

London Recovery

- social and economic challenges

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Covid-19 and London

- The scale and density of London [also New York, Paris and other mega-cities] will have led to different impacts and implies different policies for recovery
- Where London differs:
 - Heavy reliance on public transport, especially crowded, high-capacity trains
 - Highly-productive central area, in turn, reliant on mass transit
 - Relatively high % of population living in flats with no personal open space
 - Different demographic and ethnic make-up
 - Reliance on development to pay for new housing and other infrastructure
- London's powerful economy and tax base is important to the UK if the national economy is to recover rapidly

Potential impacts

- Economy
 - Sharp fall in GDP in 2020, with (unknown degree of) recovery in 2021
 - Some sectors affected very differently to others (see next slide)
 - Inevitability of a sharp rise in unemployment from c5% to c10%-15%
 - Differential impact from borough to borough
 - Short-term likely to be worse for Central Activities Zone and less so for outer borough centres
- Social/cultural
 - Inevitable, but unknown, impact on public attitudes and expectations
- Demographic
 - London's population to level off in 2020-21, with slower growth thereafter for up to five years

GLA Economics simulation of OBR scenario for London's economy

Real GVA annual growth rate in Q2 2020	
Sector	%
Primary & Utilities	-2.7
Manufacturing	-60.2
Construction	-68.4
Wholesale, retail and motor trades	-50.9
Transport and storage	-35.7
Accommodation and food services	-84.8
Information and communication	-44.6
Financial and insurance services	-2.0
Professional, scientific and technical activities	-30.0
Administrative and support activities	-39.3
Public administration and defence	-21.0
Education	-90.2
Human health and social activities	55.4
Art, Entertainment & Recreation	-60.5
Other activities	-58.7
Whole London's economy	-34.8

Workforce jobs annual growth rate in Q2 2020	
Sector	%
Primary & Utilities	-0.9
Manufacturing	-20.4
Construction	-23.1
Wholesale, retail and motor trades	-17.2
Transport and storage	-12.1
Accommodation and food services	-28.7
Information and communication	-15.1
Financial and insurance services	-0.7
Professional, scientific and technical activities	-10.1
Administrative and support activities	-13.3
Public administration and defence	-7.1
Education	-30.5
Human health and social activities	18.7
Art, Entertainment & Recreation	-20.4
Other activities	-19.8
Whole London's economy	-11.8

The challenge

- How to decide what to do (and by whom) in what order...
- Different spheres of government have different potential roles
- Top priorities for government might include (though the private sector, NGOs and citizens all have a role - notably to shape government response):

Central government

- what are London-specific needs for the following?

- Backing out of lockdown (removal of furloughing; new rules and guidance on business re-opening)
- Industrial policy (whether to support industries; incentives for industrial growth; regulation/deregulation (employment law, planning etc))
- Taxation and public spending policies (including support for GLA/LB resource needs)
- Commuter railway (subsidy, need to manage return to 'normality')
- Resources/policies to tackle sharp growth in unemployment
- Decisions on the future of business rates

The Mayor/GLA

- short and medium term challenges

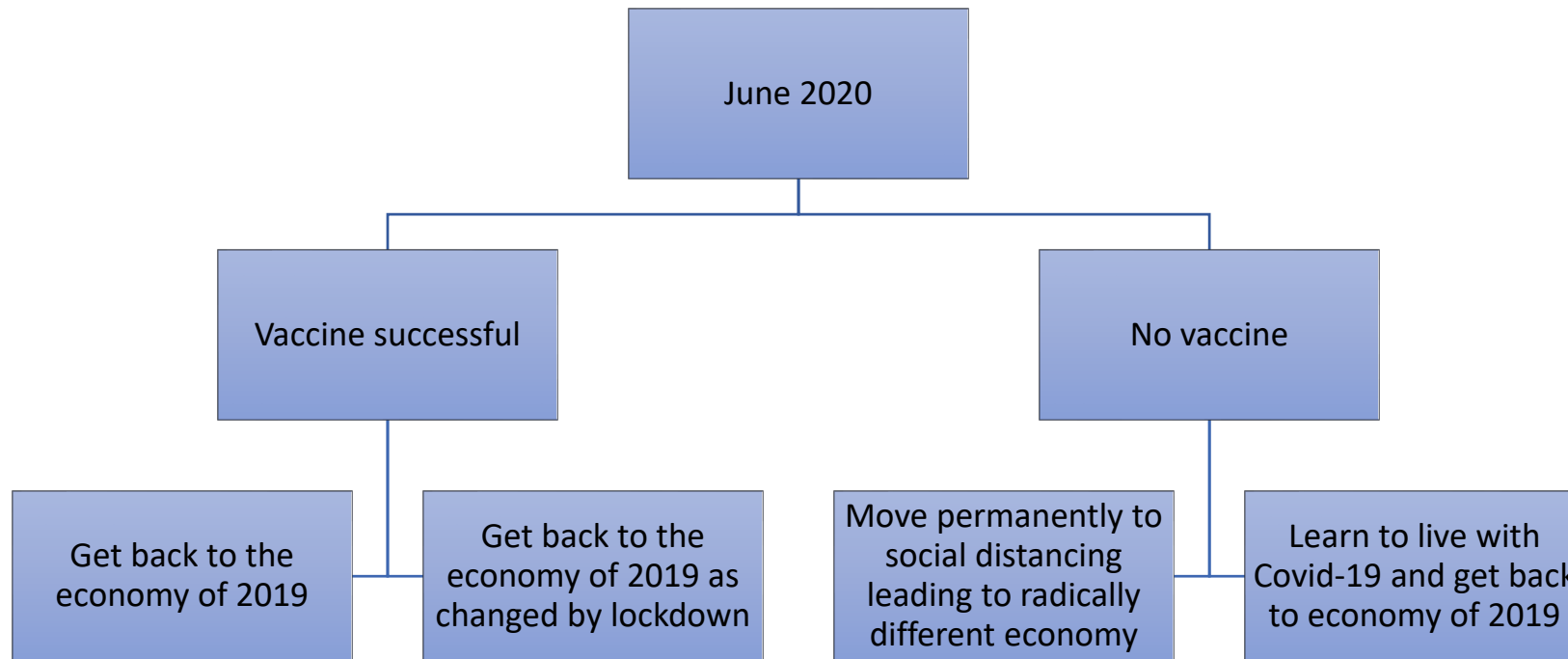
- Underground, buses and other public transport (need to manage return to 'normality')
 - Loss of income from reduced passenger numbers, lower rentals, less advertising etc
- Use of major roads (increased need for non-vehicle road space; co-operation with boroughs)
- *London Plan*: need for review? (densities, public space, type of housing etc)
- Formulation of plan for economic recovery
- Need for economic indicators and analysis
 - e.g., population estimates; GVA measures; sectoral evidence

The boroughs

- Use of roads (increased need for non-vehicle road space; co-operation with City Hall/TfL)
- Role in 'track and trace'; enforcement of 'social distancing'; use of parks etc
- Service demands as consequences of 'lockdown' become clear (eg, social care demand; unemployment services)
- Loss of income; increase in costs (in 2020-21 and 2021-22 at least)
- No funding settlement beyond 2020-21

Future Covid-19 paths and choices

- GLA Economics working up 'scenarios' – forecasts very difficult



NB: 'Economy of 2019' taken to mean the economy just before Covid-19 – changes could be made...

Concluding thoughts

- Forecasts of any kind are very hard at present
- Thus, London's government and civic community probably have to decide whether public policy should:
 - React flexibly and rapidly to what happens to the economy, transport and the public mood
 - OR
 - Decide to achieve particular outcomes and set about delivering them

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