

# London Business Survey Findings 2021

November 2024



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Tel 020 7983 4000

Minicom 020 7983 4000

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For more information about this publication, please contact:

GLA Economics

Tel 020 7983 4000

Email [glaeconomics@london.gov.uk](mailto:glaeconomics@london.gov.uk)

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## Background

In 2014, the Office for National Statistics (ONS) designed a new London Business Survey (LBS), on behalf of the London Enterprise Panel and the Greater London Authority. The original survey collected information from a representative sample of private sector businesses in London in March-July 2014. It examined both objective and subjective aspects of issues affecting businesses in London, covering a wide variety of topics. The GLA Economics Main Findings report on the LBS 2014 and the ONS Methodology Report, together with specific reports on foreign ownership and exports are available here: <https://data.london.gov.uk/gla-economics/london-business-survey-2014/>

This article provides the latest snapshot of business performance in London without the use of a bespoke survey. As such, the ONS Local team has compiled various published datasets from multiple sources into a singular workbook. This also involved some bespoke ad hoc data requests to best match the GLA questions (where possible). Data is provided at the London or local authority level where it is published, however there are some cases where data is limited to the national level. Moreover, as stated in the [published LBS data](#), some data is unweighted, each business was assigned the same weight regardless of turnover, size or industry, therefore generalisations should be made with caution and with this in mind, affected data contains a footnote. The data in this update aimed to investigate the effects recent events had on businesses in London, this includes the Covid-19 pandemic and the UK's exit from the European Union.

Data source(s) mentioned/included:

- ONS Annual Population Survey (APS)
- ONS Inter-Departmental Business Register (IDBR)
- ONS Labour Force Survey (LFS)
- ONS Business Insights and Conditions Survey (BICS)
- ONS Vacancy Survey
- ONS Foreign Direct Investment Survey (FDI)
- ONS Business Register and Employment Survey (BRES)
- Department for Education (DfE) Apprenticeship starts
- Department for Digital, Culture, Media and Sport (DCMS) Sectors Skills Estimates
- UK Finance
- Bank of England

## Executive Summary

This article explores the data collated as part of the LBS update. It investigates how businesses responded and adapted to changes and challenges in recent years, including the Covid-19 pandemic and the UK's exit from the European Union. Whilst the number of businesses in London generally grew, this was mostly matched by an increase in the number of jobs in each sector, apart from the Construction sector which saw a decrease. Businesses in London often performed above the UK average during the survey period. The survival rate between 2016 and 2021 was higher for London based businesses than the UK average. Businesses of all sizes reported experiencing complexities caused by the Covid-19 pandemic and Brexit.

Employment in London has also experienced changes during this time, one of the many factors of this period are the effects of Brexit. The number of workers born in the European Economic Area (EEA) has fallen slightly whilst those born outside of the UK and EEA have increased. The number of workers from the UK employed in both London and the UK has remained stable. London's workforce has changed in the face of Brexit with a 1% decrease in the proportion of workers from the EEA between 2019 and 2021 and a 2% increase from those outside the UK and EEA.

Brexit also posed new challenges for London's businesses as well as those in the rest of the UK. London's businesses were the least likely to report an increase in administration costs but also the least likely to be prepared for the introduction of full customs controls, but most likely to retain their EU born workers. The effects felt are multi-faceted and multi-layered for businesses not just in London, but across the UK.

The Covid-19 pandemic presented many challenges for businesses across the UK. Despite those challenges, London's businesses were the most likely to report increased performance from June 2021 to June 2022. Many businesses reported more use of homeworking, but businesses in London showed a greater proclivity towards homeworking, and its use post-pandemic compared to the rest of the UK.

## Introduction

This article explores how London's businesses have performed between 2014 and 2021. In this period, there have been two major changes in the context of which these businesses operate. The UK officially left the European Union on 31 January 2020, followed by an 11-month transition period which ended on 31 December 2020<sup>1</sup>. This increased the operating administration costs for many businesses, involving changes "at the UK border including on customs, tariffs and VAT"<sup>2</sup>, amongst others. In addition to changes brought by Brexit, the Covid-19 pandemic and subsequent lockdown posed additional challenges for businesses and how they operated.

This analysis found that businesses in London performed strongly against the backdrop of the UK. Business survival in London remained above the UK average between 2016 and 2021 and, like businesses in most regions the second year, saw the most closures. Of the businesses surveyed facing exporting challenges, the end of the EU transition period posed the greatest challenge. When breaking down export challenges by sector, it becomes apparent that the Covid-19 pandemic combined with Brexit was the biggest challenge faced by businesses in the education sector. Employment in London appeared to be stable with small decreases in the proportion of EU born staff and small increases in staff born outside the UK and the EU. With regards to Brexit, businesses in London were generally able to mitigate negative effects such as attaining relevant resources compared to the rest of the UK. They were also the most likely to still be employing the same amount of EU born staff post Brexit.

With regards to the Covid-19 pandemic, London had the highest rate of businesses who reported an increase in business performance from June 2021 to June 2022. Businesses in London also showed a greater propensity for homeworking during and post the Covid-19 pandemic.

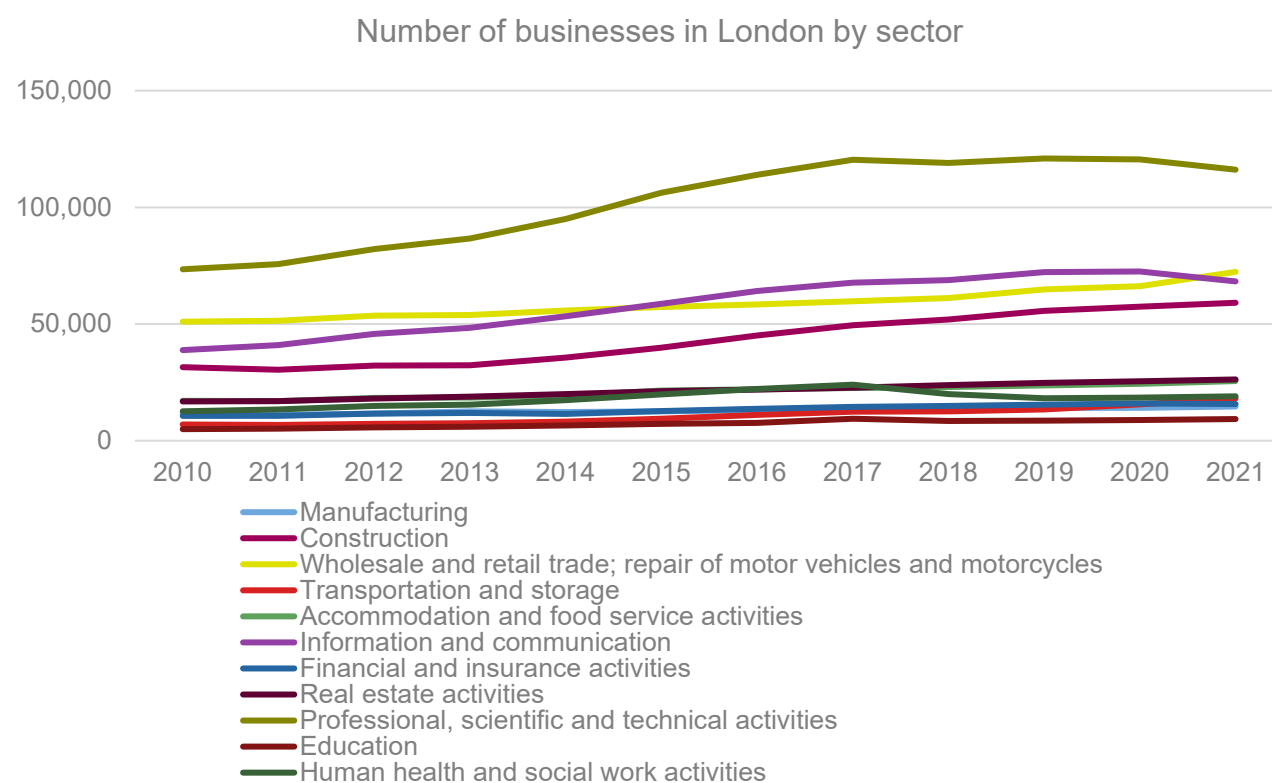
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<sup>1</sup> Brexit timeline, House of Commons Library, 6<sup>th</sup> January 2021, [Brexit timeline: events leading to the UK's exit from the European Union - House of Commons Library \(parliament.uk\)](https://commonslibrary.parliament.uk/brexit-timeline-events-leading-to-the-uk-s-exit-from-the-european-union/)

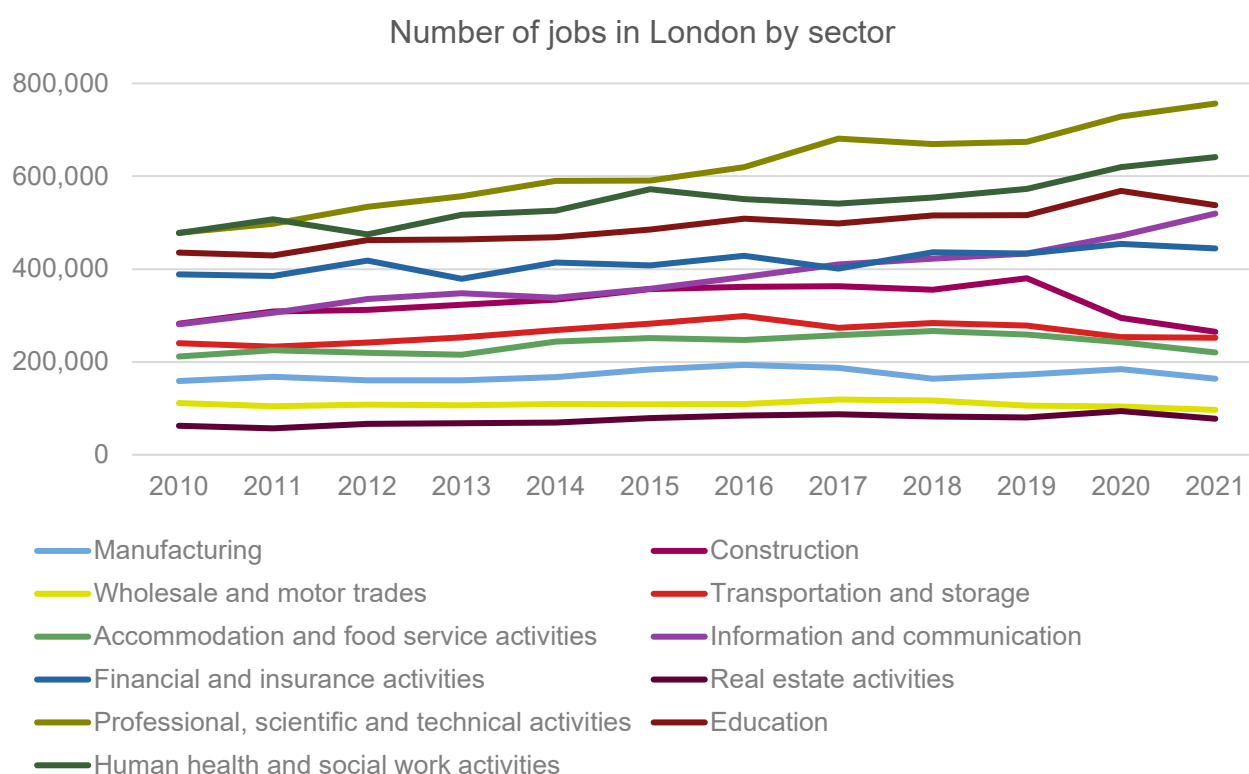
<sup>2</sup> "Get ready for Brexit" leaflet, 18<sup>th</sup> March 2019, [Get ready for Brexit leaflet \(publishing.service.gov.uk\)](https://publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/794444/get-ready-for-brexit-leaflet.pdf)

## Overview of London growth

**Figure 1: Sector growth time series, London**



Source: ([IDBR, 2023](#))

**Figure 2: Number of jobs in London by sector**

Source: [Jobs in London, City of London and the UK, by country of birth \(UK, EEA and rest of world\), by industry, 2006 to 2023 - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/jobsinlondon)

This section explores how industries in London have grown and which have experienced the most and least growth. Figure 1 displays the sectors in London that have grown the most since 2010. Growth in this sense refers to the number of businesses. Professional, scientific and technical activities, information and communication, and wholesale and retail trade have experienced the most growth in the 11-year period. However, the same trends do not uniformly apply to the number of jobs in those industries as seen in Figure 2. In Figure 1 the construction sector experiences steady and sustained growth from 2015 to 2021; however, the number of jobs in the sector experiences a sharp decline in 2021. The largest growth in jobs was seen in the Professional, scientific and technical industries, which was also the largest growing sector in London. The number of jobs in the human health and social work sector also experiences sustained growth but the number of businesses as presented in Figure 1 does not experience the same growth, perhaps partly explained by the NHS and the Covid-19 pandemic increasing the number of staff needed in the medical sector. Lastly, the Education sector also experienced a steady increase in the number of jobs, but with an apparent slowing down in 2020 which is matched by the number of education-based businesses in Figure 1 from 2020 onwards.



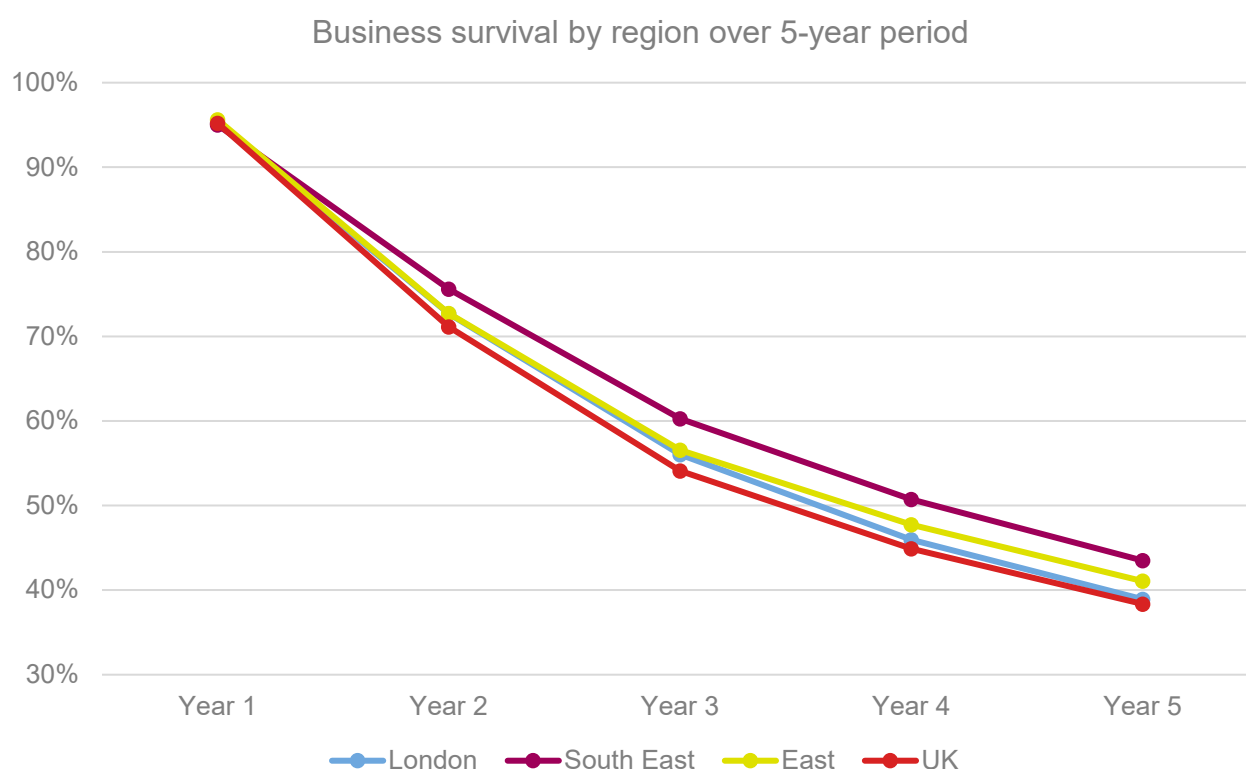
## Business performance

**Table 1: Percentage of business survival in the UK by geographical area from 2016 to 2021.**

| Region                 | 1-year%     | 2-year%     | 3-year%     | 4-year%     | 5-year%     |
|------------------------|-------------|-------------|-------------|-------------|-------------|
| North East             | 94.9        | 73.0        | 56.1        | 46.3        | 40.0        |
| North West             | 95.1        | 70.8        | 50.5        | 41.6        | 35.2        |
| Yorkshire & The Humber | 94.9        | 71.6        | 54.2        | 45.4        | 39.0        |
| East Midlands          | 95.1        | 71.0        | 55.5        | 45.9        | 39.6        |
| West Midlands          | 95.6        | 74.3        | 49.3        | 40.9        | 34.6        |
| East                   | 96.3        | 62.2        | 47.1        | 39.5        | 33.9        |
| <b>London</b>          | <b>95.3</b> | <b>72.7</b> | <b>56.1</b> | <b>45.8</b> | <b>38.9</b> |
| South East             | 95.0        | 75.5        | 60.0        | 50.5        | 43.2        |
| South West             | 94.8        | 63.2        | 50.5        | 42.7        | 37.1        |
| England                | 95.3        | 70.8        | 53.6        | 44.5        | 38.0        |
| Wales                  | 94.6        | 73.0        | 56.2        | 47.0        | 40.3        |
| Scotland               | 95.2        | 75.4        | 58.7        | 48.2        | 40.7        |
| <b>United Kingdom</b>  | <b>95.2</b> | <b>71.1</b> | <b>54.1</b> | <b>44.9</b> | <b>38.4</b> |

Source: [Business demography, UK - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk/business-demography)

This section examines how business performance in London compares to the rest of the UK considering closure rates, export challenges and sector differences. The survival rate of businesses in London in the first year seems consistent with those across the rest of the UK. Across the UK, there is a consistent survival rate of approximately 95% across most areas. The survival rate in London remains above the UK average throughout the five-year period. Three years on distinct regional variations emerge. The South East consistently outperforms other regions with a survival rate of 60%. By the fifth year, the South East continues its lead at 43.2%, while London sees a notable decline to 38.9%. These trends underscore the increasing challenges businesses face over prolonged durations.

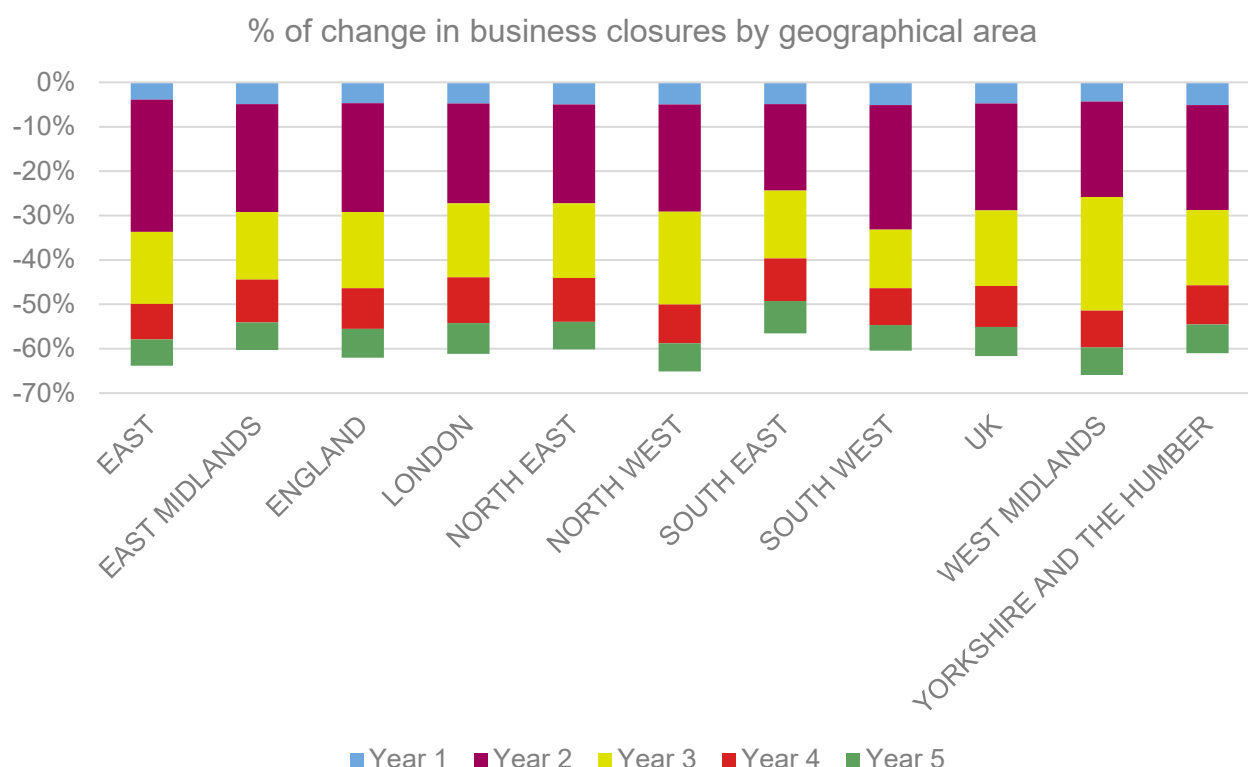
**Figure 3: Percentage of business survival in the Greater South East and UK by some regions.**

Source: [Business demography](#)<sup>3</sup>

Figure 3 displays the five-year survival rates of businesses across the East, London, South East (which collectively make up the Greater South East) and the UK. Starting near 100% in Year 1, there's a sharp decline in all regions, levelling at around 50-60% by Year 3. From this point, rates stabilize through Year 5. Interestingly, London and the UK trace almost identical patterns, while the South East shows a slightly higher survival rate by the end of the period. This data underscores the initial challenges businesses encounter but suggests a steadying after the third year.

<sup>3</sup> This data is unweighted and generalisations should be made with caution

**Figure 4: Percentage of change in business closures in the UK by geographical area from 2016 to 2021.**



Source: [Business demography](#)<sup>4</sup>

When visualising business closures, it becomes clear that a large proportion of business closures occur in Year 2 (Figure 4). Businesses in London fell by -22.6%, and this decreased incrementally to -7% by Year 5. Businesses in the South East saw less of a decrease in Year 2 at -19%. Overall, the chart underscores the economic challenges businesses faced across the UK, with London experiencing fluctuations but broadly aligning with national trends. A key takeaway is the resilience of businesses in the South East compared to the rest of the UK.

**Table 2: Currently trading businesses who reported an increase in exporting challenges from the year before were asked “What was the main cause of these exporting challenges?”. Results for all businesses presented as a percentage. BICS Waves 61-63, June-July 2022**

| Wave                | Coronavirus (COVID-19) pandemic | End of the EU transition period | Coronavirus (COVID-19) pandemic and the end of the EU transition period |
|---------------------|---------------------------------|---------------------------------|---|
| Wave 61 (June 2022) | 2.1%                            | 46.4%                           | 22.0%   |
| Wave 62 (June 2022) | 8.2%                            | 38.4%                           | 23.0%   |
| Wave 63 (July 2022) | 2.3%                            | 45.2%                           | 23.0%   |

Source: [Business Insights and Conditions Survey \(BICS\), Wave 63](#)<sup>5</sup>

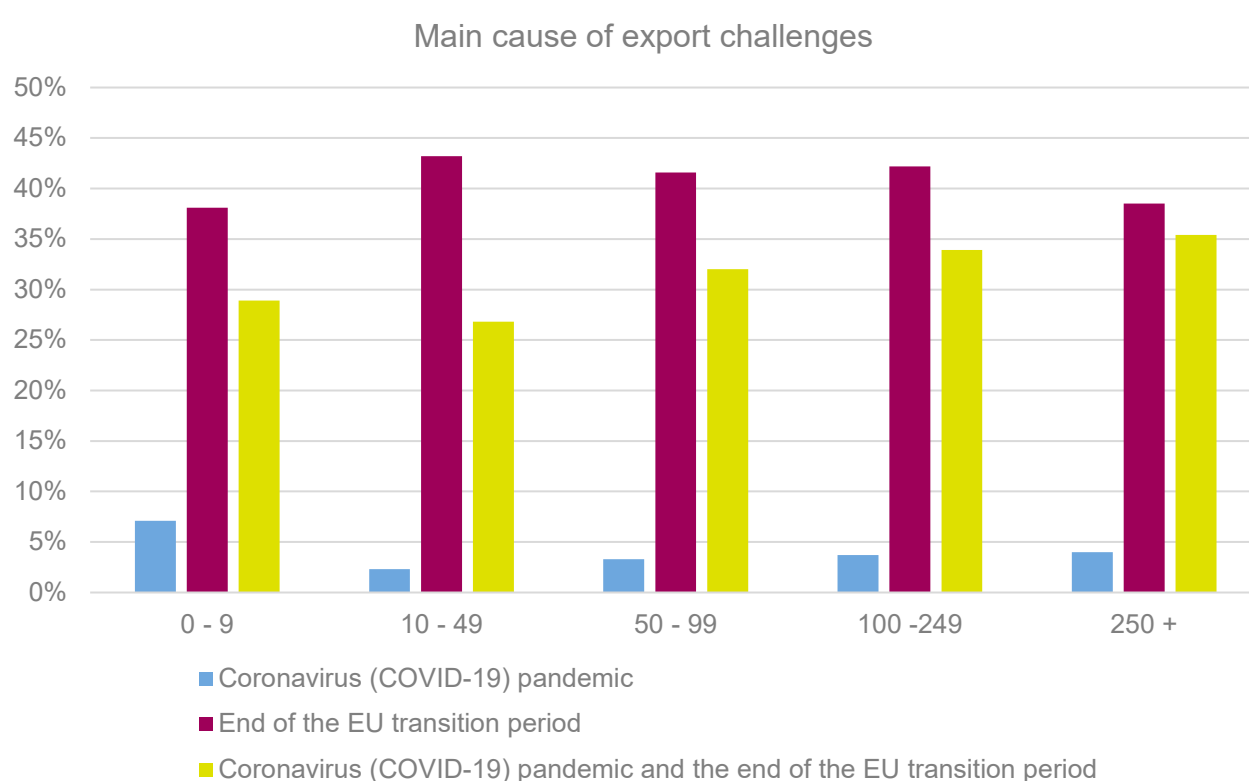
<sup>4</sup> This data is unweighted and generalisations should be made with caution

<sup>5</sup> This data is unweighted and generalisations should be made with caution

Table 2 illustrates the findings from three survey waves aimed at evaluating how major events contribute to the exporting challenges businesses in all sectors faced. Waves 61, 62 and 63 of BICS explored businesses' experiences in the previous calendar month.

The table outlines how exporting challenges changed during three BICS waves, against the backdrop of the Coronavirus (COVID-19) pandemic and the end of the EU transition period. While the percentage of businesses impacted by the Coronavirus pandemic increases sharply and then decreases across the survey waves, the EU transition consistently posed a greater challenge compared to the pandemic alone. By Wave 63, 2.3% of businesses felt the pandemic's impact, but 45.2% were affected by the EU transition's conclusion. Despite these challenges, the combined effect of both factors remains relatively consistent.

**Figure 5: Currently trading businesses who reported an increase in exporting challenges from the year before were asked “What was the main cause of these exporting challenges?”. Results for businesses broken down by size band presented as a percentage.**



Source: BICS Waves 61, July 2022. [Business insights and impact on the economy](#)<sup>6</sup>

Figure 5 showcases the results from Wave 61, which categorizes businesses based on their size and evaluates the impact of both the Coronavirus pandemic and the end of the EU transition period. According to this data, small businesses with 0-9 employees felt the effects of only the pandemic most, with 7.1% impacted. Meanwhile, 43.2% of medium businesses (10-49 employees) reported facing challenges due to the end of the EU transition. When combining both the pandemic and EU transition effects, 33.9% of businesses with 100-249 employees reported these as issues, while businesses with 250+ employees reported 35.4%. Smaller businesses were more affected by pandemic related issues, but the end of the EU transition period appeared to produce complexities for businesses of all sizes.

<sup>6</sup> This data is unweighted and generalisations should be made with caution

## Employment in London

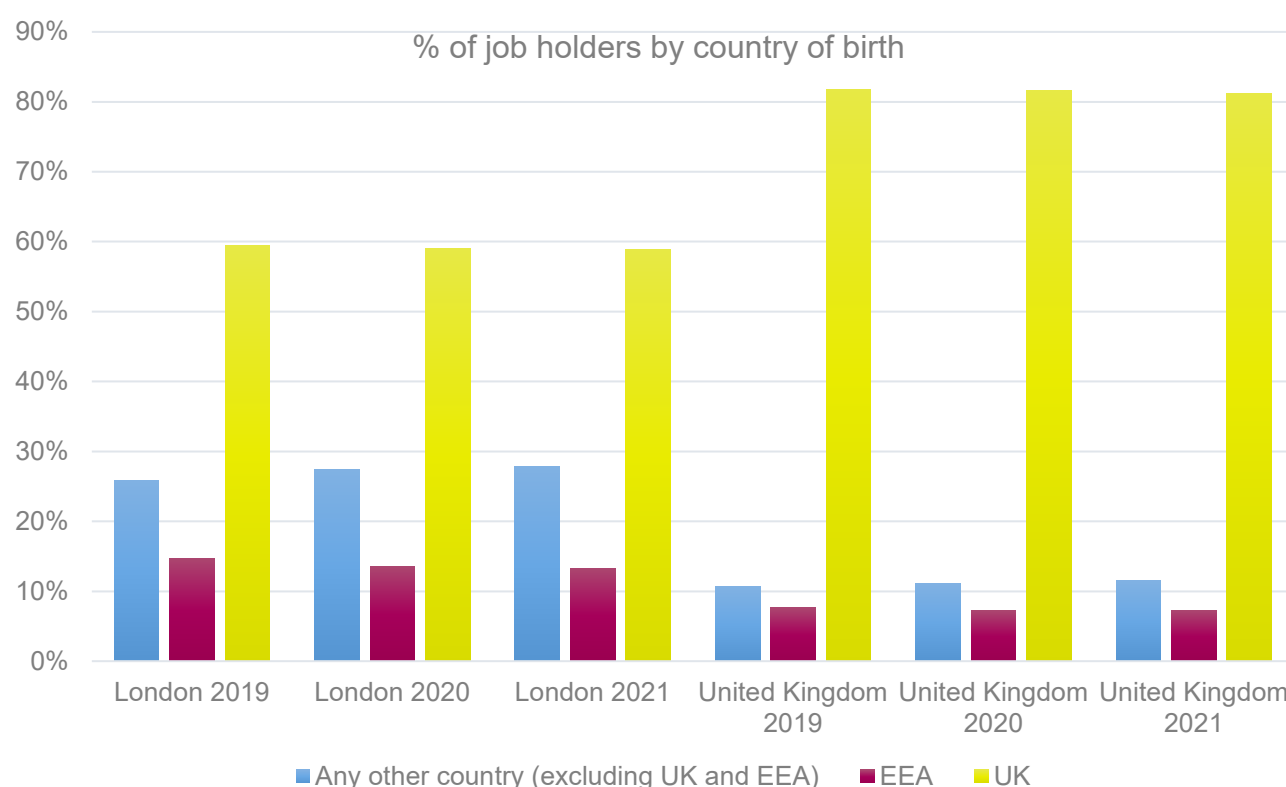
**Table 3: Number of workers by country of birth from 2019 to 2021**

| Country of birth of job holder           | 2019       | 2020       | 2021       |
|--|------------|------------|------------|
| Any other country (excluding UK and EEA) | 3,425,039  | 3,588,080  | 3,675,377  |
| EEA                                      | 2,469,328  | 2,332,289  | 2,326,154  |
| UK                                       | 26,377,905 | 26,228,025 | 25,981,191 |

Source: [Jobs in London, City of London and the UK, by country of birth \(UK, EEA and rest of world\), by industry, 2004 to 2020 - Office for National Statistics \(ons.gov.uk\)](#)

This section examines how employment has changed in London, especially over the Covid-19 pandemic and The UK's exit from the EU. Table 3 illustrates the number of workers in the UK based on their country of birth spanning 2019 to 2021. Over these years, workers born outside both the UK and EEA have experienced a consistent rise, peaking at 3,675,377 in 2021. Conversely, EEA-born workers slightly reduced, amounting to 2,326,154 by 2021. The UK-born worker segment also witnessed a decline, registering at 25,981,191 in 2021. This data underscores the dynamic nature of the UK's workforce composition over the period.

**Figure 6: Percentage of job holders in London across all industries by country of birth across 2019-2021.**



Source: [Jobs in London, City of London and the UK, by country of birth \(UK, EEA and rest of world\), by industry, 2004 to 2020](#)

Figure 6 shows the proportion of employees by country of birth in London versus the UK from 2019 to 2021. In London, job holders from 'Any other country (excluding UK and EEA)' have seen a growth but remain below 30%. EEA-born job holders in London have been on the decline, dropping below 14% by 2021. The situation in the UK differs as UK-born individuals make up over 80% of the workforce, whereas EEA figures remain below 10%, and witnessing a steady decline most likely due to the effects of the UK's exit from the EU.

## Greater London employee trends by country of birth

**Figure 7: London employee trends by country of birth in specific sectors.**



Source: [Jobs in London, City of London and the UK, by country of birth \(UK, EEA and rest of world\), by industry, 2004 to 2020 - Office for National Statistics \(ons.gov.uk\)](#)

Figure 7 illustrates the percentages of London employees by their country of birth across different sectors over the years 2019 to 2021. Across all sectors, the percentage of employees born in the UK has remained stable more or less, while there was a fluctuation in employees from the EEA and other countries. The Accommodation and Food Services sector saw a decrease in EEA-born workers, now almost matching the levels of employees from other countries. This suggests that this sector heavily relied on EEA employees, but there has been a shift during 2019-2021. Additionally, in the Construction sector there has been a noticeable decrease in EEA-born workers. Conversely, the proportion of UK-born workers in this sector has been on a steady rise. The Professional, Scientific and Technical Activities sector remained relatively stable

with only slight fluctuations. However, the Education sector experienced a decline in UK-born workers between 2019 and 2020. Overall, while some sectors maintained their workforce demographics, the most striking shifts were observed in the Accommodation and Food Services and Construction sectors.

## City of London employee trends by country of birth

**Figure 8: City of London employee trends by country of birth in specific sectors.**



Source: [Jobs in London, City of London and the UK, by country of birth \(UK, EEA and rest of world\), by industry, 2004 to 2020 - Office for National Statistics \(ons.gov.uk\)](#)

Figure 8 shows the distribution of City of London employees by country of birth across various sectors. The Education sector reveals a stabilising trend for UK-born employees, while workers from EEA also stabilises but those from any other country increases slightly throughout 2019-2021. In the Human health and social work activities sector, there's a noticeable crossover around 2020. UK-born employees in this sector had been decreasing from 2019 to 2020, while employees from other countries, excluding UK and EEA, were on the rise. After 2020 this situation reverses. EEA-born employees remain consistent. The Transportation and storage sector experiences a stabilising effect in all three categories from 2020 to 2021. The trends underline a shifting workforce dynamic in the City of London, with a growing presence of international employees in pivotal sectors.



## Brexit

This section further examines the specific effects Brexit has had on businesses in London, including resource availability and readiness for changes in administration. As of 1<sup>st</sup> January 2021, the transition period ended, and the UK exit process from the European Union was completed. This resulted in a number of new processes for businesses in the UK. The LBS data has captured how the UK's departure from the EU affected London's businesses. Challenges faced ranged from being able to collect the materials, goods and services needed, export challenges, changes in staff and increased customs controls.

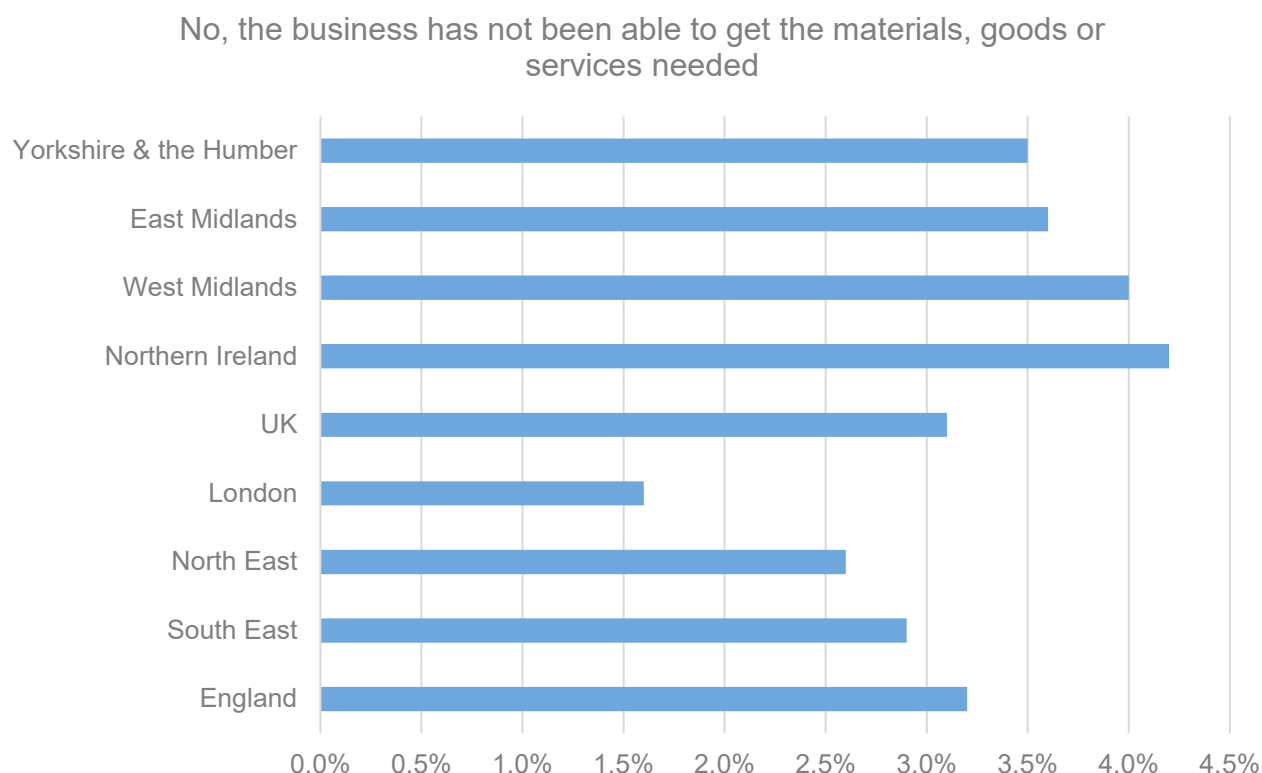
**Figure 9: Responses to the question: “Was your business able to get the materials, goods or services it needed from the EU in March 2022?” BICS Wave 54, March 2022. Percentage of surveyed businesses not permanently stopped trading, broken down by region, UK, 1 March 2022 to 31 March 2022.**



Source: [BICS Wave 54](#)<sup>7</sup>

As part of the Business Insights and Conditions Survey, businesses were asked if they were able to get the resources they needed from the EU. This question was asked over a year after the end of the transition period in which the UK left the EU. Most businesses surveyed in London – 42.6% – were able to procure the resources they needed without experiencing any issues; however, this is compared to 49.3% of businesses surveyed in the North East. This is higher than both England and the UK at 37.7% and 37.4% respectively.

<sup>7</sup> This data is unweighted and generalisations should be made with caution

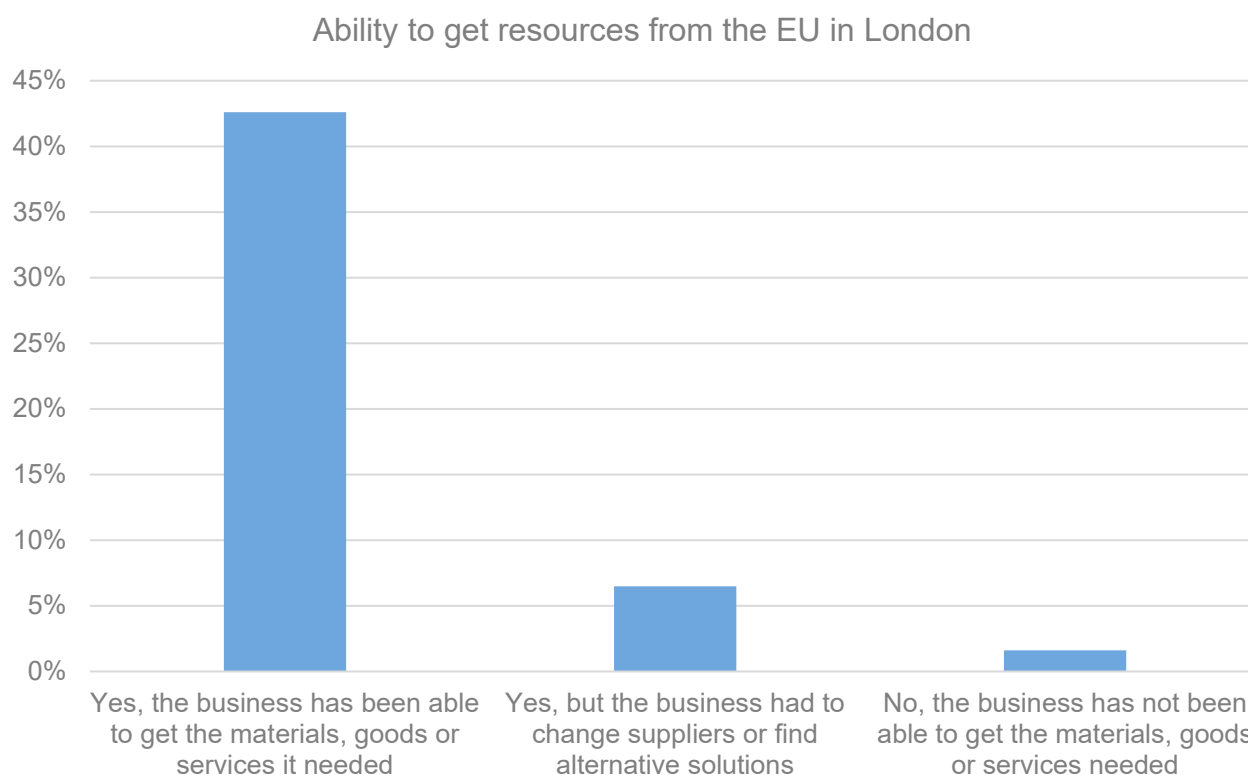
**Figure 10: Breakdown by region of those who answered negatively to the above question.**

Source: [BICS Wave 54](#)<sup>8</sup>

The BICS survey asked businesses: “Was your business able to get the materials, goods or services it needed from the EU in March 2022?”, those who answered “No, the business has not been able to get the materials, goods or services needed” are represented in Figure 10 by region. In the wider context of the UK, businesses in London were the least likely to report not being able to procure required resources, compared to 4.2% in Northern Ireland, 4% in the West Midlands and 3.6% in the East Midlands. These results suggest surveyed business in London had been the least affected by resource challenges linked to Brexit.

<sup>8</sup> This data is unweighted, and generalisations should be made with caution, businesses may have multiple sites and consider their operations to be from multiple or singular sites not represented clearly by regional breakdowns.

**Figure 11: Breakdown of responses by business based in London to the question: “Was your business able to get the materials, goods or services it needed from the EU in March 2022?”, Wave 54. Results presented as percentages, March 2022.**

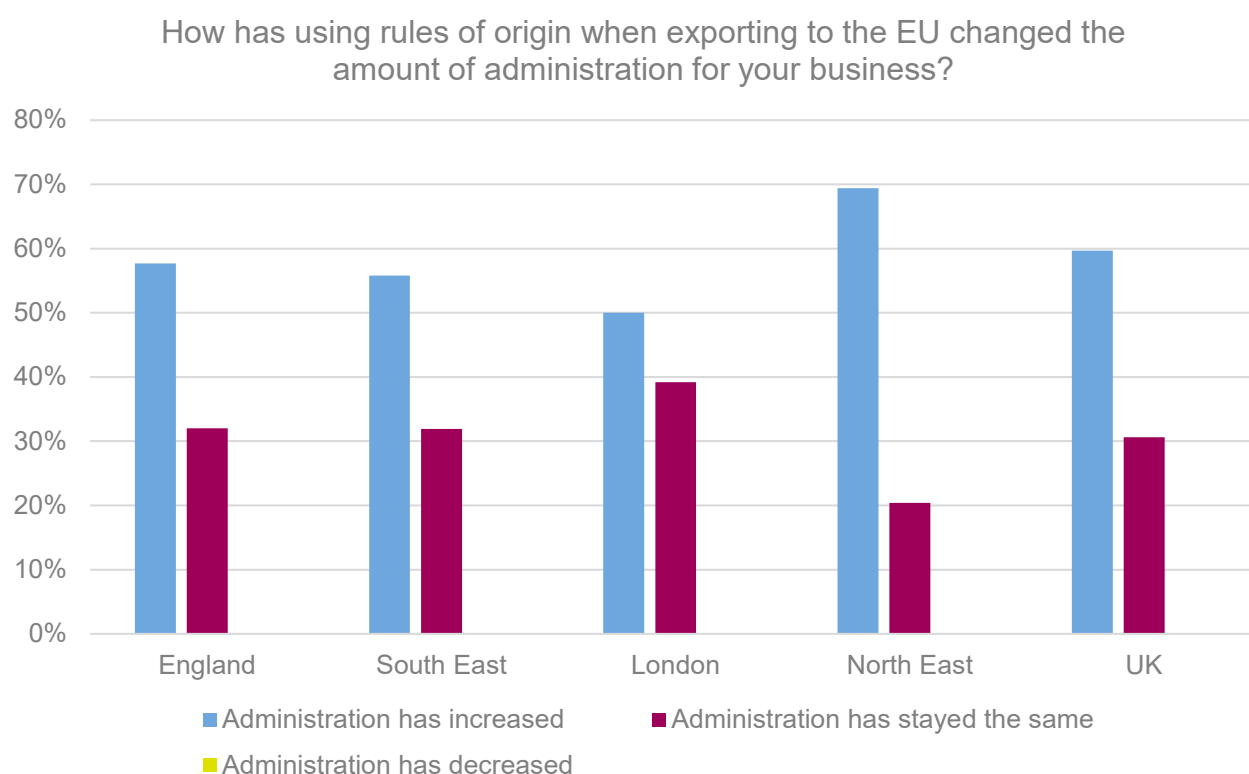


Source: [BICS Wave 54](#)<sup>9</sup>

Figure 11 presents the responses of business in London in answer to “Was your business able to get the materials, goods or services it needed from the EU in March 2022?”. Most businesses reported being able to get the resources they needed, however 6.5% reported having to change their supplier or find an alternative solution.

<sup>9</sup> This data is unweighted, and generalisations should be made with caution.

**Figure 12: Responses to “How has using rules of origin when exporting to the EU changed the amount of administration for your business?” by business grouped by region. Results presented as percentages, Wave 54. March 2022.**

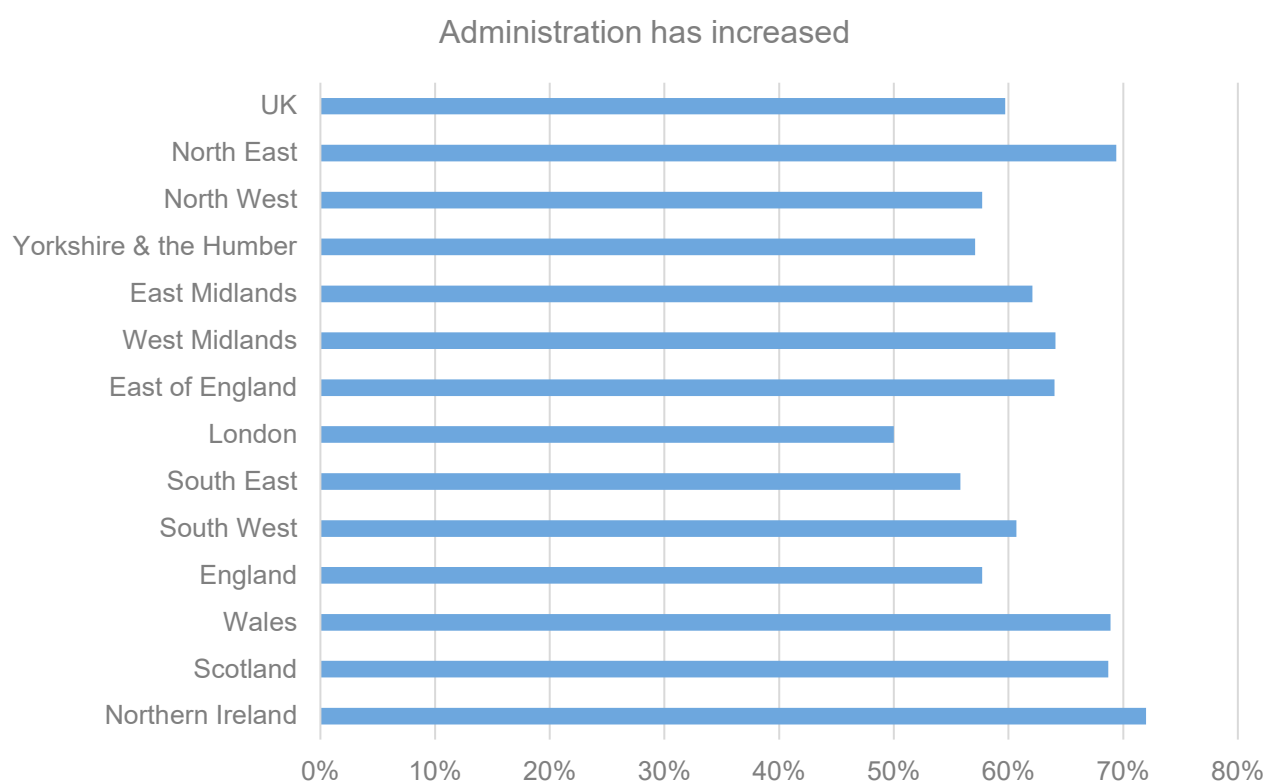


Source: [BICS Wave 54](#)<sup>10</sup>

In April 2022, the BICS asked businesses “How has using rules of origin when exporting to the EU changed the amount of administration for your business?”. Businesses in London were the most likely of all regions in the UK to report that the level of administration has stayed the same at 39.2%.

<sup>10</sup> This data is unweighted and generalisations should be made with caution

**Figure 13: A summary of businesses broken down by region who reported “Administration has increased”, to the question: “How has using rules of origin when exporting to the EU changed the amount of administration for your business?”. Results presented as percentages, Wave 54. March 2022.**

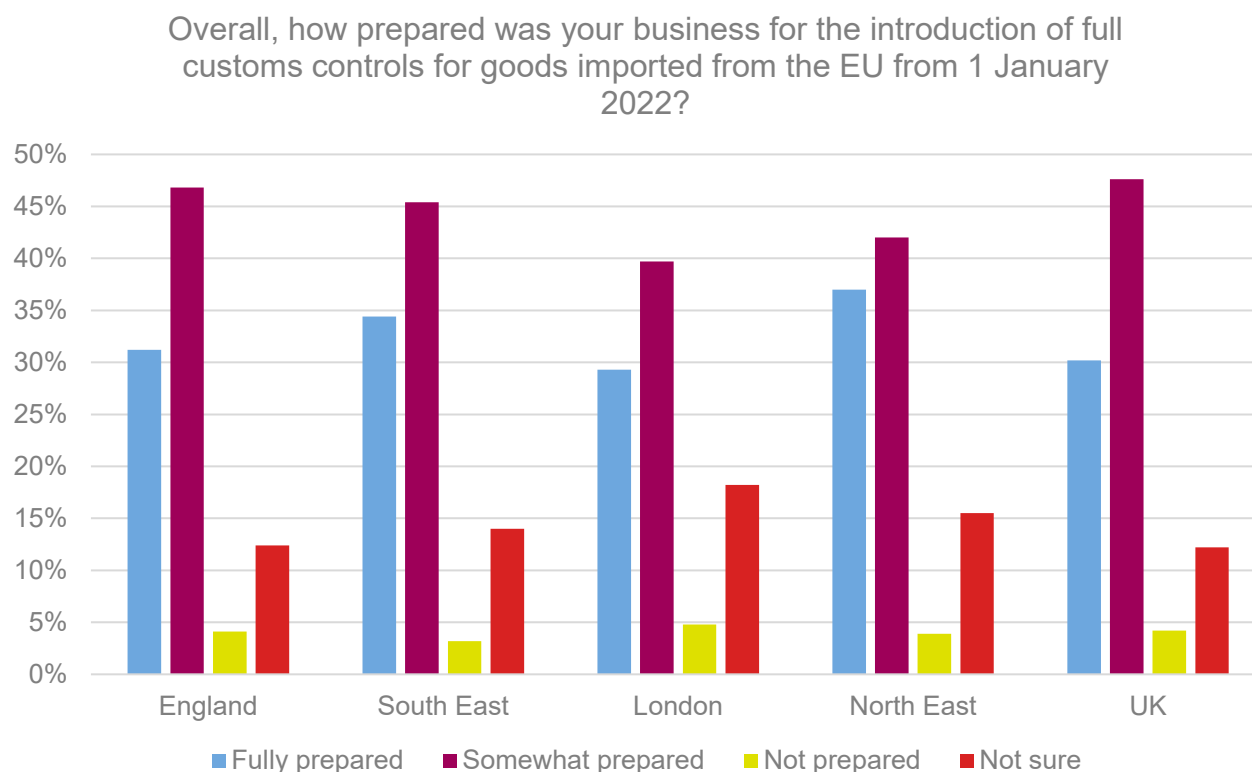


Source: [BICS Wave 54](#)<sup>11</sup>

Figure 13 presents a deeper look at how administration has increased across all regions in the UK. London was also the region in which the least businesses reported that administration had increased at 50%. In comparison, businesses in other regions reported more often that administration had increased with Northern Ireland at 72%, the North East at 69.4% and Wales at 68.9% and Scotland at 68.7%.

<sup>11</sup> This data is unweighted and generalisations should be made with caution

**Figure 14: Responses to the question: “Overall, how prepared was your business for the introduction of full customs controls for goods imported from the EU from 1 January 2022?”. Percentage of surveyed businesses not permanently stopped trading, broken down by region<sup>12</sup>, UK, 21 February 2022 to 6 March 2022.**



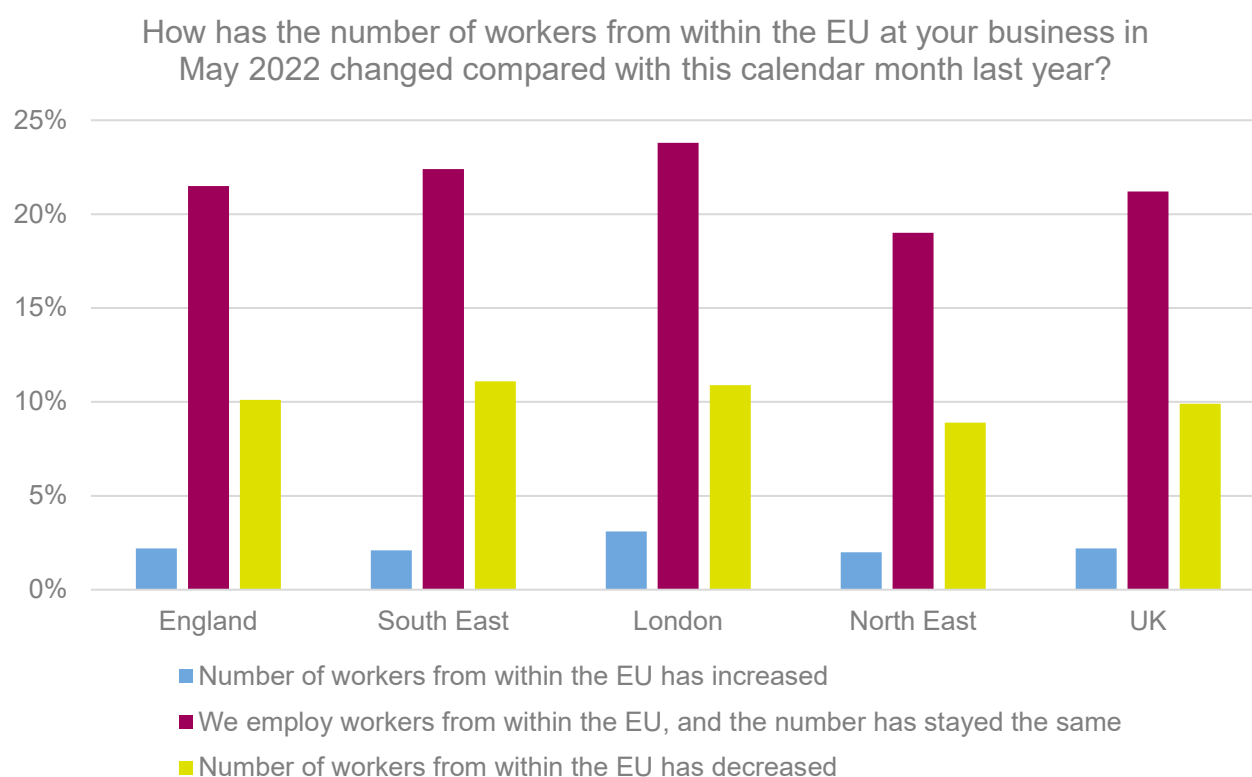
Source: [BICS Wave 51](#)<sup>13</sup>

Businesses were also asked “Overall, how prepared was your business for the introduction of full customs controls for goods imported from the EU from 1 January 2022?”. Respondent businesses in London were more likely to be not prepared for the introduction of full customs controls.

<sup>12</sup> Totals for each region do not add to 100% as “Not sure” and “Not applicable” answers have not been presented. An average of 14.4% businesses answered “Not sure” and 5% as “Not applicable”.

<sup>13</sup> This data is unweighted and generalisations should be made with caution

**Figure 15: Responses to the question “How has the number of workers from within the EU at your business changed in May 2022 compared with this calendar month last year?”. Percentage of surveyed businesses not permanently stopped trading, broken down by region<sup>14</sup>, UK, 1 May 2022 to 31 May 2022.**



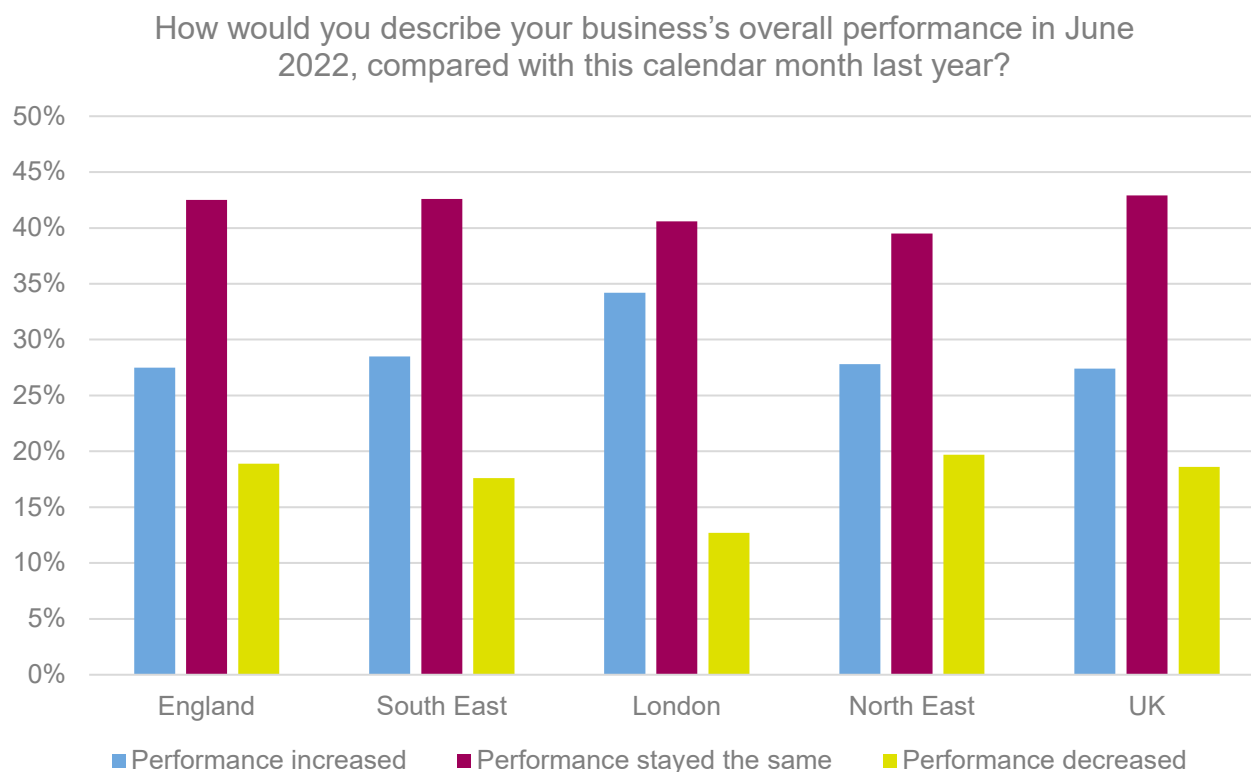
Source: [BICS Wave 59](#)

Figure 15 represents how the demographics of businesses' employees have changed since the UK's exit from the EU. The BICS asked businesses “How has the number of workers from within the EU at your business changed in May 2022 compared with this calendar month last year?”, a full year after Brexit. Respondent businesses in London were the most likely to report an increase of workers from within the EU at 3.1%. However, the most common response was that the numbers of workers from the EU had stayed the same.

<sup>14</sup> Totals for each region do not add to 100% as “Not relevant, as have not employed workers from within EU”, “Not sure” and “Prefer not to say” answers have not been presented. An average of 34.3% businesses answered “Not relevant, as have not employed workers from within EU”, 28% as “Not sure” and 3.9% as “Not applicable”.

## Covid-19

**Figure 16: Responses to “How would you describe your business’s overall performance in June 2022, compared with this calendar month last year?”. Percentage of surveyed businesses not permanently stopped trading, broken down by region<sup>15</sup>, UK, 1 June 2022 to 30 June 2022.**



Source: [BICS Wave 60](#)<sup>16</sup>

One of the biggest challenges faced by businesses in recent years was the Covid-19 pandemic, this section explores how businesses reacted and coped with the challenges brought on in this period. Figure 16 presents how businesses responded when asked “How would you describe your business’s overall performance in June 2022, compared with this calendar month last year?”. London had the highest rate of businesses who reported an increase from June 2021 at 34.2%, they were also the least likely to report a decrease in performance at 12.7%. Across all regions, performance had stayed the same was the most commonly selected response option.

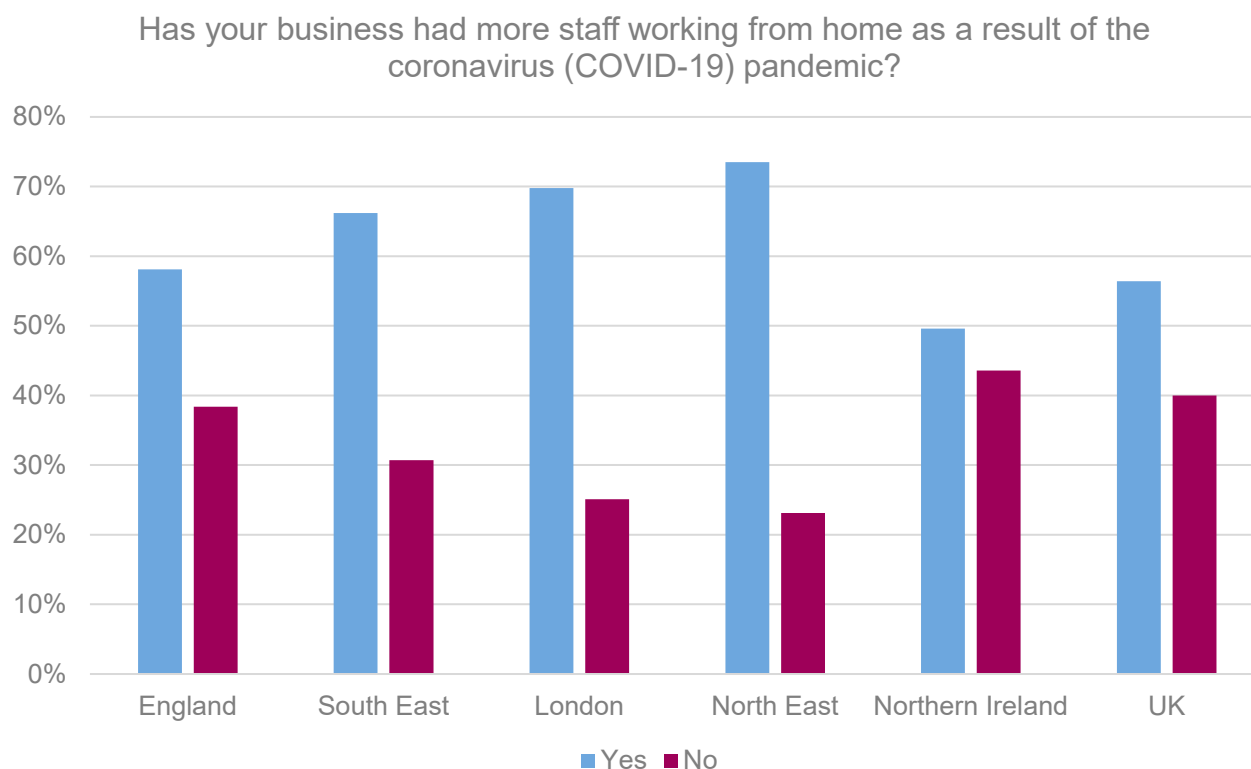
<sup>15</sup> Totals for each region do not add to 100% as “Not sure” answers have not been presented. An average of 12.1% businesses answered “Not sure”.

<sup>16</sup> This data is unweighted and generalisations should be made with caution



## Homeworking

**Figure 17: Responses to the question: “Has your business had more staff working from home as a result of the coronavirus (COVID-19) pandemic?”. Percentage of surveyed businesses who have not permanently stopped trading, broken down by region<sup>17</sup>, UK, 8 to 21 February 2021.**



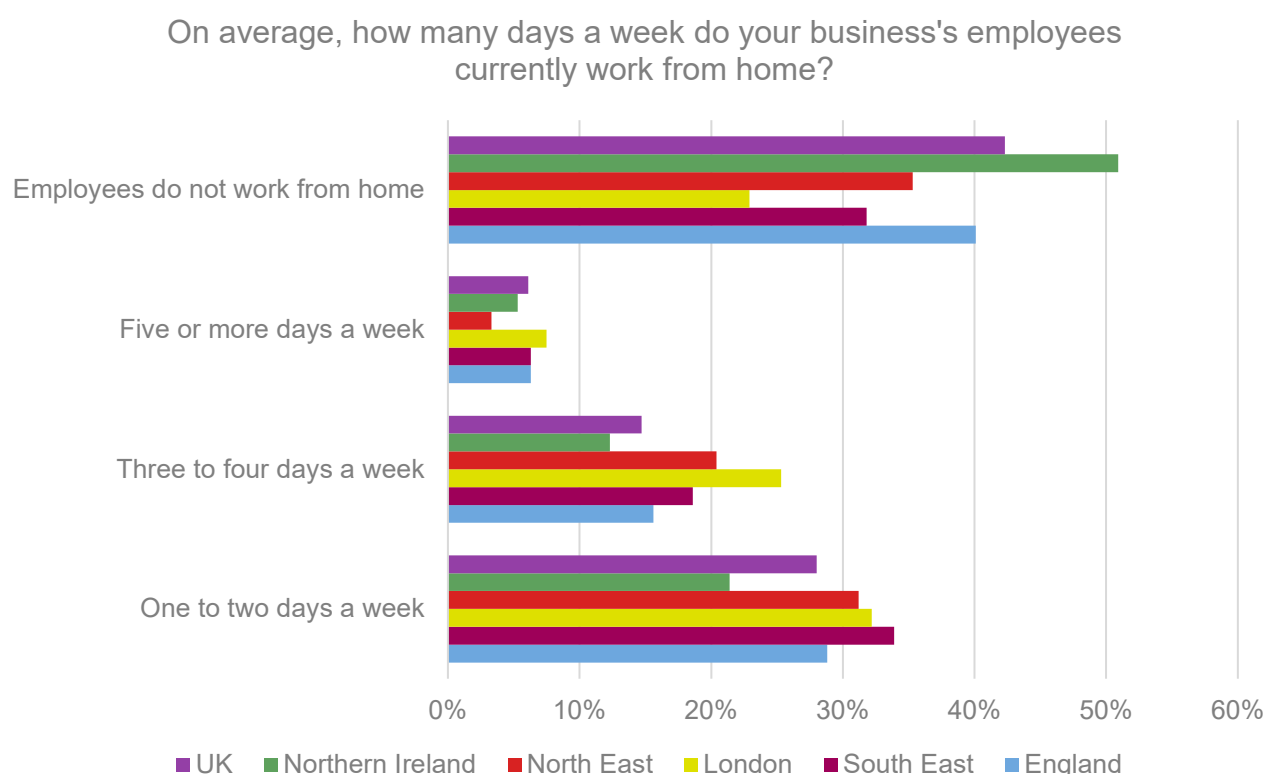
Source: [BICS Wave 24](#)<sup>18</sup>

The Covid-19 pandemic saw a rise in the number of those who worked from home; this section investigates how this broke down by region. In February 2021, the BICS asked “Has your business had more staff working from home as a result of the coronavirus (COVID-19) pandemic?”. Businesses in the North East were most likely to report homeworking at 73.5%, London businesses were slightly lower at 69.8%. Northern Ireland businesses were the least likely to report having homeworkers at 49.6%.

<sup>17</sup> Totals for each region do not add to 100% as “Not sure” answers have not been presented. An average of 3.8% businesses answered “Not sure”.

<sup>18</sup> This data is unweighted and generalisations should be made with caution

**Figure 18: Responses to the question: “On average, how many days a week do your business’s employees currently work from home?”. Percentage of surveyed businesses not permanently stopped trading, broken down by region, UK, 8 August 2022 to 21 August 2022.**

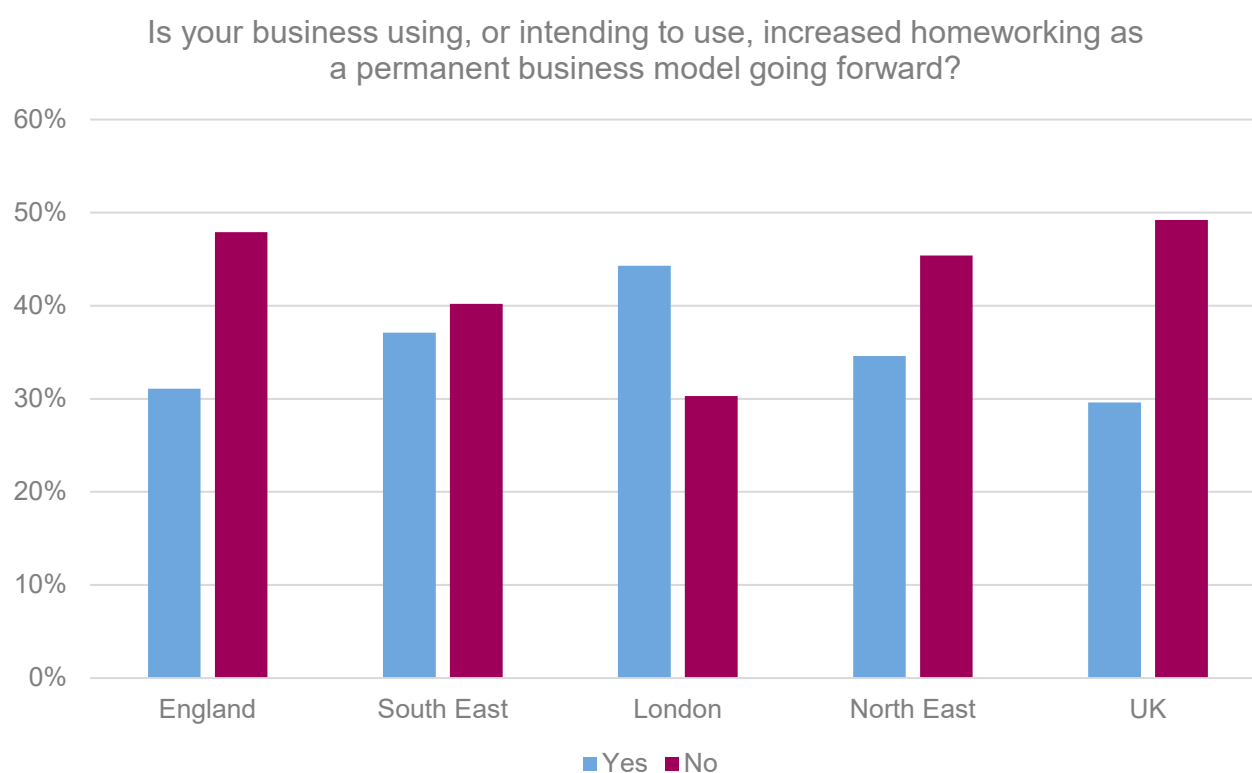


Source: [BICS Wave 63](#)<sup>19</sup>

In August 2022, businesses were asked “On average, how many days a week do your business’s employees currently work from home?”. Businesses in London were the most likely to have employees work from home on average up to four days a week. London also had the lowest proportion of businesses reporting that employees do not work from home (22.9%). This suggests that homeworking was most common in London although prevalent across many businesses in all regions.

<sup>19</sup> This data is unweighted and generalisations should be made with caution

**Figure 19: Responses to the question: “Is your business using, or intending to use, increased homeworking as a permanent business model going forward?”. Percentage of surveyed businesses not permanently stopped trading and plan to use increased homeworking, broken down by region<sup>20</sup>, UK, 30 May 2022 to 12 June 2022.**



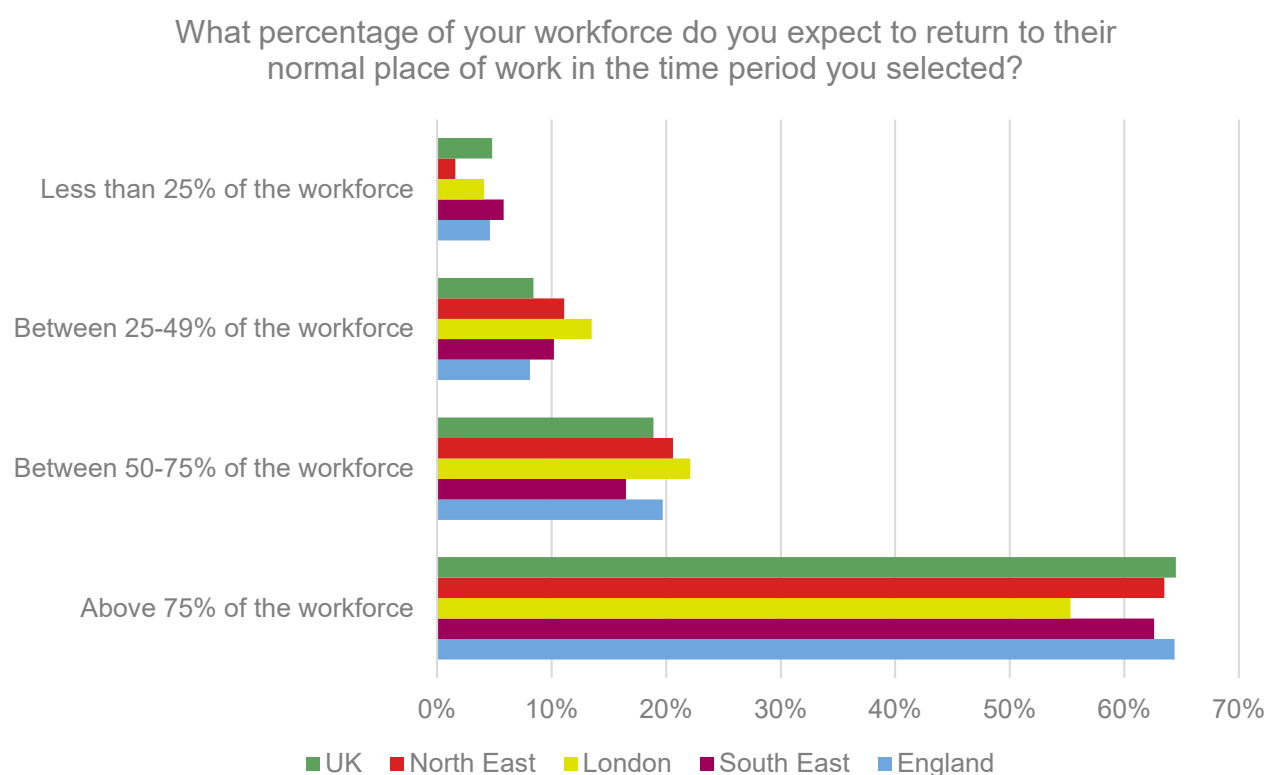
Source: [BICS Wave 58](#)<sup>21</sup>

In addition to the data in Figure 18, Figure 19 suggests that businesses in London were the most likely to use homeworking permanently in the future at 44.3% compared to the UK average of 29.6%.

<sup>20</sup> Totals for each region do not add to 100% as “Not sure” and “Not Applicable” answers have not been presented. An average of 13.8% businesses answered “Not sure” and 7.6% as “Not applicable”.

<sup>21</sup> This data is unweighted and generalisations should be made with caution

**Figure 20: Responses to the question: “What percentage of your workforce do you expect to return to their normal place of work in the time period you selected?”. Percentage of surveyed businesses not permanently stopped trading and reported a time frame that some of their workforce may return, broken down by region, UK, 21 February 2022 to 6 March 2022.**



Source: [BICS Wave 51](#)<sup>22</sup>

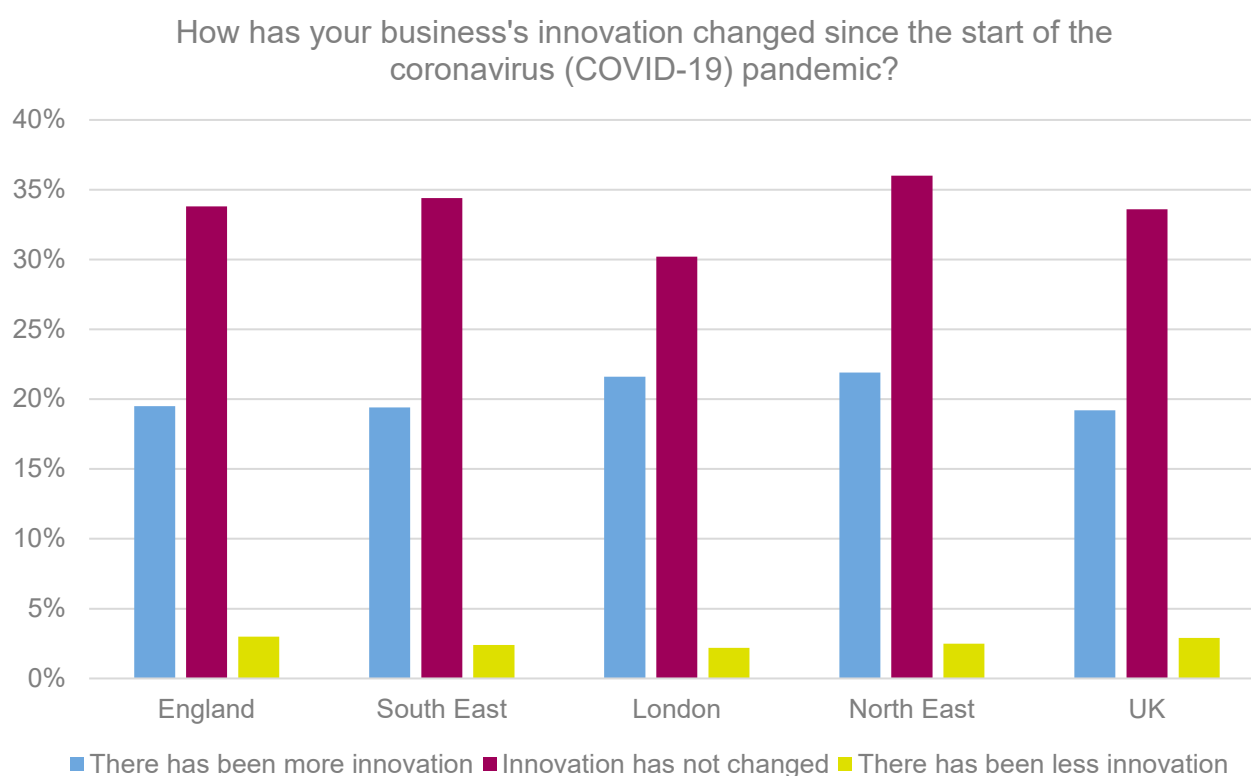
Moreover, businesses in London were the most likely to expect between 25% and 75% of their workforce to return to their normal place of work. However, businesses in the South East and North East were more likely to expect over 75% of their workforce to return to their normal place of work. This suggests a propensity of homeworking for businesses in London compared to other regions.

<sup>22</sup> This data is unweighted and generalisations should be made with caution

## Innovation

A potential side effect of the Covid-19 pandemic for businesses was increased innovation in order to overcome some of the challenges of the time. This is covered in one of the BICS survey rounds.

**Figure 21: Responses to the question: “How has your business's innovation changed since the start of the coronavirus (COVID-19) pandemic?”. Percentage of surveyed businesses not permanently stopped trading, broken down by region<sup>23</sup>, UK, 23 August to 5 September 2021.**



Source: [BICS Wave 38](#)<sup>24</sup>

In September 2021, businesses were asked “How has your business's innovation changed since the start of the coronavirus (COVID-19) pandemic?”. Whilst the most commonly selected response option was that innovation had not changed, businesses in the North East and London were the most likely to report an increase in innovation at 21.9% and 21.6% respectively.

<sup>23</sup> Totals for each region do not add to 100% as “Not sure” and “Not applicable” answers have not been presented. An average of 22.9% businesses answered “Not sure” and 20.5% as “Not applicable”.

<sup>24</sup> This data is unweighted and generalisations should be made with caution

## Conclusion

To conclude, this article has explored how London's businesses have performed in the economic context of the UK specifically over the years around the turn of the decade. It has broken down the effects of Brexit, and the Covid-19 pandemic and examined how the demography of businesses has changed in the face of those issues. The number of businesses in the Professional, scientific and technical, Information and communication, Wholesale and retail trade, and Construction sectors enjoyed a period of steady growth in London, whilst most others sectors maintained their numbers. The number of jobs in most sectors also saw steady growth apart from Construction which starts to decline in 2019.

Whilst businesses in London faced the same issues as those across the UK, they often performed above the UK average. The survival rate of businesses in London remains greater than the UK average over the five-year period between 2016 and 2021. However, towards the end of the five period, survival rates in the East of England rise slightly above those in London. With regards to business closures, London broadly aligns to national trends. The combination of the Covid-19 pandemic and the UK's exit from the European Union exacerbated repercussions felt by businesses that had paused trading, and these challenges seem to grow for all businesses over time. Similarly, businesses of all sizes experience complexities caused by the Covid-19 pandemic and Brexit.

Employment in London has been subject to the same challenges and the workforce has experienced some changes. Overall, the number of workers born in the EEA has fallen slightly whilst those born outside of the UK and EEA have increased. The number of workers from the UK employed in both London and the UK has remained stable.

London's workforce looks different to the rest of the UK's. During 2019-2021, London businesses employed an average of 14% of workers from the EEA, whilst the UK employed 11%. In London, 27% of workers were from any other country outside the UK and EEA, this figure was 11% for the UK. The proportion of workers from the UK in London and the UK as a whole were 59% and 82% respectively. This shows a clear difference in the composition of workers in London and the UK. Within London's diverse workforce, between 2019 to 2021, the proportion of workers from the EEA in London has dropped from 15% to 14% and those from outside of the UK and EEA decreased from 26% to 18%. This could be due to the effects of the UK's exit from the EU.

The UK's exit from the European Union provided a number of logistical challenges for London's businesses. Challenges faced ranged from being able to collect the materials, goods and services needed, export challenges, changes in staff and increased customs controls. Businesses in London have coped with these challenges on average more than those in the UK. Businesses in London were the least likely to report that administration had increased. However, the effects of Brexit appear increasingly complex; businesses in London also reported to be the least prepared for the introduction of full customs controls. They were also the most likely to retain the same number of EU workers. This shows how multi-faceted the effects of Brexit were for businesses not just in London but across the UK.

The Covid-19 pandemic presented many challenges for London's businesses. Despite those challenges, London's businesses were the most likely to report increased performance from June 2021 to June 2022. These businesses were the least likely to report decreased performance.

Homeworking was a key method of adaption during the pandemic for many businesses and especially for those in London. Businesses in London were the most likely to have employees work from home at least three days a week. It also seems that businesses in London were the most likely to use homeworking permanently in the future at 44.3% compared to the UK average of 29.6%. Businesses in London were the

most likely to expect between 25% and 75% of their workforce to return to their normal place of work, however those in the South East and North East were more likely to expect over 75% of their workforce to return to their normal place of work. This suggests a propensity of homeworking for businesses in London compared to other regions.

# GLAECONOMICS

Greater London Authority  
City Hall  
Kamal Chunchie Way  
London E16 1ZE

Tel 020 7983 4000  
Minicom 020 7983 4000  
Email [glaeconomics@london.gov.uk](mailto:glaeconomics@london.gov.uk)

**MAYOR OF LONDON**