



Leonie Cooper AM
Chair of the Economy Committee

Sadiq Khan
Mayor of London
(Sent by email)

26 January 2021

Dear Sadiq,

I am writing to you as Chair of the London Assembly Economy Committee on the current economic issues facing our city. London's economy and industries are at a critical juncture. With vaccines being rolled out there is hope at the end of a very challenging year for many, and a return to some kind of normality is on the horizon. However, a low Christmas trading period has left many retail and hospitality businesses in a perilous position during a very testing time, and now with a third national lockdown to add to the mix, the chance of a January recovery has been stifled.

The Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme are scheduled to run until the end of April 2021. The unprecedented levels of support provided through these schemes have been a lifeline for businesses and employees, but many are worried about a cliff-edge end to support. Additionally, as much as 10 per cent of the UK's workforce may have fallen through the cracks in receiving full support from these government measures, for a variety of reasons such as being newly self-employed, or missing a period of work used to calculate average income due to maternity, paternity or adoption leave.¹

With millions of Londoners approaching nearly a full year working from home, the hard-hit businesses that rely on London's commercial centres continue to suffer. Normal working habits are unlikely to ever resume, and home-working Londoners are looking for support to ensure that employment standards remain high and the benefits of office-based working are not lost.

With all of these issues coming together, nearly all Londoners have in one way or another been impacted heavily by the changes to London's economy. Our Committee wants to highlight these issues to you following our investigations with businesses, community leaders and Londoners, because you have the power to help those struggling as the leader of our city.

London's labour market

London's labour market is on a knife-edge. Unemployment rates rose in the capital across 2020, and in the three months to October, London witnessed the largest quarterly rise in London's unemployment since 1992 (when the data started being collected in this way).² The number of Universal Credit claimants has risen at a far higher rate in London than the rest of the country (167 per cent increase between March 2020 and November 2020 compared to 115 per cent increase across the UK).³ The latest figures show that 430,000 Londoners are furloughed under the Coronavirus Job Retention Scheme – 10 per cent of those Londoners who are employed.⁴ In addition, 465,000 Londoners have made claims under the Self-Employed Income Support Scheme.⁵ That means at least 885,000 Londoners are relying on Government support throughout COVID-19, nearly 10 per cent of London's total population. Whilst the support delivered through these schemes has been a much needed lifeline to those most impacted by the pandemic, both the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme are currently set to draw to a close at the end of April, and many Londoners and London businesses are concerned about what will happen if this support ends suddenly, whilst the return to normal levels of economic activity are more gradual.

Recommendation: It is absolutely vital that, as Mayor of London, you are ensuring that our city is prepared for the transition out of this most difficult period of lockdown and other restrictions. The Economy Committee therefore requests that you write to the Government to establish joint working on this issue, and then provide us with details of how you and the Government are working together to ensure that this transition towards a fully opened economy will be managed over the coming months to protect jobs and save businesses in London. In particular, we would like to know what support will be given to the Central Activity Zone, whether there will be ongoing support in terms of Business Rates and rent, and how employees will be supported in specific sectors such as culture and creative, retail and hospitality, which have been hardest hit and are so essential to London and the UK's recovery.

London's retail, hospitality and culture businesses

We know that the Christmas trading period is pivotal to the year-round success of London's high streets. London's streets in the run up to Christmas are usually filled with festive cheer, meaning that the trading done in December can help businesses throughout the quiet month of January. Yet, unsurprisingly, footfall on the London's high streets was significantly reduced between the end of November 2020 and the start of January 2021, compared to the equivalent period last year, due to the Tier 4 and lockdown restrictions. For the Greater London region, this reduction amounted to 39.3 per cent, and in the heart of the city footfall was down 57.8 per cent.⁶ This was a further blow to businesses who already had to work through an extremely challenging year.

In December, the Economy Committee published a [report](#) that highlighted the impact that COVID-19 would have on London's Christmas Economy.⁷ In a survey, our Committee found that 4 in 5 Londoners planned to do their Christmas shopping online, bringing further evidence of reduced footfall to London's high streets for December.⁸ Our Committee recommended that the Mayor needed to help

businesses to get trading online – and the footfall figures emphasise just how important that is. As well as retail, our Committee also explored how reliant the hospitality and culture sectors are on the Christmas trading period to get them through the rest of the year. With these businesses largely closed throughout the Christmas period, and now closed until the current lockdown measures are eased (which could be possibly until the end of March, or even May) it is vital that these businesses receive the support needed to survive, so that Londoners and visitors to the City can continue to enjoy our city's world-famous cultural attractions and hospitality venues when they are able to re-open.

Significant proportions of London's retail and hospitality businesses, especially in the city's commercial centres, rely on office workers and commuters. Londoners are currently advised to work from home when possible and the return to offices is likely to be a staggered process, with social distancing maintained for a period of time. Additionally, many businesses are reducing their office presence in the city, opting for a mix of home- and office-based working, going forwards. This will have a continued impact on the retail and hospitality businesses in the commercial areas of the city.

Recommendation: The Committee recommends that the Mayor updates his plans to support and advocate for London's retail, hospitality and culture businesses and, in particular, adapts these plans to take account of the unprecedentedly low 2020 Christmas trading period.

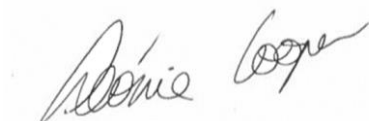
London's homeworkers

This anticipated fundamental shift to greater homeworking has implications for London's employees too, with consequences for social interaction, training, and employers' health and safety responsibilities. In our December meeting, we heard from the Trades Union Congress that there are concerns over the practices of some employers with regard to the support they are offering their employees whilst working from home.

Recommendation: Our Committee recommends that, in light of the increase in working from home, the Mayor reviews the Good Work Standard⁹ – the benchmark for good employment practice in London. This review should assess whether the Good Work Standard captures the true nature of work in London in 2021 or now needs updating to account for major changes to employment arrangements and considers adding new recommendations to ensure the best employment practices cover these new employment arrangements.

We would be grateful to receive your response to this letter by 23 February 2021. Please send your response by email to the Economy Committee's Clerk, Lauren Harvey (lauren.harvey@london.gov.uk).

Yours,



Leonie Cooper AM
Chair of the Economy Committee

-
- ¹ [Who is Excluded?](#), ExcludedUK, 2020
 - ² [Labour market update for London – December 2020](#), London Datastore, 15 December 2020
 - ³ [Labour market update for London – December 2020](#), London Datastore, 15 December 2020
 - ⁴ [Coronavirus Job Retention Scheme statistics: December 2020](#), Gov.uk, 24 December 2020
 - ⁵ [Self-Employment Income Support Scheme statistics: November 2020](#), Gov.uk, 25 November 2020
 - ⁶ BRC-Shoppertrak Footfall Monitor, December 2020
 - ⁷ [4 in 5 Londoners plan to do Christmas shopping online](#), London Assembly Economy Committee, 15 December 2020
 - ⁸ [4 in 5 Londoners plan to do Christmas shopping online](#), London Assembly Economy Committee, 15 December 2020
 - ⁹ [What is the Mayor's Good Work Standard?](#), Greater London Authority