel like there are cohesive communities where they can spend time with their loved ones. I am just wondering if I can ask you that question around priorities for the Mayor.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): For sure. Look, there is a reason why at the GLA we have a Good Growth directorate. We tend to talk in terms of Good Growth. Yes, that is a slightly broad and generic term, but it means something. It means growth that considers human and environmental impacts of growth. It is not growth at any cost. When we think about the jobs that we want to create in London, we think about good jobs in growth industries, generally but not exclusively higher-skilled jobs.

This move to hybrid work or flexible working -- this is thinking forward and Jonathan [Seager] has already made reference to the fact that we do not know right now exactly what the situation is going to be in 10 years' or 20 years' time. The world will not look like it did pre-pandemic in terms of the world of work. I am absolutely convinced that hybrid working is here to stay and there is very little, for reasons already rehearsed, that the Government can do to change that because businesses ultimately will take decisions that are in the interests of those businesses. Hopefully, they will do so in a broadly strategic way rather than in a short-term or tactical way.

What that means in practice is those businesses seeking in part to compete by offering good terms to their staff and part of that will be an effective approach to hybrid working. Some people want a strongly hybrid approach. Some people choose to be in the office more than others. In any case, what is important is that workers are empowered by their employers to work smartly in whatever style or setting that business operates. I say that partly because that is, obviously, to the benefit of the employee, but also because it is to the benefit of the business and to the economy in this big productivity puzzle, which is extremely difficult to unpick.

If hybrid working is going to work effectively - and this is putting other concerns that we do have and the Mayor has about hybrid working, for example, around the kind of SMEs that exist in the CAZ and rely upon footfall for turnover - and if we take a broader economic view, if we are going to have positive productivity outcomes from hybrid working, businesses and their employees will need to work smartly within that. That means, for example, if you are going to split your week between three days in the office and two days working remotely, you need to be supported by your business to use technology effectively. You need to be given the tools to do it properly. You probably need some sort of working method or model whereby you are doing the more social activities of the business on the days when people are going to be in the office and those people

are supported to do the less social and more admin-focused tasks at home and so on. There are those internal productivity challenges for businesses and those will feed through into the broader productivity picture.

To get back to your point, the way I see it, if businesses manage the transition well - and I am sure that in London most will - you can see gains for the employee and the business and potentially even neutral if not good outcomes for the wider economy. But that in itself is a challenge. It comes back to this point about supporting people's mental wellbeing as well as other quality-of-life factors.

Zack Polanski AM: Thank you. I have just one more question that reflects on the conversation and then I am going to move it along.

Kate [Hart] was talking - and potentially Kaya [Comer-Schwartz] as well - about public-private partnerships. I am a little bit cynical about these, particularly when it comes to physical space. We are seeing lots of places in London where there are these public-private partnerships. They look like public land but there are often very secret rules. They are not secret rules. They are on display but not hugely on display, "No eating after 6pm", "No ball games", "No filming". Some of these rules can sometimes seem pretty arbitrary.

Do you have the same concern I do about this infringement on our public space and, if you do have that concern, what is being done to mitigate it?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): There are specific examples where, if you like, what is sometimes pejoratively referred to as the privatisation of public space can infringe on people's ability to enjoy and use that space. There is a role for private investment in placemaking, in regeneration and in creating great public realm and that has been seen in various parts of London.

What I would say is that it is not helpful to take a blanket approach where we say we are going to push back against this sort of private investment because we do need it to make great new places. The money to invest simply does not always exist in the public sector. But what needs to happen is very effective working between local government, us at the GLA and those people coming in to invest in placemaking, in regeneration projects and so on in London and to impress on them the importance that, when you are involved in a project that involves not just, say, a specific building going up, it is something that brings benefit to the public.

I will point to one example, which is the precinct around the Bloomberg building in the City. OK, it is in the heart of the City, but it is an attractive piece of public realm. I have no comment on the qualities of the establishments that exist within it. There are a lot of hospitality businesses and so on. To me, it is better than what was there before, and it adds to the wider London public realm. I am not saying that it is always done as well as that or that it is always done right, but we need to be open to that kind of private investment into good-quality public realm that is accessible, open and treats Londoners equitably and fairly.

Zack Polanski AM: I might have a few more challenges there but, as always, I do not want to try the patience of the Chair. Jonathan?

Jonathan Seager (Policy Director, BusinessLDN): Sorry, just to comment on that specifically, not so much that anybody would really support allowing people to access all space in London, but I suppose at the root of your question is that there is a huge squeeze on public sector funding. If we are going to make the public realm improvements that are vital to making London navigable, attractive, a nice place to dwell and a nice place to visit, then the model is about leveraging private sector investment. With that investment - and I am sure Kate [Hart] can speak to this - comes a huge amount of curation, a huge amount of cleaning and of

safety. You may have examples specifically where sometimes the public are not allowed after a certain time and so on. I am not necessarily speaking to some of the specific rules in some specific places but, in general, it is London's only hope in terms of investment into the public realm. By default, it is increasingly looking to the private sector to deliver that and with that comes responsibility on the owners to keep the place nice and to keep the place accessible. That requires further investment and ongoing revenue to keep these places going. In years gone by it would be the role of the public sector to do that but we just do not have that investment anymore. By default, to some extent, a quasi-public sector responsibility has been given to the private sector just through lack of investment.

Zack Polanski AM: It comes back to Assembly Member Boff's point earlier on that none of us would argue with devolution. I would love to see more powers for London to make its own cash so that we do not need to rely on the private sector like that, but I am not giving evidence. Kate?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): Could I just add to what Jonathan [Seagar] has just said? He is absolutely right. It comes back to partnership. What we are seeing across vast parts of central London now, where we have the private sector through the property owners or the occupiers, the public sector and BIDs playing a key role too, is this collective approach to placemaking. What you do not want to have been a piecemeal approach so that you have new developments going up, the developer investing in their bit of public realm and then a gap between then what else is public space. You then end up with a very uninspiring, messy experience of the public spaces across London.

What we are looking at now is this much more collaborative approach where we are taking an area-based look at placemaking, curation of public space, enhancements, and investment. You have a lot of examples now where the private sector is working with the public sector on Community Infrastructure Levy (CIL) applications and area-wide visions. BIDs have a big role to play in this, being able to pull together the various stakeholders within an area. We often talk about BIDs being the glue that can pull these different parties together because we absolutely want to have the best holistic, seamless destination in central London so that any user, worker, visitor or resident has this world-class experience of navigating their way through central London. A lot of that does come down to us all working together so that we do not have that piecemeal approach to investment and curation.

Zack Polanski AM: I am going to come to you, Rosie [Day], but is it messy or is it characterful? We need biodiversity in more ways than one, but that includes in our buildings and on our streets.

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): We absolutely have the most characterful spaces across London, and we absolutely must celebrate the differences in certain different parts of central London. But it is about collaboration. It is about co-ordinating and taking a holistic view to what works for all of the different constituent parts in any part of London. If you take a piecemeal approach, it feels very piecemeal. This is not about having a homogenous approach to placemaking and making everything very gentrified and looking the same. It is about celebrating difference and the uniqueness of different parts of London. It is just about working together and being able to achieve a lot more.

Zack Polanski AM: Thank you. I have Rosie and then Kaya [Comer-Schwartz] and then I promise I will move on. Rosie?

Rosie Day (Director, London Property Alliance): Thank you, Assembly Member Polanski. Just reiterating Kate's point, I just wanted to give a perfect example of this. Regent Street has a single landowner, The Crown Estate, with incredible buildings and public realm and investment in that area. Right next door we have Oxford Street with multiple property owners and a lot of the challenges that we are seeing there are particularly the

industry not necessarily working as closely together as it should do. The work that the New West End Company, which is the BID for that patch, and Westminster City Council are doing at the moment to bring all of those property owners together. There is such demand and need for that investment because it is the nation's high street, as we said. It is the perfect example, and we have great hopes for that project.

Zack Polanski AM: Although I would say that the New West End Company's security guards are an exact example of the sorts of things I am worried about. Kaya?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): As a public sector representative, the other side of the coin is that we need to be very clear as representatives of those communities about where our priorities are. For example, in Islington, we have a public art policy, which talks about the creation of public art and the maintenance of public art in the public realm. All the way through that policy is where we stand on -- it has to be in collaboration and consultation with the community. It has to offer things around employment. It is the same around social values and CIL. When we are creating spaces, we need to be thinking about the biodiversity of those public spaces and what we are doing to encourage those things.

Yes, Kate [Hart] is absolutely right. It is partnership. We cannot have one or the other, but it is - especially in the CAZ, where we have such diversity of population - really incumbent on local authorities and the public sector to be thinking, "Through our policies, how do we ensure that?" I am sure all of us have seen really poor examples of gentrification, but we have also seen some really amazing public spaces. Granary Square, given where we are in a climate emergency, is a huge open space, a place where children can cool down, which has a lot of economy around it and has open access in the Mall for children as well.

We can do really positive things. We should not be terrified of working in partnership and not do it because of the potential ills of gentrification. I have fully seen it. I have lived in Archway all my life. The fear is real. But there are wonderful examples, and it is on the public sector to demand what we want in red lines and not to just allow things to happen. We could be doing more in terms of planning policy around that and having greater curation through the national Government about how we should be shaping whole areas. It is awful that the local authority is the last to know whether four Sainsbury's are going to turn up on one high street or not. We should have greater co-ordination of that. But it is also on all local authorities and public sector areas to be thinking, "What is it we want for our communities and what are the key inequalities for London communities" and driving that.

Zack Polanski AM: Thank you. Rosie, to move on, for the last 10 years I was a property guardian and so I know office spaces very well, in a strange kind of way. I was living in lots of them around London. What are future trends for these office spaces? I am not suggesting they are all going to turn into property guardians. Also, what can we do with this central London land, looking to the future?

Rosie Day (Director, London Property Alliance): As I mentioned, there is this real shift to high-quality, sustainable, amenity-rich workspaces that, as Kate [Hart] mentioned, earn the commute of the workers. We are seeing a lot more coworking space. We are seeing a lot more flexible space - as just one example, The Crown Estate's new headquarters in St James's has a gorgeous living wall - public art, fantastic working spaces where people can work collaboratively together, making the most of the three or four days a week that they are in their office so that they are getting the most of that space and the opportunities to innovate and collaborate together.

I have mentioned the central location being absolutely key. An area that perhaps has seen a drop in traditional office workers has been Canary Wharf. The changes there are very interesting. The Canary Wharf Group,

which owns the estate, is repositioning it. It is looking at a very high growth sector, life sciences, and building a 22-storey tower for science and innovation within a traditional financial district. They are investing hugely in arts, culture and the retail offer and, in the periphery of the Canary Wharf estate, building a lot more residential. We have seen the transformational impact that those shifts have had. There was a great *New York Times* piece from the summer that mentioned around that time that the visitor rates had gone up massively, particularly at the weekend, with an 81 per cent increase in visitors. We are seeing the transformation of areas that were potentially traditional office spaces into new areas of the CAZ, which are incredibly exciting and innovative and are doing something different.

I mentioned earlier about the life sciences being in clusters, these knowledge clusters, and there are different sectors of life sciences that are popping up. That is a really exciting opportunity for areas of the CAZ in central London, which have seen traditional office workers fall away.

Zack Polanski AM: Thank you. Ben, can I bring you in here on this question - I do not know if you have anything else to add - on the likely future trends of property spaces and land in central London?

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): I would completely endorse what Rosie [Day] said. Particularly, life sciences are hugely exciting. Some 2.1 million square feet of life science lab space in London is being developed as we speak, much of it in the northern Isle of Dogs. That is significant of the success we have had in terms of the growth of life sciences in London and our growing international status as a hub.

It is not straightforward, especially when you talk about repurposing and so forth. You cannot just take a grade-two office building and turn it into wet labs, but these redevelopment and repurposing options exist in a long-term sense. Fundamentally, it is about spotting the economic opportunities and making sure that London is well placed to grasp them.

Zack Polanski AM: Thank you. Then a final question for the whole panel and I will start with you, Kate. It is a two-part question, really. One is about: what are the positive opportunities for hybrid working if this does become more permanent in the future and if there are any challenges there? Then the second bit is: what support would you want from the Government, the Mayor, local government or whoever it might be?

Kate Hart (Chief Executive Officer, Eastern City Business Improvement District): I would see that the positive opportunities for a more flexible approach to working and the hybrid model would be that it opens up other opportunities for reimagining our city and encouraging different users and different opportunities for different business sectors and, ultimately, creating a more resilient, more diverse and more vibrant central London in the CAZ. It provides the different opportunities because you have these different working trends and, as we have talked about, the flight to quality and changing uses. Ultimately, it is a wider opportunity that London can grasp to make it an even more globally competitive city.

Zack Polanski AM: Thank you. Rosie?

Rosie Day (Director, London Property Alliance): Going back to a point that Kate has made a few times, it is about diversifying the workforce, as Assembly Member Bokhari said, working parents, disabled people. A more diverse workforce is often very good for businesses and that should be encouraged.

The challenges are that there are other significant sectors of the workforce that really benefit from what we might call the unofficial apprenticeship of coming into the office and learning from your peers, the mental

health benefits, the socialisation benefits for those young people and the longer-term economic impact that a falling away of agglomeration effects might have for the CAZ and for London.

In terms of support from the Mayor and from the boroughs, it is creating that planning environment where we can create wonderful work spaces that attract people in and make their quality of life during the majority of their week fantastic and attractive. It is good for individuals, and it is good for businesses.

There could be a role for London & Partners and MedCity. We have been talking about life sciences and attracting new employers into the city and what Mayor Eric Adams is doing in New York by promoting the benefits of coming into the office. Kate [Hart] mentioned the reimagining of the Let's Do London campaign for workers, which could be brilliant. Not mandating necessarily people to come into the office but saying, "Look at these wonderful benefits. Look at the city on your doorstep".

Zack Polanski AM: Thank you. Kaya?

Councillor Kaya Comer-Schwartz (Leader, Islington Council, and Deputy Chair, Central London Forward): The opportunities are definitely around health and wellbeing and flexibility and that has been thoroughly covered. It is for whom? It is great for me, I suppose, as a person who wants to do a pickup at 3pm and has the space and ability to afford to be at home, but I often worry about colleagues I have at work who are 23 and live in flat shares. The cost of energy and other things like that is real and, also, the mental health of not coming in. I have just met someone who is leaving their job because they do not feel part of their team because they do not really know them because they have been working outside. There are upsides and downsides. We need to be cognisant of them all.

But Kate is right. There is such opportunity for us to think differently. On what you were saying about Sunday trading, if Sunday is the new high day, what are we doing with Friday? Why do we not adapt to what we are doing rather than just thinking like that? In terms of support, absolutely, around planning and around working with local authorities to be greater curators of non-residential space and high streets is really important. Also, we could be looking at the cost of living for workers of all things and also the pathways into greater employment and conditions.

Finally, I make another plug for the Mayor to help us lobby around tax-free shopping for visitors so that we can really drive tourism in that central area.

Zack Polanski AM: Thank you. Jonathan?

Jonathan Seager (Policy Director, BusinessLDN): We are in danger of agreeing violently on all of these aspects. The one thing just to say on the opportunity of hybrid working is that it does unlock the opportunity for potentially the UK to access London's benefits and London's economy a bit more as well. You do not necessarily have to live in London anymore. You do not have to be in the office five days a week. There is that which is a positive thing.

In terms of how we adapt and what people can do to do this, there is the review of the London Plan, which will formally start post mayoral election. There is quite a lot hanging on that. We should not kid ourselves that things have changed, in particular in the CAZ. Most of the planning policy and evidence base is pre-COVID; in fact, virtually all of it. We need to look again at that. We need to look again at the CAZ. Maybe we need to look at the boundary. Maybe we need to think about how planning policy is currently written in relation to it.

We need to protect the commercial core of London, but we also need to acknowledge that the market has moved on. As we have heard, we have had a significant flight to quality. We have, as has come up multiple times now in questions, a problem with secondary and tertiary office stock. If you marry the market signals that you are getting there with the potentially rising environmental and sustainability criteria for this space, then you have a threat of blight. That applies to the CAZ as it does to other parts of London. I am not sure at the moment that planning policy as currently written has the answers to that. We need planning to be an enabler to flexible adaptation of this space.

A micro point where we might need to think is currently there are often quite restrictive marketing practices, and you need to demonstrate that this office space is obsolete and that there is not anybody taking it up there. In some instances you need to market that for over a year's time, when in some instances that is a year's worth of growth that you are holding back because we know that this will not be used as an office if it is a secondary office space. There is some hard work to be done on planning policy and the CAZ designation and what that means.

We have heard a bit about fares and there is some work to be done there. Clearly, there is an issue. TfL cannot just give money away. It is in a precarious position. We certainly need the Government to confirm its capital settlement as soon as possible. But there are definitely things to be done, particularly with National Rail, and the structure of fares and using that to incentivise people coming in so that hybrid working, maybe, can be spread out a bit more during the week.

Lastly, I would echo Councillor Comer-Schwartz's statement around value-added tax (VAT) free shopping for international visitors. Some 10 per cent of UK spending from international visitors has already been reallocated to the European Union (EU) and so we are just losing out. We need the Government in this instance to think a bit more holistically about the broader spend that these visitors create in London, the hotels they are taking, the spending they are doing. If you look at the stats, most predictions suggest that their overall economic spend would more than make up for the lost VAT receipts that we give. That would be a net boost to London's economy.

Zack Polanski AM: Thank you. Ben, you have the last word.

Ben Johnson (Mayoral Head of Business and Economic Policy, Greater London Authority): Thank you. I am thirded on the VAT-free shopping point. The Mayor has written to both the Prime Minister and the Chancellor on multiple occasions about this. It is something that we firmly stand behind.

Points are taken about the London Plan and so on as well. This clearly needs to shape the thinking around that as we go into the next iteration.

I am going to talk very briefly about this point about how we do draw people into the CAZ in the context of hybrid working. Kate [Hart] and Rosie [Day] have both made this point. It is the same thing whether you are an office worker or whether you are leisure traveller or whether you are a tourist, there are certain things that are part of the core appeal. It is not just the quality of office space, although it is that. It is about London's cultural offering. It is about the hospitality offering. It is about the built environment and the quality of place. We need to absolutely maximise that as an appeal to people. If we want people to come back to the office, we want to make it appealing for people to be in central London. Clearly, that is absolutely central to the offer.

One thing that I wanted to say that I have not really had a chance to yet is that, if you look at leisure travel, Friday is key to this. Friday daytime travel on the TfL network is, as we have established, way down. On Friday evenings it shoots back up to pre-pandemic levels and in weekends it is the same story. Leisure travel is very

much back, and those people are coming in, enjoying central London on a Friday night. Hospitality, night-time venues and so on really are back with a bang. There is a risk that we talk ourselves down and in doing so we give people the impression that London is less vibrant and less appealing than it is. That side of the offer really is back in full force.

We can use that to draw people back on a Friday as well for other purposes because they may well want to stick around and go out in the evening and spend in hospitality and leisure businesses and cultural businesses as well. Absolutely part of what the Mayor wants to do is to be positive about what London can offer and use that as the hook to draw people in. Ultimately, we are not going to persuade people who have become very comfortable with working at home a couple of days a week that that is somehow a bad idea. We need to give them positive reasons to come in and, frankly, spend their money on our vibrant nightlife and hospitality and retail sectors.

Zack Polanski AM: I have lied but not intentionally. Rosie [Day] would like to come in.

Rosie Day (Director, London Property Alliance): Sorry, I will be very quick.

Zack Polanski AM: It is fine.

Rosie Day (Director, London Property Alliance): Just picking up on Jonathan [Seager] and Ben's [Johnson] points about transport, we mentioned earlier about how important commuting times and experiences were and how they were a real challenge of getting workers back during the lockdown, the pandemic and subsequently. It is really important that those travel times do not get any longer and that investment is made in our transport infrastructure. The Bakerloo line extension and Crossrail 2 would be excellent projects to make London a more attractive place and an easier place to come into on a regular basis.

Zack Polanski AM: Thank you. Thanks, Chair.

Marina Ahmad AM (Chair): Thank you. Assembly Member Polanski, when my youngest tells me that her room is not actually messy but characterful, I will know who to come and blame. Thank you.

Thank you very much. We have now come to the end of our session. Thank you very much, our panellists, for your insights. Thank you, Kate, Rosie, Kaya, Jonathan and Ben.