

MAYOR OF LONDON

The Prime Minister

10 Downing Street
London SW1A 2AA

Date: 12 August 2020

Dear Prime Minister,

As you will be aware, businesses in Central London are facing a 'perfect storm' as a result of the Covid-19 pandemic. Home working, the shut down in domestic and international tourism, and a public transport system with severely constrained capacity mean that even businesses and cultural institutions that have reopened are unable to attract sufficient numbers of visitors to maintain the levels of revenue needed to stay afloat in the long term.

At the heart of the Central Activities Zone (CAZ), visitors to London's West End are down 63% year on year for the same period. The New West End Company forecasts a loss of over £5 billion retail sales within the district this year and estimate that around one third of the retail and hospitality workforce will be made redundant by the end of this year - around 50,000 job losses.

London's CAZ is unique in the UK, both in terms of its contribution to the national economy, and its reliance on the movement of people into it by public transport (especially travel to work) which is incomparable with any other UK conurbation. The constraints on the use of public transport in particular have had an impact on the ability of this area to restore economic activity fully as lockdown restrictions have been eased. The ability of many businesses located in the CAZ to effectively operate with staff working from home has also significantly limited the numbers traveling into the centre.

Recent City Hall research shows that the biggest barrier to people returning to central London in numbers is fear of the virus – and the most important thing we can do to speed up recovery is to give Londoners and visitors confidence that the virus is under control. When asked what would encourage them to return to life as normal, the most common answers from Londoners highlight the problem: lower prevalence of the virus, smaller crowds and more people wearing face coverings.

As Mayor I will do my utmost to promote all that central London has to offer, both to Londoners and tourists. I am sure the Government will wish to do the same.

MAYOR OF LONDON

Key steps I am taking include:

- A £2.3 million Culture at Risk fund, which is helping some of London's most at risk creative and night time businesses, such as cinemas and music venues. Pay it Forward London, a platform created in partnership with Crowdfunder, to enable Londoners to support their favourite small businesses. I have recently created a £1 million match fund to provide further support up to £5000 for participating businesses.
- Supporting the London & Partners led 'Because I'm a Londoner' campaign, built around a London Alliance for consumer confidence.
- Relaunching the London Is Open campaign, highlighting the reopening of London's economy, with a particular focus on hospitality and retail.
- My Deputy Mayors and I urging London's major commercial landlords to provide rent relief – a practice which has been led by Transport for London across its significant commercial estate.
- Substantially expanding TfL's Streetspace programme to maximise capacity for cycling and walking into and across central London so people can get to attractions safely.

Although, along with my partners in London government and the business community, I am committed to promoting a safe return to central London for Londoners and tourists, it is clear that social distancing requirements will be in place for some time. Given the public concerns indicated by our research, we cannot therefore expect visitor numbers to return to their pre-pandemic levels in the foreseeable future, with international business and leisure tourism likely to remain very limited, and many major central London employers planning to continue home-working well into next year. Use of the public transport network at full capacity will remain impossible as long as social distancing is necessary.

The economic case for protecting these businesses is overwhelming. The combined output of the CAZ and Northern Isle of Dogs and their immediate surroundings was around £228bn in 2017, accounting for over half (53%) of London's output and over a tenth (13%) of UK output.

Above all, Central London needs targeted, financial and fiscal support from Government.

I am therefore calling on Government to:

- Confirm an extension to the business rates holiday which is due to end in March or a discount for businesses in the CAZ for the next year, guaranteed now. Many large retail, leisure and hospitality businesses will take important decisions for 2021/22 in the coming weeks, so certainty over the business rates holiday is urgently needed.
- Create a direct financial aid scheme for hospitality, retail, leisure and cultural businesses in the CAZ.
- Provide targeted support for jobs and the workforce extension to the Coronavirus Job Retention Scheme for retail, hospitality, leisure, and creative businesses that will not be able to operate on a financially sustainable level under continued social distancing requirements.
- Extend support for freelancers and the self-employed. The cultural and creative industries that characterise central London are hugely dependent on these workers.


MAYOR OF LONDON

- Progress an overhaul of business rates, in particular one that creates a fair playing field between physical and online retail. A subsequent letter with more detail will be forthcoming.
- Introduce a support scheme for small and medium-sized businesses that are struggling to meet their rent bills due to coronavirus, which could help to facilitate negotiations between landlords and tenants in cases where rent is in arrears.
- Prioritise investment in NHS Test and Trace and more support for hospitality businesses to implement systems. It is now clear that we need to learn to live with the virus, and Test and Trace plays a large role in giving the public confidence.
- I would also encourage the Government to explore other measures which could increase public confidence and bring public health benefits, such as making face coverings compulsory in the busiest public spaces (as has been done in Paris), and commission further scientific research into the efficacy of such measures.

The challenge that central London is facing is stark and urgent. Damage to its prosperity will not just impact the capital, but undoubtedly the prosperity of the whole UK. As you know, the centre of London is the UK's economic and cultural powerhouse, and a gateway for global tourism and investment into the rest of the UK. It has contributed to the UK far more than it has taken out, and while I support efforts to grow the prosperity of all parts of the country, this will not happen if as a country we abandon our most dynamic and productive commercial hub to decline. This is what is at risk, and why the Government needs to come together with London Government and its business community to support it, before it is too late.

I urge you to consider the above proposals and look forward to hearing back from you at your earliest convenience.

Yours sincerely,



Sadiq Khan
Mayor of London

CC:

Rt Hon Rishi Sunak MP, Chancellor of the Exchequer

Rt Hon Robert Jenrick MP, Secretary of State for Housing, Communities and Local Government

Paul Scully MP, Minister for London

Sir Edward Lister, 10 Downing Street