

## CLF Response to the Spring Budget 2021

Comment from Cllr Elizabeth Campbell, Chair of Central London Forward and Leader of the Royal Borough of Kensington and Chelsea:

*“It is right that the Chancellor has used today’s Spring Budget to lay the foundation for recovery and focus on supporting jobs. CLF welcomes the decision to extend vital business support measures to those thousands of businesses in central London which are currently on the brink of collapse and rely on support to survive.*

*However, what we need most is for government to listen to local authorities when deciding the nature of long-term measures – in areas like business rates, planning and employment support – that will allow urban centres across the UK to recover economically, socially and culturally.*

*The government’s ambition must include levelling up within regions as well as between them and must not leave central London behind.”*

Central London is a critical part of the national economy that hosts around 3.5 million jobs – one in every ten jobs in Britain. But London has the second highest rate of unemployment in the country, and 2.5 million people in the capital live in poverty.

The central London economic success story that fuelled growth in other parts of the country, through intra-UK supply chains, attracting foreign direct investment and tourism (before COVID-19) is at serious risk of not returning. Our rich cultural, hospitality and retail offer is part of the vibrant ecosystem which attracts international firms to base themselves here and will be important in enabling commuter and tourist return.

The nation’s economy and labour market are interconnected. London cannot be successful without strong regional economies and vice versa, and continued support for businesses up and down the country is a welcome step.

This needs to be accompanied by action to provide councils with the funding and powers to tackle the issues facing their communities – not only recovery from the impacts of the pandemic, but shifting to a green economy, supporting jobs, and providing the workspaces and building the homes that central London needs. Continuing to support our high streets and our public infrastructure must underpin this.

An active and strategic partnership between national and local government can build a recovery which works for our residents and businesses, and which supports a nation-wide revival. We look forward to working with Her Majesty’s Treasury over the coming months to prepare for the Comprehensive Spending Review, to ensure an ambitious and positive economic recovery.

### ***Business support and support for individuals***

It is right that much of the Chancellor’s announcements today focused on supporting businesses to remain operational and individuals to remain in work.

Extending the furlough scheme, waiving the full cost of business rates for many businesses until the end of June, subsidising those rates until next April, and continuing the VAT Relief Scheme will provide much needed breathing space for businesses and employees alike as

the economy begins to reopen. But the government should now look ahead at how it can support the sectors most affected by the pandemic to transition to the 'new normal'.

Support for our cultural, hospitality, retail and tourism sectors are vital to central London and the UK's recovery. They are a key factor in what makes London a place in which people want to live, work and visit, and an important labour market for our residents. As recovery from the pandemic continues, these sectors will need action to help facilitate sustainable reopening and a return to growth. Without the right support and interventions now, we are at risk of not only deepening London's jobs crisis but losing a core part of what makes the UK internationally attractive. We will continue to work with central government to help target support and interventions to enable a return of the leisure economy – particularly reflecting the longer period that it will take for tourism to return.

The announcement of the fourth and fifth grant of the self-employed income support scheme is welcome, particularly extension of eligibility to include many newly self-employed. We remain concerned however that many people who live and work in central London have not been eligible for government support due to issues such trading profits making up less than half of the total income and drawing a significant proportion of earnings from dividends. Central London – with its high number of freelancers, entrepreneurs and people working in the gig economy – will have been significantly impacted by this issue and we hope to work with government to ensure they receive the support they need.

The continuation of the Universal Credit £20 uplift is a lifeline for many households. In central London, the claimant count has increased by 152% since the start of the pandemic. Continuing to provide this additional support is especially important in central London where so many people working in the service economy will be affected by the staggered return of hospitality and retail.

### **Note to Editors**

[Central London Forward \(CLF\)](#) is the strategic sub-regional partnership for central London, covering the local authorities of Camden, the City of London, Hackney, Haringey, Islington, Kensington and Chelsea, Lambeth, Lewisham, Southwark, Tower Hamlets, Wandsworth and Westminster.

Central London remains one of the most economically impacted parts of the country affected by COVID-19. The pandemic has, and continues to have, a lasting impact on the health and wellbeing of our communities and has exacerbated and created greater inequality in the capital.

Our goal is to improve the lives of residents by working together to drive inclusive growth within central London to ensure people can access the skills, jobs, homes and support required to benefit from our dynamic economy. We do this through our policy activities and employment programmes - including [Central London Works: Work and Health Programme](#) and [JETS \(Job Entry Targeted Support\)](#).

Central London is an economic success story:

- The Central Activities Zone (CAZ) makes an outsized contribution to the nation's economy, with 11 per cent of national economic output generated in an area covering just 0.01% of the country ([Arup 2020](#)).
- The West End generates over 3% of the UK's annual economic output. It amounts to around £50 billion Gross Value Added (GVA) per year. It accounts for 90% of the economic

output of Westminster, and Westminster's economic contribution is almost the same as the whole of Wales ([GLA, 2018](#)).

But it is a success story that is at risk of not coming back. Central London continues to face some of the worst impacts of the public health, social and economic crisis caused by COVID-19:

- There was an estimated £10.9 billion loss in tourism expenditure in 2020 in sectors such as culture, hospitality and retail ([GLA, 2020](#)).
- The prevalence of low pay and insecure work left London's labour market particularly vulnerable to the impact of the coronavirus pandemic. The claimant count in the capital has increased by 161%, faster than in any other region or nation of the UK ([ONS, 2020](#)).
- More than 1.3 million jobs were furloughed in London overall during the first lockdown, and at the end of December over 210,000 employments were still furloughed in central London ([HMRC, 2021](#)). This reflects our exposure to shut down sectors and a high concentration of freelancers, self-employed and less secure work.
- Claimants per job vacancy has risen from 0.6 claimants per vacancy to 3.5 in central London. Vacancies have fallen by 58% ([IES, 2020](#)).