

ITEM X(i)
Question from Anne Fairweather to the Chair of the Policy & Resources
Committee
Court of Common Council, Thursday 21st May 2020

Our financial and professional services firms have continued to work from home during the pandemic and have maintained a good continuity of service for clients and customers.

Given the indefinite nature of this viral outbreak, the fact that most firms are considering a 25-30% occupancy rate for their offices, the limitations regarding social distancing in lifts which may mean higher floors are out of reach, and the impossibility of returning to packed commuter tube and overground trains, what assessment has been made of:

- the impact to the City of London Corporation's budget?*
- The impact on smaller businesses which service office workers?*
- Changes needed to our city environment to support social distancing?*

Given our streets will remain much quieter until there is a vaccine or effective treatment for COVID19 what positive steps are we taking to ensure that the city is still seen as a great place to come to, for example through our arts programme or playing to our strengths as the historic heart of the capital?

My Lord Mayor.

I thank the Honourable Member for notice of this important question.

Financial Impact on City's Budget

Covid-19 has had a significant impact on the Corporation's finances. The overall net cost is being tracked, reported and discussed at the Finance Committee, most recently at its meeting on Tuesday.

The current estimated net monthly deficit is around £5m, down from earlier estimates of £7m a month, as numbers have been firmed up and some additional cost savings identified.

However, the numbers remain subject to a high degree of uncertainty and they do not include the impact of rental decisions for our tenants. But they could point to an annualised deficit of the order of £60m-70m, with around two-thirds of that impact falling on City Fund.

Lost income has been the primary driver, with significant losses for the Barbican and the Guildhall School of Music and Drama, for example.

The informal meeting of Resource Allocation Sub Committee in early July will receive an update on both the in-year budget position and Medium-Term Financial Plan, leading on to a re-budgeting exercise in early autumn. In the meantime, it is vital that every effort is made to contain costs and minimise loss of income.

Impact on SMEs

The Member has also asked about the impact on small and medium sized businesses.

This crisis has yet again highlighted how important SMEs are to the City, and how important it is that we connect with them.

Members will be well aware of the companies in their wards, but we must work with all these companies as closely as we do with the financial and professional services sector that we represent. And in my view one issue, which this crisis has thrown up – is the need to take a more strategic overview of our work with City SMEs, and I have asked for that to be put in train.

As I believe we have a separate question specifically on this, I will leave the detail there, other than to say that the City Corporation is doing what it can to help mitigate the impact on SMEs; but unfortunately, the scale of this problem is such that there are serious limits to the extent that we can relieve this.

but can assure the Court that the City Corporation is playing its part in relieving the impact on SMEs.

- While 99% of City businesses are SMEs, nearly 60% of City employment is in large firms – with distinct patterns across sectors.
- Financial services jobs are particularly highly concentrated in large firms (70%), while the largest numbers of small City firms (<50 employees) are in Professional Services (7K) and Business Support Services (4K) – together over half of small City firms.
- Firms that directly support office workers are fewer in number - City Planning estimates around 1,150 retail units, 300 restaurant and café units, 247 drinking establishments, 57 hot food takeaways.
- While the majority of these units are small firms, an estimated two thirds of City jobs in retail, accommodation and food are in large businesses.
- In addition, there are around 150 businesses offering personal services such as hairdressing, health and beauty. Here employment is much more concentrated in very small firms – estimated to be approaching 90%.

From this information on the composition of the firms in the Square Mile, I think you can make some general assumptions:

- The overwhelming majority of firms of all sizes in the City have been able to work remotely during the lockdown;
- This trend is likely to continue, as firms have been pleased with how they have been able to conduct business remotely, but also because they want to be sure public transport is safe and office accommodation can be adapted to enable social distancing;
- Firms have indicated to us they will be adopting a very gradual return to work and may not have more than 40 – 50 % of their workforces in the office even some months down the line;
- So for SMEs in financial and professional services in the City, we anticipate they will continue to operate much as they have during lockdown;

- However for retailers and hospitality, the situation is much tougher, especially those reliant on high footfall – as footfall is likely to remain low for some time;
- The Corporation has been providing support for those SMEs eligible for rate relief and grants – Chamberlain’s have the details

Changes that will need to be made to the City’s environment

And it will be necessary to provide more space for walking and cycling in order to enable social distancing on the City’s streets and support the safe return of employees to the workplace.

Our plan for this was approved by the Planning and Transportation Committee on 12 May and will also be considered by the Resource Allocation Sub Committee on 27 May prior to final approval by the Policy and Resources Committee.

Proposed on-street measures include:

- Timed closures to motor vehicles (24/7 or 7am – 7pm, where necessary allowing limited access to premises for essential vehicles)
- Reallocation of carriageway to space for walking, queueing and cycling and providing priority for buses
- Closing streets to through traffic or other changes in operation (e.g. switching to one-way)

We will also deliver a range of measures to support businesses, manage travel demand and encourage travel on foot, by cycle and on public transport.

Taking advantage of quieter streets to enhance culture mile/cultural and historic aspects

The current restrictions actually provide a great opportunity for our cultural organisations in the City – including Culture Mile, Barbican, Guildhall Art Gallery, Tower Bridge and the Museum of London – to focus on serving our local communities and our neighbours, in different ways. Those who live here, and those who can walk or bike to the square mile and enjoy our superb architecture and open spaces.

Visitor Development has launched a digital platform which celebrates City culture and is working with London Festival of Architecture and London Open House amongst others to showcase our buildings and streetscape, while Culture Mile will be linking with its partners to make a safe outdoor offer. At the same time, the City Corporation’s attractions and venues are working together to welcome people into their spaces as soon as it is possible to do so.

My Lord Mayor.