

## APPG for London meeting

Minutes for meeting on London business recovery - (05/07/2021)

Panel:

- **Richard Burge** – Chief Executive of LCCI
- **Muniya Barua** – Interim Director of Policy and Strategy at London First
- **Cllr Elizabeth Campbell** – Executive Member for Business, Economy and Culture at London Councils

### **Chair - Sir Bob Neill MP**

- London businesses have been disproportionately hit by the pandemic. This has largely been due to our services sector, our city centre-based economy, our high levels of retail, theatre and creative arts businesses and the impact further down the food chain of people not travelling in and around the city.
- The question of what will be a long-term change, what will be a short-term issue and where the balance will be struck remains to be seen. This is something our speakers can possibly talk further about.

### **Richard Burge – Chief Executive of LCCI**

I'll be brief - won't reiterate support for London given the support we have in the room.

I'm going to talk about London as a world city - plays a significant role not only in the UK's GDP but in the GDP of other countries. Many Nigerians would say London is their second city, in terms of contributing to their country's GDP. That's what I mean by London being a world city - it has the ability to play a role in other domestic economies in the world.

Even after the UK leaving the EU London remains Europe's only world city. In a post-covid world it would be beneficial to get London back into the European bloodstream, recognise our role in supporting them as well as them supporting us.

Human beings are at the root of all of this.

In the short term - recovery of London depends on inward travel of people to London, business tourism and ability of Londoners to travel and do business in other places. Travel restrictions will hinder London bouncing back. Government needs to focus on getting tourists back into London, not just enabling people from the UK to holiday abroad.

We are in a world full of non-tariff trade barriers - how can we get Londoners to work in other countries on a temporary basis and vice versa.

To work in other countries there are 27 different rules on employment. We need to work hard on removing some of these barriers for workers.

I'd like to see the DIT focus on a new commercial and business relationship with rest of Europe - new trading opportunities - getting people moving

London is a unique city in the world - we need to project London with a unique perspective and unique lens.

Most other countries see London as a place in itself rather than a subset of the UK.

We need a diplomatic engagement strategy for London that results in co-ordinated set of plans across key partners that talk about London in its own right rather than subset of the UK.

If this is done through FCO – it could be diluted due to need to be seen as fair to other parts of the country.

**Muniya Barua – Interim Director of Policy and Strategy at London First**

July 19<sup>th</sup> date of restrictions easing (hopefully) is fast approaching.

London has seen off many challenges in its history and the fact of London's recovery not in doubt.

It is the pace and scale of the city's recovery that is a concern.

After the second world war - it took 70 years for London to fully recover.

How to bring capital back? There is a risk we take if we assume London will bounce back by itself - we need a plan, backed by Mayor and Government.

We have produced analysis with Bain & Company on London's social and economic capital and how it can play a role in supporting growth across the UK.

The challenge is significant: London's Central Activities Zone saw a drop in footfall greater than any other global city during the pandemic. City Hall analysis showed consumer spending from overseas tourists is £7.4 billion lower than pre-pandemic. There is £2 million less spending by commuters and £3 billion less in domestic tourism spending. The West End, where 30% of London's jobs are based, has been hugely affected, and London has the highest density of SMEs, which depend on ecosystem of workers, commuters and bigger businesses for their success. London's unemployment is the highest in the UK, and is having a disproportionate affect on BAME people and young people.

Clearly London faces its own levelling up challenge.

London First is working with partners across the capital and nationally to make common cause - around issues such as skills and connectivity.

Our economy needs a vibrant London.

London First is recommending action on four fronts - we can do a lot on this in London but we also need support from the centre/government given how centralised we are as a nation.

1. Get London's mojo back - bringing people back together in the capital
2. Sell the sizzle of London - encourage tourists and domestic workers back
3. Ensure London is punching its weight - alongside the likes of New York and Hong Kong. London's £170 million spend on the Let's Do London Campaign is a drop in the ocean compared to what Hong Kong is spending on the same thing.
4. Maintain transport - we need a sustainable, long term funding deal for TfL, not a sticking plaster. TfL relies on 70% of its funding to come from fares. In New York it's only a third. Ridership remains lower than normal - 40% capacity on tube, 60% capacity on buses. But every 10% fall in commuters to CAZ equates to a £300 million hit for TfL. If funding issues lead to service cuts before people come back to London, it could put people off returning, exacerbating the problem, or push them into cars, which creates issues with pollution and congestion. We need a complete reset in how TfL is funding - greater support in the short term and road user charging and devolution in the longer term.

There is a cocktail of uncertainty in economy, with the end of the EU Settled Status Scheme deadline in June and the end of furlough in September.

London needs a new skills offer to help people access the jobs that will be available, which is why we support the creation of a London Careers Service.

There is a question over whether we need a Recovery Minister put in place.

When work from home guidance ends - we need a clear message when restrictions lift that returning to the office is safe and that London supports hybrid working.

London's vibrancy is an asset - with people and organisations feeding off proximity to other stuff.

**Cllr Elizabeth Campbell – Executive Member for Business, Economy and Culture at London Councils**

There are some positive signs of recovery in London, but it's still fragile.

People forget - we are the region with the highest unemployment rates, furlough numbers, universal credit claimants in the country, yet we are home to some of the central pillars of the national economy - the West End, Heathrow.

It's a recovery that might take years unless we act.

Because of the way councils stepped up during the pandemic we have stronger and closer relationships with business than ever before - as we issued lots of different grants, managed and gave advice to businesses on regulation and deregulation

We're now working on an economic recovery framework for London - reflecting the roles that London boroughs, London Councils and the Mayor play, which will have different cross cutting themes.

What we really need help from Parliamentarians for is the Levelling up agenda.

London has higher levels of poverty and inequality than other UK region, yet our economy is also integrated with other regions - and our recovery in the capital will have an impact across the rest of the country.

We are the beating heart of the UK economy and we are the shop front for the UK through which you sell things.

We really are all in this together.

However, the methodology for the Levelling Up Fund and Community Renewal Fund do not reflect this.

That's why we're now focussing on the UK Shared Prosperity Fund - we would like decisions on how it is spent to be made locally, not just in Whitehall, and for existing funding levels for London to remain in place.

The previous version of this fund ensured £1.35 billion of investment in London over 7 years helping 8,000 businesses and thousands of Londoners. The funding was used for apprenticeships and to re-skill unemployed Londoners.

Looking ahead to the Spending Review in the Autumn, we will be making the case for London - and we'd very much like to work with you and the sub-regions on this.

We want to level up and survive and help everyone thrive across the UK.

**Chair - Sir Bob Neill MP**

Can we have a briefing on UK Shared Prosperity Fund along with some draft WPQs and OPQs to get that moving.

**Question from David Simmonds MP**

I'm hearing that business are struggling to recruit. This is what constituents are telling me.

Au pair agencies are having issues with getting staff across borders and working with the Home Office - they can't get working visas.

Anecdotally, NHS trusts are saying that workers left during furlough and are not coming back.

Hospitality businesses are struggling to recruit workers - acting as a brake on reopening.

Can we aggregate some of these things to give a pan-London overview with examples?

How can we create a bigger picture on that - strengthen our case as a city?

**London Councils nominated to lead on aggregating examples of issues to create a London-wide view.**

**Richard Burge**

Home Office doesn't have a shared purpose with other departments to support the economy - focuses on borders and policing.

In terms of skills - we need for people from different countries to want to come and work in the UK.

Could the Treasury make common cause with them in investing in the best and the brightest?

Small businesses - find it hard to navigate the visa system

Could we map the skills gap - haven't seen impact of furlough ending in September so we will need this information.

Healthcare, food logistics and construction - struggling to recruit key workers

There is also an issue around mutual qualifications - we struggle to recognise equivalent qualifications gained abroad.

Shortage occupation list - we should broad it to allow jobs of all skill levels, lower salary thresholds.

**Cllr Elizabeth Campbell**

Once the tide of Covid has gone out - Brexit impact will be seen. That's why we need the UK Shared Prosperity Fund like a bridging loan to help us through this.

**David Simmonds**

I'd like to have connected points about other sectors in time for my 20<sup>th</sup> July meeting

We're also expecting a new plan for immigration - landing this week.

We only have a short window of time to have an impact on London economy - the sooner MPs have information on the particular sticking points we're seeing, the better.

**Comment from Philip Saunders at the City of London Corporation**

We're interested in the value-added reasons people might be drawn back to the centre of London - theatres, art galleries etc.

City of London Corporation is running its own campaign on this. Reflecting how people will be coming back not only to work, but to get together. It could be for work, but not necessarily office based - e.g. client meetings, evenings out.

We've talked to 4,500 people and 250 senior leaders about the above.

We've also produced reports on the visa situation.

Core business and cultural matters, the Lord Mayor is talking to Parliament on that subject.

We will share our research thus far with London Councils as could be useful for framing the aggregation of issues affecting business.

**Comment from Matt Jaffa, Federation of Small Businesses**

Re: Muniya's point on international travel getting tourism back into UK.

When we came out of last recession, we lagged behind competitor cities.

We're also concerned about physical and business crime - when we come out of the pandemic do we have resources for policing, can we meet the challenge there.

Mental health and wellbeing ramifications on businesses and employees are another concern.

As well as not having central government resource and private sector focus.

**Cllr Elizabeth Campbell**

RBKC is planning for this over the summer, wellbeing sessions, senior leaders reaching out to members of staff.

**Richard Burge**

We think it's more about personal working plans for individuals rather than mass options.

**Muniya Barua**

Our members thinking about how to give staff flexibility and choice. Not necessarily a binary choice between office and home.

**Cllr Elizabeth Campbell**

The issue with hybrid working is that it reduces footfall for places such as Central Activity Zone.

**Richard Burge**

There is an urgent question about what could happen at the end of furlough. It would be good if the APPG Secretariat could look into this for us and circulate information to the group.

**Comment from Jordan Cummins, CBI**

Skills shortage coming out of the pandemic - for example, high level engineering roles.

Skills and immigration policy needs to be aligned.

List of shortage occupations collated - not just for the overseas labour challenge but to shape domestic reskilling.

With the easing off of furlough, we're expecting to see insolvencies and job losses in September. A degree of pain is unavoidable, need to find a landing ground quickly.

As London faces recruitment issues and skills shortages, why don't we recruit people from rest of UK?

Tactically - we need a London recruitment strategy that talks about domestic as well as overseas skills to head off criticism of just focussing on the latter.

Could this look like a platform for advertising London-based jobs to rest of country?

**Richard Burge**

We are a world city - people from elsewhere want to work abroad here

Not whole city - it's often about specific industries and areas

I was on a HS2 call recently - Manchester want a link with the Euston area as there is a huge life sciences hub there.

And when we talk about London projects - express contribution to UK economy and our status abroad.

**Meeting ends.**