Introduction

This is a manifesto for London’s recovery from the COVID-19 pandemic. It is focused on short to medium term measures to aid the capital’s recovery from its worst shock since World War Two. It draws on a wide range of sources, including a series of webinars that we organised in response to the virus, our regular survey of London data and polling of Londoners (The London Intelligence) and several ongoing research projects.

The COVID-19 pandemic has hit London hard. Initial outbreaks of the virus were concentrated in the capital, the government-mandated shutdown saw the city’s streets become eerily vacant, and they remained underpopulated through the summer. As summer gives way to winter and the huge economic impact of the pandemic begins to become clear, London faces both new challenges arising from the crisis, and existing challenges that have been intensified and made more urgent by it.

The impact to date

Different sectors of London’s economy have had very different experiences during the crisis. 30 per cent of London jobs are in ‘knowledge economy’ services such as finance and insurance, professional services, information and communications, all of which have weathered this phase of the crisis well, with many employees working from home. However a further quarter of London workers are in sectors such as hospitality, arts and leisure, and retail, which depend principally on physical connection, and remain shut down in many parts of the city, presenting a looming threat of job losses as the furlough scheme ends.

The polarised effect of the crisis on different economic sectors has had knock-on effects on different people. The sectors that have been worst affected have generally been those that offer lower-paid and less secure employment in the capital. Alongside health and social care, they are also the sectors that employ the highest proportions of Black and minority ethnic workers (while the least affected sectors have the smallest proportions of workers from these communities). And while men have been harder hit by the symptoms of the disease, women have taken on the burden of childcare work during lockdown and are more likely to have been furloughed or lost their job.

The impact is also likely to be felt differently in different parts of the city. While central London has been deserted, some outer London centres have seen a growth in expenditure, as more people work from home and spend more money locally. The summer only brought limited life back to the centre, in part because of continuing physical restrictions on public transport and international travel, in part because of social distancing policies make it hard for some businesses to operate, and in part because people are simply wary of the risks that physical contact and proximity bring. Polling undertaken for Centre for London in early May showed Londoners more inclined to work from home and shop locally after lockdown, and less inclined to travel into central London for work or leisure. People seem to have been slower coming back to central London than they have been returning to other major global cities.

The pandemic has been met by a strong displays of community solidarity. There are more than 4,600 local mutual aid groups registered on the COVID-19 Mutual Aid UK website. Around two million people have joined local support networks on Facebook, and the number of daily users of Nextdoor platform has risen by 90 per cent. Confined to small homes for the most of day, Londoners became much more sensitive to the value of parks, safe and quiet streets, and local shops. While use of food banks has gone up dramatically, so, it seems, has use of independent neighbourhood shops.

What we don't know

There is still a great deal we do not know – the pattern and impact of future outbreaks of infection, how soon a vaccine or effective treatment may be found, whether people will remain cautious about living, working and socialising in cities, when business and leisure travel will resume, whether there will be a rapid economic recovery or a prolonged slump.

There are also unanswered questions about the long term impacts on different people and places. Central London is diverse and adaptable, but the longer people stay away, the greater the risk that damage will become permanent, which could in turn threaten the capital’s pre-eminence as a centre for global tourism and high-paying professional services.
Similarly, we do not know how high unemployment will rise and which workers will be most affected. However, given the current patterns of furlough, the longer-term economic problems faced in high street retail and hospitality, and the mounting toll of closures announced to date, it is likely to be workers in lower-paid sectors who lose their jobs.

This could worsen economic inequality in London and in particular deepen the racial inequalities that already skew the labour market (unemployment, for example, is three times higher for Black men than White men). Younger people also face a higher risk of unemployment: around 25 per cent of 18-24 year olds in employment had been furloughed in early May, and a further nine per cent had lost their jobs (compared to 15 per cent and three per cent across the whole workforce). Alongside the inherent injustice of these inequalities, widening them could undermine social cohesion and damage productivity by wasting the talents of London’s workers.

What we need

London has been a success in many ways over recent decades, but the current crisis has both laid bare some of the long-term inequalities and injustices underlying this success and created an opportunity to consider what sort of city London wants to be at a time of huge global and local challenges. Through our London Futures project, we’re working with partners to develop this vision.

In the short to medium term, however, some urgent priorities for action can be identified, to address the specific impacts on different people and places in London, and to help them ready themselves for further disruption ahead.

1. Support better jobs and a fairer labour market

Over the past few years, London has been blessed with low unemployment rates, but plagued by low wages for many and faltering productivity. With unemployment rates already climbing in London, we should support a transition to better jobs, while protecting sectors such as performing arts that have been forced into hibernation for the duration of the crisis.

London’s focus should be on preparing its workers for the growth sectors of the future, including life sciences, tech, personal health and care, and the construction and engineering roles that will be needed for London to reach ‘net zero’ carbon emissions by 2030. This will require a renewed concentration on lifelong learning and workforce development from across London’s further education colleges and universities, to support skills development and economic mobility for London’s workers.

It should include support targeted at people at risk of long-term unemployment. The government’s ‘kickstarter’ programme of supported traineeships will provide a leg up for many young people, but there is a good chance that these will be the young people who would have found employment as the economy recovers in any case, and the Lifetime Skills Guarantee should help those with the lowest skills levels.

But London will also need support targeted at young people most distant from the labour market, including those from disadvantaged classes and ethnic groups, and disabled Londoners, as well as support for those who have qualifications that no longer meet the needs of London’s employers. The focus for policy should be
supporting and enabling young people to develop their skills, rather than using sanctions to force them to hunt for work, at a time when vacancies may be elusive.

Given the disproportionate impact of the crisis on mothers, recovery also gives us the opportunity to address the discriminatory impact of childcare costs in London, which are 25 per cent higher than they are across the UK. Despite government support – through the benefits system and tax allowances – this premium makes childcare less affordable in London, particularly for low paid workers. A childcare support system that recognised the value of childcare and its regional variability would be a boost to productivity as well as fairness.

2. Create space for next generation business

As the economic consequences of the crisis unfold, London’s city centre and town centres are likely to see rising vacancy levels. The loss of commuters, and domestic and international tourists may mean closures are particularly concentrated in central London. There is scope for a broader mix of uses in the centre, including more residential mixed in above retail and alongside offices. More flexible working patterns will work for many Londoners, and hybrid working lives may generate demand for new services and workspaces to revitalise previously-declining town centres.

However, there is a strong case for retaining a critical mass of retail, office, hospitality and other workspaces in the city centre – making the most of both London’s public transport infrastructure, and of the potential for creativity, collaboration and competition that city centres offer.

The crisis offers the opportunity for new enterprises to step in, but the costs of doing business in central London remain high. Before the virus the city had some of the highest commercial rents in Europe. The pandemic is likely to exercise some downward pressure on rents, but too precipitous a drop could be highly destabilising and deter investors. To help incentivise new business investment, the government should consider creating urban enterprise zones for London and other city centres, offering business rate relief and capital allowances for start-ups locating to city centre locations. These could include enhanced support for businesses that take on people who have lost jobs through the pandemic.

This should form part of a longer-term consideration of how central London will operate in a post-crisis future. How can the city make the most of changed patterns of domestic and international commuting, study, trade and tourism? How can it balance commercial and residential uses, established and emerging businesses, economic and social value?

What is the offer – physical, cultural, commercial and virtual – that will retain London’s position in the front rank of global cities? The work on central London commissioned by the Mayor of London is therefore welcome, and we look forward to working with the Mayor and the London Recovery Board on this topic.

3. Turbocharge new urban mobility

The lockdown had a dramatic impact on travel in London: tube use fell to the lowest levels in a century, cycling and walking received a boost, and London’s streets emptied of traffic. As in other cities, public authorities introduced measures to reallocate road space to pedestrians and cyclists. Many are exploring how and where these can be made permanent, through the introduction of low traffic neighbourhoods (LTNs).

Since restrictions have been relaxed, however, private car use has risen sharply, and LTNs have proven to be a flashpoint for conflicts between drivers and other road users. The challenge is to work towards an equilibrium that locks in more environmentally responsible transport patterns while allowing the circulation of people and goods that a city of nine million people needs. Alongside more space for walking and cycling, the Mayor of London and boroughs should make space for more e-scooters and e-bikes – which can enable more people to travel further with minimal environmental impact – with city-wide standards for storage and use.

The drop off in passenger numbers has tipped Transport for London into a deep financial crisis. An initial bailout was agreed in May, and a second tranche of funding was requested at the end of September. When it is safe to do so, the Mayor should promote a safe return to public transport, but should also work with the government to review new ways to fund transport services in the capital. Comprehensive distance-based road user charging, as recommended in Centre for London’s Green Light report, would not only create more revenue resilience, but also reduce congestion and environmental impacts, and offer a
better experience for those who do need to use cars or goods vehicles in London. 

4. Rethink living spaces

While the predictions of mass exodus from London and other cities may be overcooked, the coronavirus crisis has highlighted the challenges of overcrowding that many Londoners face, as they have had to combine their living space not only with workspace, but also with home schooling space. Many owner occupiers have more space than they need, but overcrowding in private rented accommodation has grown in recent years. These long-term challenges will not be overcome in the short-term but they underline the importance of proper space standards, and access to outdoor space whether shared or private. For people on low incomes in private rented accommodation, government could consider an increase in the level of local housing allowance (which defines how much housing benefit is payable in specific areas), so that people could access more space as a basic right, rather than a privilege.

5. Bring the world back to London

London has a powerful global reach, as a beacon of liberty, a city of high and popular culture, a place which has welcomed and welcomes people from every nation. Both London’s and the UK’s economy depends on this reputation. It underpins London’s leading role in the UK’s service sector exports, in tourism, in inward investment, and the tax revenues that these generate.

This reputation is resilient but has taken some knocks in recent years, including from the UK’s Brexit vote and from our response to the coronavirus crisis. In recovering from these crises, London needs to build on the Mayor’s #LondonIsOpen campaign to welcome the nation and the world back. Culture vouchers to bring crowds back to theatres and gigs, when these restart, could help sustain the bedrock of London’s soft power. The Mayor and the government should work together to develop immigration regimes that help the city to maintain low-friction access to London for entrepreneurs, critical workers, and the young people who give the city its vitality.

6. Revitalise governance and reset devolution

Lockdown has seen two countervailing democratic trends. There has been a resurgence of community involvement, as people formed mutual aid groups, signed up as volunteers, rediscovered their neighbourhoods, and rebuilt social capital. Many have also become more engaged in broader social movements such as Black Lives Matter. Meanwhile, government action has become very centralised, with civic leaders in London and elsewhere complaining of marginalisation from Downing Street decision-making, and of the neglect of longer-term public health issues in favour of infection control. The various conditions attached to the government’s bailout of Transport for London, and disputes over the Mayor’s draft London Plan, make the battle to sustain and extend devolution in London feel particularly fraught.

Recovery offers the opportunity for a reset of governance at every level. The remodelling of public health infrastructure, and the links between poverty, ethnicity, long-term health conditions and vulnerability to coronavirus, make a city-wide approach to public health ever more important. Locally, mechanisms such as parish councils have had limited impact in London, although other innovations such as business improvement districts have flourished. Setting a clear course for recovery for London’s town centres requires new governance models that bring residents and businesses together to plan and realise their future.

London also needs a new deal for devolution. Other cities, such as New York, Paris and Tokyo, have much more control over their tax base, and London and other UK cities should be given control over property taxes, so that residents and businesses pay fair shares towards the costs of building and operating the infrastructure the city needs.

London’s communities and London’s economy have been hit particularly hard by the coronavirus crisis. To play its part in the UK’s economic, cultural and civic life, London needs a recovery programme – not at the expense of other parts of the UK, but alongside them. At a time when national government faces unprecedented and daunting challenges, it should give the UK’s cities and regions the capacity to create their own recoveries.
Endnotes

1. Centre for London, The London Intelligence
2. Workforce jobs by region and industry, ONS, September 2020
3. Centre for London, The London Intelligence, August 2020
4. APS, ethnicity by industry and region, 2019
5. Andrew A et al, How are mothers and fathers balancing work and family under lockdown? IFS, May 2020