

Islington's Economic Recovery from Covid-19

Executive Summary

Prior to the pandemic:

- A significant minority of Islington's workforce and employed residents were in a vulnerable economic position, working in low paid, insecure jobs.
- A lack of mid-tier, skilled, secure jobs with good prospects for advancement led experts to describe Islington's labour market as 'hourglass' with some of the highest rates of pay inequality in London.
- Many residents were running small and micro businesses in sectors like fashion, retail, leisure and hospitality, a majority of whom were already pessimistic about their long-term viability.
- These businesses were found to be disproportionately owned by women and people from BAME communities, and typically operating with low levels of turnover compared to those in sectors like IT, Research & Development, and Public Relations, all of which have a strong presence in Islington's economy.

When Covid-19 hit, and the economic effects became more transparent:

- It became clear that the initial sectors most affected by Covid-19 were those in which workers needed to be in physical proximity at their place of work and were not classed as 'key workers. Lockdown' effectively 'switched off' the demand for their services and some have still not fully recovered from the shock.
- In Islington these initially hardest hit businesses were predominantly, but not exclusively classed under 'Accommodation and Food Services' (A&FS), including hotels, short-stay apartments, student residences, restaurants, cafés, takeaways, catering services, licensed clubs, pubs and bars; and 'Arts, Entertainment & Recreation (AE&R) including performing arts, concert and theatre halls, libraries, archives, museums and other cultural activities, betting shops, sports, amusement and recreation activities; accounting for approximately 25,000 jobs in the borough.
- As the effects of the pandemic have continued, all businesses that rely upon demand for their services from commuters, business travellers and tourists are finding it harder to survive.
- 'These businesses include a significant number of residents and workers employed in Professional Services, Administrative and Secretarial roles, both of which account for a large proportion of Islington workforce and residents' jobs.
- Despite these jobs experiencing lower rates of furlough than those in retail and hospitality, the numerical impact of furlough in these white-collar occupational categories is likely to be similar to the number of workers furloughed in AE&R and AF&R because they account for over half of all employment in Islington.
- The Professional, Scientific and Technical category also includes creative workers in Publishing, Film, TV and Media production, and Legal Services which have been severely impacted upon by the pandemic.
- They also include other white-collar jobs in middle management roles for companies like Marks and Spencer, John Lewis, Centrica, Wetherspoons and Waterstones all of which have laid off staff to manage the shrinking scale of their businesses.

Geographical areas and business clusters in Islington most affected include:

- Old Street, St Luke's and Clerkenwell, home to more than double the number of businesses in AE&R and AF&R than any other areas in Islington, and therefore facing the most significant scale of impact, a situation now aggravated by enduring market uncertainties, and commuters and overseas visitors staying away.
- Clerkenwell, which hosts a globally significant cluster of creative businesses including in publishing and media production, and firms supplying tech businesses in Old Street many of whose staff are now working from home
- The Angel, which like Clerkenwell attracted visitors to a previously vibrant night-time economy relying upon inbound commuters and tourists for trade.
- Holloway Nag's Head with the highest dependency on retail businesses, employing over a quarter of the local workforce, and more than 10% of all employees at Islington North and Canonbury West, Barnsbury East and Tollington
- Tufnell Park East¹ with the highest percentage of businesses that are classified as AE&R (15%), whilst 40% of jobs in Lower Holloway are in AE&R
- 13% of businesses in Archway West meanwhile come under the A&FS classification, whilst the largest percentages of employees thus classified are in Islington North and Canonbury, Barnsbury West and Tollington.

An economic contraction is translating into higher levels of unemployment, albeit at a lower rate of increase than other London boroughs so far:

- London's unemployment rate has risen at a rate faster than regions with traditionally much higher levels of unemployment and greater dependency on the public sector.
- Islington's unemployment has risen from 3% of the workforce in March to 7.3% in October, lower than the London average, with neighbouring Haringey seeing 10.7% of people out of work in August Newham (10%), Lewisham (9.3%), and Hackney (9.2%).
- Although youth employment in Islington in July appeared to be lower than the average rate for the borough (6.6%), this was a rise of 14% on May's figures and there is considerable variation depending on where young people live in the borough, from 12.7% in Canonbury to 3.2% in Clerkenwell.

In Islington rates of unemployment may be softened due to:

- The important element of tech and knowledge employment in Islington. Camden, co-host to the Knowledge Quarter is likewise experiencing a lower rate of unemployment (5.8%),
- The continuation of the government's furlough scheme until the end of March 2021
- An increase in the next self-employed income support grant from 55% to 80% of average profits up to £7,500

And the impacts distributed unevenly across Islington's working population:

- With the low paid bearing the initial brunt of layoffs and reduced hours:
- National data shows that the low paid were losing their jobs up to four times faster than higher paid workers in June.

¹ The analysis for these areas was conducted at "Middle Super Output Level" (MSOA). MSOA is a higher level of geographical definition than "Lower Super Output Level" and recently names like Islington North and Canonbury West, Barnsbury East, Tufnell Park East, Archway West have been used to define areas that were previously only given numerical titles.

- Low paid workers are also more likely to be women, young people, black or from a minority ethnic group or under-employed and/ or to have lower qualifications.
- Though the fall in hours worked recorded amongst the low paid nationally in June was higher for older than younger workers, higher for men than women, and for white workers than those from ethnic minority workers.
- A high proportion (30.7%) of the working population who identify themselves as Pakistani or Bangladeshi are employed in the distribution, hotel and restaurant trade, which has been severely affected by Covid-19.
- Those who identify under different categories of 'White' are meanwhile slightly overrepresented in the Construction industry (7.7% compared to 7.1% of the population as a whole).
- Women are highly represented within the AE&R sector (56.3%), which has been strongly affected by Covid-19.
- Any threat to public administrative employment is likely to have a strongly negative impact on those people who identify themselves as 'black'. Just over 30% of the UK population were employed in public administration in 2018, but the sector made up nearly 50% of jobs for this employment group.
- Although there is support for the self-employed, many freelancers, contractors and small business owners such as those who draw their income from dividends, do not qualify for government income support schemes and, nationally approximately 10% of self-employed workers have become unemployed during the pandemic.

Despite this, an increase in vacancies in August across the board was perhaps an early sign of recovery:

- Health and Social Care continues to be the least affected by Covid-19
- IT, in which Islington possesses a comparative economic advantage, saw a 25% increase in hires on May's figures to 50,000 in August, but still well below 90,000 vacancies in March 2020.
- Administration and Public Relations in which Islington has a strong labour force presence have, however both witnessed a much smaller increase in employment demand. Hiring rates in August were less than half the rate in March.
- The construction industry meanwhile bounced back to approximately the same rate of hiring in August as the level before March and saw large numbers of workers returning from furlough.
- Vacancies in August actually exceeded levels reported in March for logistics and warehouse, manufacturing; and domestic help and cleaning jobs.

The economic situation remains unstable, and it is hard to predict what the future will hold:

- New restrictions imposed in September, including a recommendation that people work from home if they can be expected to last for a further six months and a new lockdown began in November, which has closed or significantly impacted most A&F and AE&R businesses.
- There will not be a simple, direct way out of the crisis, especially for companies dependent on commuter and tourist trade, although this could provide opportunities for local business patronage by Islington residents.

Measures need to be considered in a context of uncertainty. Potentially significant and possibly permanent changes to working practices and new technology means:

- Employers are learning from the pandemic that they can save on costs if their employees work from home more.
- Many employees are unwilling to return to densely packed workplaces and many now value a better work life balance without a 5-day commute.
- We could be entering a period of what the economist Joseph Schumpeter called 'creative destruction' in which the coercive forces of competition driven by new technologies are sounding the death knell of the so called 'Pret economy.'

However, in November the government sought to dampen the social impacts of the pandemic by extending furlough to the end of March 2021. Measures include:

- Continuing to pay 80% of temporarily laid off workers' wages until 31st March
- Continuing the Self-Employment Income Support Scheme from November until January, with an increase from 55% to 80% of average profits up to a maximum of £7,500
- Offering cash grants of up to £3,000 per month for businesses which are closed due to lockdown.
- Dispensing £1.1 billion to Local Authorities, distributed on the basis of £20 per head, for one-off payments for business support.
- Extending government-backed loan schemes and the Future Fund to the end of January, and enabling further top-ups of Bounce Back Loans.

This is likely to reduce the number of people who would otherwise be made unemployed, However, even with furlough continuing, the number of unemployed in the borough has more than doubled since the start of the pandemic. Unemployment is also likely to grow on the back of a stop-start return to economic growth, despite GDP increasing by 15.5% in the third quarter of 2020. The economy remains 9.7% smaller than before the pandemic.

In Islington the number of workers on furlough fell dramatically in August, from 31,000 at the beginning to 12,900 at the end, a rate of 11.5% of those eligible. This could indicate that there are fewer 'doomed' jobs on life support than in places like Newham and Haringey where the rates are at 16%. At the same time, a national reliance upon a furlough scheme extended 'on the hoof' rather than investment in a better unemployment insurance scheme to improve universal credit, is likely to impact harshly upon Islington residents and workers in the long run as the economy recovers only slowly.

Also, in spite of the growth in online shopping and higher levels of recruitment for logistics jobs compared to March, there remain significant challenges to High Street retail, hospitality. Parts of the leisure, arts and entertainment industries are also likely to remain shut down or operating at reduced capacity for the foreseeable future. These factors are compounded by the uncertain investment environment caused by Brexit.

In this context, a key challenge will be to ensure that the council still offers a service to those who were already disadvantaged before Covid-19 and will find themselves even further at the back of the queue for employment. It will also be important to protect the economic and social vitality of parts of the borough emptied of many commuters and tourists.

In addition to enhancing existing work programmes (e.g. iWork), there are four key strategic lines of response to support Islington's residents and workers:

- Prioritise policies that **support health and incomes of already disadvantaged people**, those who lose their jobs and those who are forced into part time work,
- **Support people into employment** by lowering the costs of recruitment, especially for local SMEs, and in helping people to get retrained or to start a new business.

- **Strengthen the council's role as an economic agent** for example, by finding more work for local people within Islington Council, amongst those who supply the council with goods and services, by doing more 'business' with local businesses, and by influencing neighbouring anchor institutions to do likewise.
- Building Back Better for an **inclusive, fairer, greener, more creative and resilient local economy**, through promotion of **sectoral interventions** and **active stewardship of local economic places**

In practical terms, this translates into a set of key objectives underlying each strategic aim:

Prioritise policies that **support health and incomes of already disadvantaged people**, those who lose their jobs and those who are forced into part time work,

- Developing and maintaining a granular understanding of the underlying state of Islington's economy, its business sectors, communities and labour market, including differing impacts depending on class, ethnicity, and protected characteristics
- Strengthening support for Islington's IMAX service so that residents are able to claim all the income support they are entitled to, and ensuring that the council is poised to take full advantage of any support available from central government.
- Ensuring work requiring a physical presence can be carried out safely, and workers are able to access jobs in cases where public transport is being scaled back.
- Continue to campaign for improved terms and conditions for workers including London Living Wage Place accreditation, and extension of sick pay rights.
- Promote trade union membership and relevant campaigns.

Support people into employment by lowering the costs of recruitment, especially for local SMEs, and in helping people to get retrained or to start a new business.

- Tailor employment support and ensure that already vulnerable people are not left behind: the young including new graduates; Black, Asian and minority ethnic people; older workers without digital literacy; the disabled and neuro-divergent or those with hidden conditions; parents; and, women especially as numbers are likely to rise after furlough ends.
- Preparing workers and residents for job switching especially from sectors in which job losses are concentrated: tourism, travel, accommodation, food and hospitality, but also administration and support jobs into sectors demanding workers, for example health and social care. Focus on residents not covered by the Kickstarter scheme.
- Review iWork priorities to ensure that resources are matched to need, and expanded to include newly unemployed.

Strengthen the council's role as an economic agent for example, by finding more work for local people within Islington Council, amongst those who supply the council with goods and services, by doing more 'business' with local businesses, and by influencing neighbouring anchor institutions to do likewise.

- Use Islington's assets as an anchor institution to support the new, local green economy, as employer, and as a buyer of services from 'socially generative businesses' like co-operatives and social enterprises.

- Liaise with other anchors and leading companies to investigate possible onshoring of light manufacturing and economic uses of offices, shops and industrial units becoming vacant.
- Actively facilitate co-operative enterprises to distribute wealth more evenly, create the circular economy, and supply the council and other anchor institutions; expressly employing people from disadvantaged groups.
- Strengthen relationships with the business community, especially parts of it that are underrepresented in commercial forums, to assist local SMEs in responding to changing consumer preferences, for example by adapting to online trading, organising home delivery systems and enhancing local economic places.
- Build strong B2B networks virtually and in real life so that businesses can start to trade more with each other, identifying common training needs, for example around social media marketing and IT, and developing consortia to bid for anchor contracts.

Building Back Better for an **inclusive, fairer, greener, more creative local economy**, through promotion of **sectoral interventions** and **active stewardship** of **local economic places**:

- **Health and Care** - Working closely with partners in the NHS and Adult Social care to ensure that local people are prioritised for local vacancies, and our resource hub provides a wealth of information about the variety of roles and progression opportunities in this sector.
- **Green Economy** - Creating new opportunities in the “green economy” – jobs related to new building techniques, energy saving devices, green transport and delivery systems and reusing and recycling.
- **Construction** - Working with our colleagues in housing new build to create more jobs and apprenticeship opportunities that lead to good careers.
- **Tech and Knowledge** - Islington is the lead borough for an exciting 4 borough programme which will work with the local knowledge economy- tech, life sciences, finance and creative – to support residents into employment or to begin their own start ups.
- **Creative Production** - Celebrating Islington’s creative community as one of our most valued assets and building strong partnerships with creative production companies such as Film London and the N7 business cluster to plug local residents into new opportunities.
- **Affordable Workspaces** - Ensuring we deliver a thriving, diverse local economy by creating new, genuinely affordable, workspaces, for example the FC Designer Collective and Techspace on Fonthill Road where local residents interested in design and tech can get skilled and networked into good jobs.

Section 1 – Islington's Economy before the Covid-19 Pandemic

Before Covid-19 conventional indicators suggested that Islington's economy was robust

London's economy contributes approximately 23% to total UK economic output. Despite being the second smallest borough in London by geographical area, Islington contributed 4.4% to London's output in 2016, over 50% more than the average produced by each borough.

Growing

Islington's economy was growing rapidly before the pandemic and was nearly two and a half times larger in 2016 than it was in 1998, adding 1% to UK output that year. In financial terms, this translated into a contribution of approximately £18bn to the UK economy with only Westminster (£59bn), the City (£49bn), Camden (£32bn) and Tower Hamlets (£28bn) contributing more.

Highly Intensive

Some of this economic growth has arisen on the back of a 13% increase in population over the last decade. Despite Islington's population of 234,000 people now being the densest in London (over 15,558 per km²), Islington's economy was large enough to provide 1.42 jobs for every working age resident compared with 1.02 for London and 0.86 for the UK as a whole prior to the Covid outbreak. This explains the difference between 90% of Islington's jobs being filled by workers from outside the borough whilst 20% of Islington's employed residents worked here.

Productive

Islington also supports productive industries that punch above their weight in the national economy. The most significant areas of output in Islington are ICT, Professional, Scientific and Technical, Finance and Insurance, Real Estate and Business Services. Together they accounted for nearly two thirds of all value produced in the borough in 2016 (£12.5bn)², even more in percentage terms than the average these sectors in every London borough contributed to the capital's economy (53% of total output (£218bn)).

Highly Skilled Workforce

A larger proportion of workers in Islington are employed in Professional, Scientific, Technical, ICT, and Business Support and Administration roles than the average across London. Of these, the ICT sector has nearly three and a half times the average concentration of jobs per borough. In terms of skills, nearly two thirds of jobs in Islington's workplaces (65%) are managerial, professional or technical. 71% of Islington working age residents' also work in these roles in, and outside the borough.

Benefiting from a high rate of vacancies

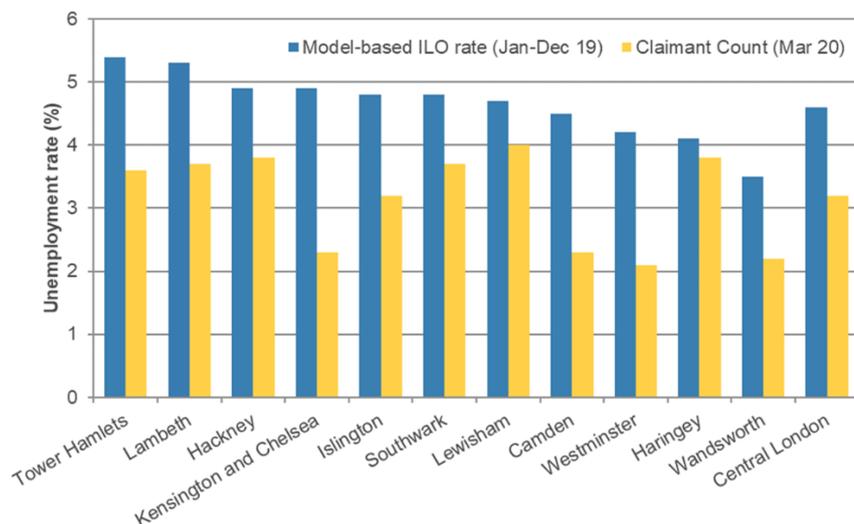
Before Covid-19, Islington's residents, workers and those seeking employment in higher paying jobs like IT, and accounting and finance benefited from a London economy offering vacancies in numbers that far exceeded the UK average. The IT sector in London accounted for 22% of all vacancies advertised in the UK. Public Relations (PR) professionals and those seeking work in this sector could meanwhile draw upon double the number of PR vacancies being posted in London than nationally. At the other end of the pay scale, approximately 16,300 residents and workers in

² Regional, sub-regional and local gross value added estimates for London, 1997-2016, GLA Economics, 2017

sales occupations including retail benefited from 10% of all national vacancies being advertised in London.

With unprecedented levels of labour force participation and low levels of unemployment

The percentage of Islington’s residents who were employed was also amongst the highest on record, with labour force participation rates nearing 75%, a rise of 13 percentage points since 2004. Unemployment figures were likewise less than 5% of the labour force (see chart below).



Structural economic weaknesses

These figures mask structural economic weaknesses that generate stubborn inequalities and deeply embedded poverty within Islington. Islington’s Fairness, Employment, and Fair Futures commissions have highlighted the extreme vulnerability of significant parts of Islington’s community to the economic shocks arising due to events like the 2008 financial crash and Covid-19. These economic vulnerabilities include:

Low Pay, In-Work Poverty

- An increasing number of residents in Islington earning below the London Living Wage (LLW); up from 12,435 people in 2012 to 19,576 in 2019 (15.1% of all Islington workers), and rising at a faster rate than the rate at which Islington residents are entering the workforce.
- 40% of female and 36% of male part-time workers now earning less than the LLW³.
- Rates of median pay in the Accommodation and Food Service Sector in Islington, which was employing 19,000 people before Covid-19, at a few pence per hour above the LLW.
- One of the largest employment sectors in Islington, Administration and Support services paying 20% of its workforce less than the London Living wage.

Insecure Employment in Low Paid Sectors

- Low paid workers more likely to be in precarious employment conditions being two thirds more likely to be in temporary work, three times more likely to be part-time, and nearly five times more likely to be on zero hours contracts than higher paid workers⁴.

³ 19.5% of Islington’s workforce was part time in 2019

⁴ Covid-19 and the Low Paid: Early Analysis of the Labour Force Survey, Institute of Employment Studies, July 2020

- 24% of Islington residents in the Accommodation and Food sector, and the 17% in Health and Social Care sector on Zero Hours Contracts
- A fifth of Islington's residents self-employed, with approximately 60% likely to be young, underemployed, not having received any training in the past three months, in receipt of tax credits, and born outside the UK⁵.

High Costs of Living, Levels of Child and Older People Poverty, and Dependency on Benefits

- The third highest proportion of working-age residents on out-of-work benefits at 9.5%, just after Hackney and Barking and Dagenham.
- Rent accounting for 70% of lower-quartile monthly gross earnings in Islington in 2018, higher than the figures for London (60%) and England (30%).
- A rate of child poverty at 47%, well above the London average of 38%⁶.
- The 4th highest level of income deprivation affecting older people in London (34% of residents over 60 facing income deprivation, compared to a London average of 22%).

An Hourglass Economy with Growth in Employment at the Top and the Bottom

- Jobs growth fastest for both residents and workplace in Professional, Scientific and Technical jobs, but losses being experienced in mid-tier jobs with traditionally higher levels of labour protection, including public administration, teaching, and manufacturing.
- Increased demand for labour in less unionised, more casualised sectors, including Accommodation and Food Services, Construction, Administrative and Support Services, Customer Service and Sales, Caring and Personal Service occupations, Arts, Entertainment & Recreation
- As a result, pay inequality for employees that live in Islington is high, with the 80th percentile paid just under 3 times (2.9) more than the 20th percentile (compared to 2.74 across London overall)⁷.

⁵ A tough gig: The nature of self-employment in 21st Century Britain, Resolution Foundation, 2017

⁶ End Child Poverty (<http://www.endchildpoverty.org.uk/poverty-in-your-area-2019/>), Child Poverty Action Group (CPAG), 2019

⁷ Poverty and Inequality Data for London, Trust for London (Updated 6th October 2020)

Section 2 – The Impact of Coronavirus on Islington’s Economy

UK GDP fell by a record 19.1% in the three months to May 2020, double the figures reported during the Miner’s Strike in 1984-5 and the so-called Winter of Discontent in 1979. At £55.2bn, the UK’s public debt in May was nine times higher than in the same month last year and, at £1.95trn exceeded the size of the economy for the first time in 50 years.

In terms of employment impacts, the number of people on company payrolls in Britain fell by 650,000 between March and May, the steepest fall since records began in 1971. The Bank of England has forecast the worst recession since the Great Frost 300 years ago.

Business Closures

The Business Impact of Covid-19 Survey (BICS) is conducted every two weeks and asks businesses about the impact on their financial performance and workforce. Data available for 15th to 28th June 2020 found that 13.5% of responding private sector businesses were temporarily closed or had temporarily paused trading, an improvement from 17.7% a month before. However, there was a significant variation, with the most affected sectors continuing to be Arts, Entertainment & Recreation (58.6% down from 74.6% a month before) and Accommodation and Food Services (52.7%, down from 74.1% a month before). This significant change reflects the fact that the Accommodation and Food Services had the highest proportion of workers returning to work from furlough over the past two weeks (13%).

The results of Islington’s Covid-19 Business Support Survey echoed national findings in the BICS with the largest number of responses and requests for support coming from Arts, Entertainment, and Creative & Design businesses, followed by Food businesses and then Leisure, Wellbeing, Beauty Services and Retail. Together they accounted for nearly 50% of all survey responses.

Type of Business	Volume of Correspondence
1. Arts, Entertainment, Creative & Design	14
2. Cafés, Restaurants, Bars, Take-Aways	13
3. Leisure, Wellbeing & Beauty Services	13
4. Other (Retail)	10
5. Professional, Technical & Legal	9
6. Workspace, Property, Estate Agents*	7
7. Advertising, PR & Marketing	6
8. Clothing (Retail)	5
9. Charities	4
10. Manufacturers	4
11. Wholesale	3
12. Business Support Services	3
13. IT Services	2
14. Healthcare	2
15. Laundry Dry Cleaning & Clothing Repair	2
16. Education	2
17. Market Traders	1
18. Motor Vehicles – Repair and Parts	1
19. Travel & Tourism	1

20. Archives	1
TOTAL	103

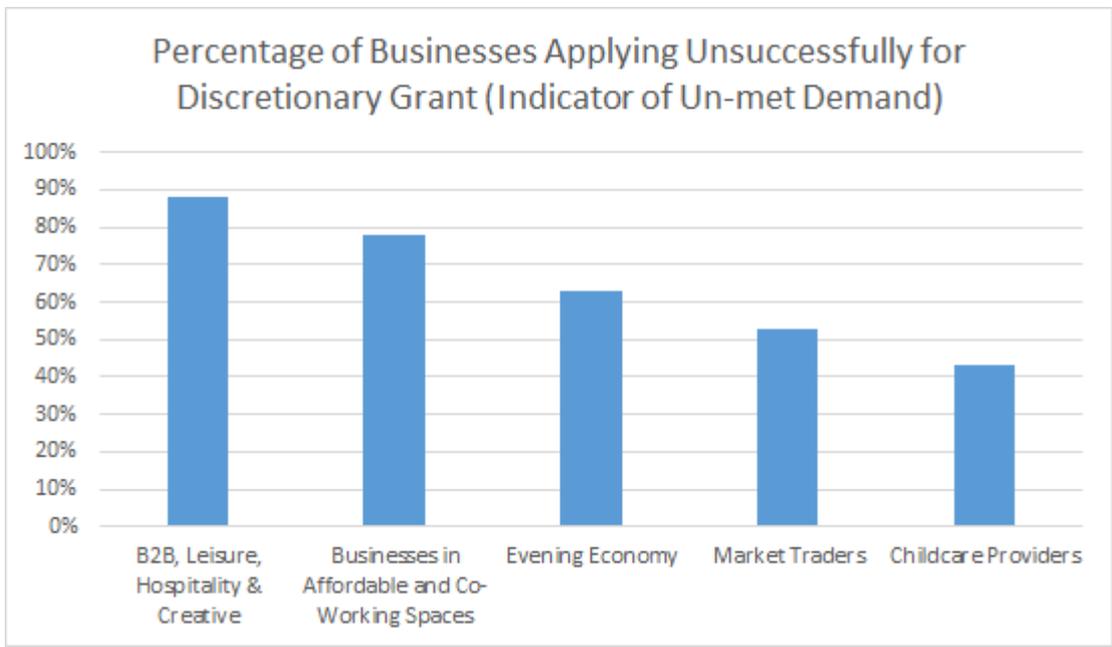
The types of impact show ‘closure’ and ‘loss of income’ have consistently been the most frequently reported impacts (85% of effects mentioned since survey inception). The next most significant effects were continuing costs being incurred by the business, then coming far behind that, staffing and supply issues.

Business Support Requests to Islington Council

In order to understand how Covid-19 has impacted upon Islington businesses and workers, further analysis of council correspondence in addition to the survey shows that Wholesale and retail trade businesses have made the most enquiries, closely followed by Accommodation and Food Services, and then Professional, Scientific & Technical businesses and Other Service Activities, which includes Hairdressing and Beauty salons.

Businesses classified under “Wholesale and retail trade; repair of motor vehicles and motorcycles” have contacted the council most to request financial assistance, followed closely by businesses classified as providing Accommodation & Food Services. Although the sector is much smaller numerically (6,000 employees), it is perhaps surprising to note a relatively moderate number of enquiries arising from the Arts, Entertainment & Recreation sector.

Further analysis has been conducted on those businesses that applied for funding under the council’s Discretionary Grant scheme, which ended in September. The aim has been to understand where demand for support was unsatisfied and therefore provide an indicator of possible future need arising from these business sectors.



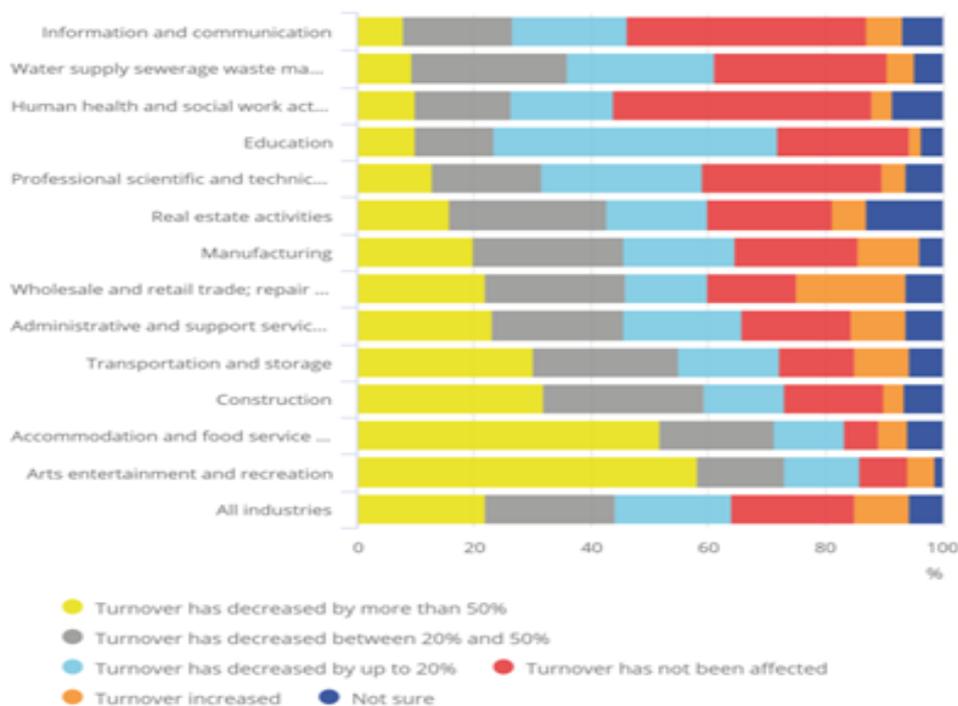
The Risk Exposure to Islington Businesses from the Effects of Covid-19?

Islington had approximately 22,130 businesses in 2018. It is important to bear in mind how resilient these sectors were to external economic shocks prior to Covid-19. According to findings from the Micro & Small Business Survey, Islington’s retail sector, composed of approximately 2,405

businesses including wholesalers, had the lowest annual business turnover on average. Within this group, nearly two thirds of market businesses have an annual turnover of less than £50,000. Tech, creative, research & development and professional services, on the other hand, had the highest levels of turnover. According to findings from the survey, 6% of creative businesses were earning £3 million+ annually (5.6% of both R&D and tech businesses, and 4.7% of professional services). By comparison, no markets or fashion (retail or wholesale) businesses had an annual turnover of £3 million or more.

The graph below shows industry sectors in June 2020 in the UK facing the greatest and least financial impact on their turnover. Reductions in turnover of 50% or more are marked in yellow, which show over half of all Arts, Entertainment & Recreation and Accommodation & Food businesses in this category. At the other end of the scale, ICT, in which Islington has a comparative advantage, is less affected, with a minority of businesses (46.3%) registering a negative effect on turnover. Another dominant Islington sector, businesses defined as Professional, Scientific and Technical witnessed the third least negative effect with approximately 40% NOT facing a decline in turnover ^[1].

Effect on turnover, businesses continuing to trade, broken down by industry, UK, 1 June to 14 June 2020



^[1] It is important to note that ‘Other Services’ which includes beauty and hairdressing are included in ‘All industries’ and it has not therefore been possible to isolate their impact through the BIC Survey.

Using the graph above to classify the sectoral impacts on turnover of Covid-19 on Islington businesses, approximately 44% are in sectors whose turnover had been least impacted by Covid-19 early on during the pandemic in May; Professional, Scientific and Technical Activities, and Information and Communication. At the same time, there were a fairly large number of businesses in the less affected grouping, including Wholesale and Retail (11%), Administrative Support

Services (10%), and a relatively large number in more affected grouping, Accommodation & Food Services (6%), Construction (5.3%) and Arts, Entertainment and Recreation businesses (4.7%).

Approximately 11,375 businesses (51.4%) in Islington are in sectors whose turnover was relatively less affected by Covid-19⁸. These are drawn from Human Health and Social Work, Professional, Scientific & Technical, Information and Communication, Education, and Water Supply sectors. It should be borne in mind, however, that the Professional, Scientific and Technical category includes businesses in Publishing, Advertising, Film & Media production, many of which have been severely affected by the pandemic and have a strong presence in the borough.

Industry Sector	Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)
Professional, Scientific & Technical	5,155	530	140	30
Information and Communication	3,465	330	75	15
Human Health and Social Work	625	70	10	5
Education	250	75	55	5
Water Supply	15	0	0	0
Finance and Insurance	495	95	25	10
Public Administration	15	15	15	5
Electricity & Gas	45	5	0	0
Sub Totals	9,865	1,120	320	70
Total	11,375 (51.4% of all businesses)			

6,845 (30.9%) businesses in Islington are in sectors that overall were moderately affected by Covid-19 in June 2020⁹. The word 'overall' is important to bear in mind here as this section includes 'All Industries', for example, some businesses of which such as hairdressing and beauty treatments, we know have experienced a severe impact. Equally, some wholesalers in this category have had to cease trading and have been affected by disrupted supply chains. Larger companies are also known to have axed staff in response to a shrinking revenue base and this is likely to have been a feature of some medium and large businesses in Islington since May.

Industry Sector	Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)
Administration & Support	1,945	210	60	15

⁸ Defined as a business operating in a sector where less than 13% of businesses faced a 50% or greater loss of turnover in June 2020.

⁹ Defined as having between 15% and 25% of businesses experiencing a 50% or greater decrease in turnover during June 2020

Wholesale & Retail	2,085	320	45	5
All Industries (including beauty and hairdressing)	650	75	10	5
Manufacturing	535	50	5	0
Real Estate	735	90	10	0
Sub Totals	5,950	745	130	20
Total	6,845 (30.9% of total businesses)			

3,905 businesses in Islington are in sectors that were most severely affected overall by Covid-19 in June 2020.¹⁰

Industry Sector	Micro (0-9 employees)	Small (10-49 employees)	Medium (50-249 employees)	Large (250+ employees)
Arts, Entertainment & Recreation	935	90	20	0
Accommodation & Food Services	850	445	55	5
Construction	1,070	80	15	0
Transportation & Storage	290	35	10	5
Sub Totals	3,145	650	100	10
Total	3,905 (17.6% of businesses)			

Section 3 - Impacts on Islington Workers

'The Furlough Scheme'

Between the end of May and July the number of people in the UK on furlough fell by a little less than a third to 3 million at the end of August. The end of July saw over half a million people working in the retail sector come off furlough.

¹⁰ Defined as having greater than 30% of businesses experiencing a 50% or greater decrease in turnover during June 2020

Change in number of jobs furloughed between 30 June 2020 and 31 July 2020



Notes: Proportions calculated as a share of the 'eligible employment' within each sector as reported by HMRC. Source: HMRC Coronavirus Job Retention Scheme statistics, September 2020

© Resolution Foundation 2020

In Islington, 22,800 workers, approximately 17% of the total workforce were estimated to be on furlough at the end of May 2020. The latest data shows that, by the end of July the number of workers on furlough in Islington had climbed by over 36% to 31,100 but had fallen back to 12,900 by the end of August to constitute 11.5% of eligible workers. These workers were being supported financially with 80% of their salary under the terms of the Coronavirus Job Retention Scheme and, after the extension to furlough announced at the beginning of November, are expected to continue being so until the end of March 2021. 11.5% was a slightly lower percentage than the national average (11%) and one of the lowest furlough rates in Central London joint with Kensington & Chelsea.

Given the perfect storm of so called supply side factors (a need for workers to be in physical proximity and staff not being classed as 'key workers') and demand side factors, (such as the loss of a market for services caused by lockdown and huge declines in international tourism, business travel and a shortage of daytime commuters); the impact on the Accommodation & Food, and the Arts, Entertainment & Recreation sectors has been severe.

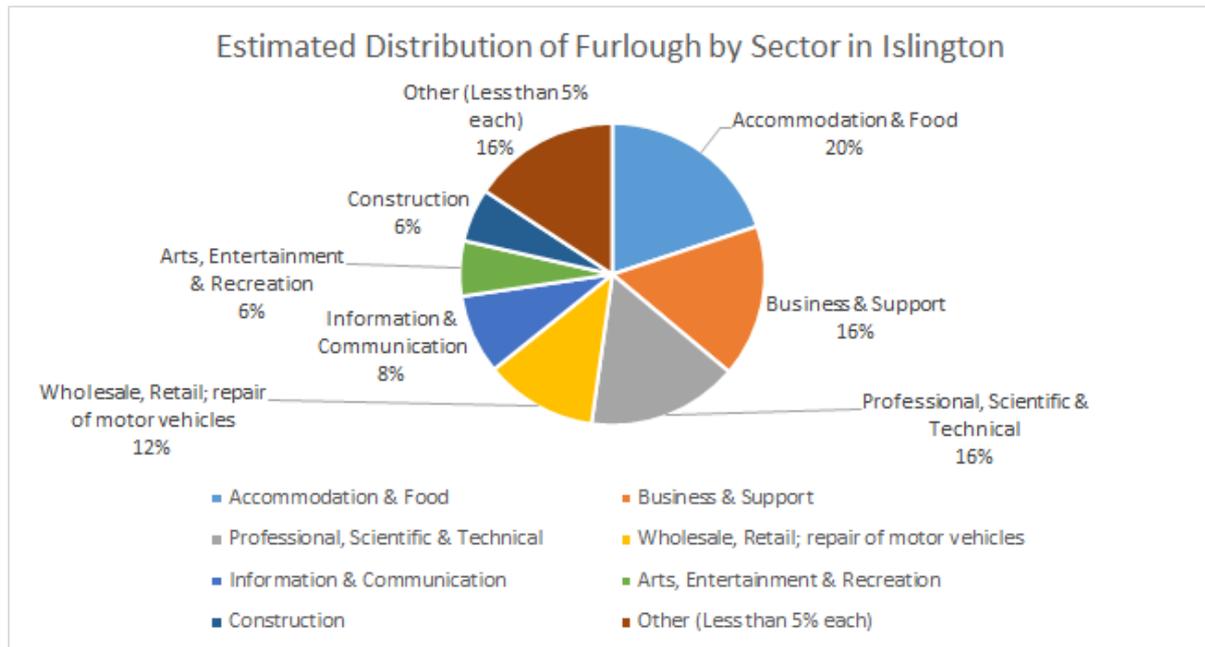
A return to global tourism and travel which would fill Islington's hotels and support Islington's theatres is not on the horizon, with the UK forecast to lose £22bn in spending and lose up to 3m jobs in these sectors according to the World Travel and Tourism Council. Local hotels do not expect to get back to pre-Covid levels until 2022 due to a significant downturn in the business travel market and conventions market.

With respect to commuters, Islington has a high job to population ratio of 1.42:1 compared to the London average of 1.02:1 and 0.83:1 for the UK as a whole and a large white collar working and resident population. Although a large proportion of residents are therefore likely to be amongst the 57% of Londoners who are working at home and therefore spending money in Islington, nearly 50% of people in the south east many of whom would be commuting to London and Islington are likewise working from home and not spending money on food, hospitality and entertainment here.

Partly as a result, although data is unavailable for Islington at local authority level, across London 75% of workers in the Accommodation and Food sector and 69% in Arts, Entertainment & Recreation were furloughed at the end of July. These figures are much higher than the average for

the rest of the country, and also reflect London’s high dependency on international tourism, and business.

Furlough rates in sectors for which Islington has a comparative employment advantage are much lower. However, workers in Professional, Scientific & Technical, Information and Communication and Business Administration and Support occupations account for nearly half of Islington’s workforce. Due to these large numbers it means they are likely to account for higher proportions of people furloughed, estimates of which are given below.



Comparable figures are unfortunately not available for Islington residents due to the use of different measures, however, the sectoral distribution of Islington residents' jobs is tilted slightly more towards professional and sales jobs, which would be likely to bring the number of Professional, Scientific and Technical workers amongst Islington residents on furlough even closer to that of workers in the Accommodation & Food Sector than seen in the pie chart above.

These findings are important because they show that, whilst Accommodation and Food jobs are still likely to be the largest number of those furloughed, in terms of numbers of people affected many continue to hail from white collar jobs, some of which are highly skilled. If these workers go from furlough to unemployment at the end of October, there are likely to be a large number of highly qualified people competing for any jobs they can find, for instance those in sectors such as health and social care, and many of which are lower paid such as delivery driving. This intensified competition in the labour market is likely to increase the challenges for people who were already finding it hard to get work prior to the pandemic.

Impact on the Lower Paid

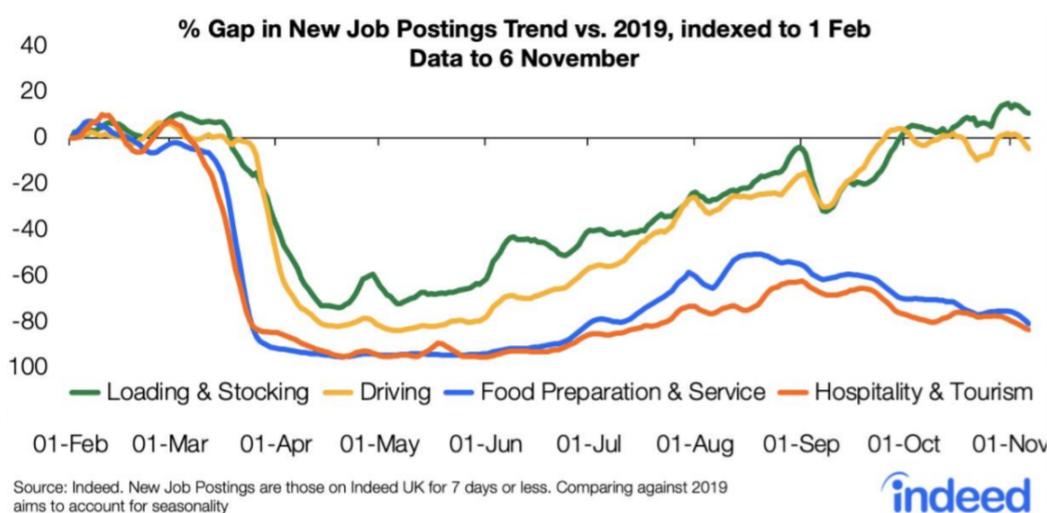
The Institute of Employment Studies (IES) conducted a detailed analysis of the Labour Force Survey in July and found that the crisis was having far greater impacts on low paid workers than on others. Compared to the UK as a whole, a smaller proportion of the Islington workforce and residents work in these jobs compared to the proportions of the labour force working in professional positions. However, the percentage of the workforce engaged in these roles is still quite high when taken together.

Lower Paid Jobs (Islington & Residents) 2018¹¹

Job Category	Islington	Residents
Elementary Occupations	8,900	5,300
Process, Plant & Machine Operatives	4,600	3,900
Sales & Customer Service Occupations	7,700	8,600
Caring, Leisure and Other Service Occupation	9,400	5,400
Total	30,600	23,200
Percentage of Total Labour Force	20.6%	15.6%

According to the Institute of Employment Studies (IES), people in lower paid jobs are more likely to be women, to be young, to be black or from a minority ethnic group, to be under-employed and/ or to have lower qualifications. Therefore, those in low paid work are already disadvantaged in the labour market compared to higher paid workers.

The IES found that employment has fallen significantly since March for those in low paid jobs, – down by four percentage points between February and April, from 82 to 78% – equivalent to a fall of 140 thousand. During the same period, employment remained unchanged for those in higher paying jobs. This suggests that there is a sizable group of people in Islington, in previously low paying work, who have not been protected by the Job Retention Scheme or Self-Employment Income Support and are now out of work, but not officially on the claimant count yet due to the government’s furlough and self-employment protection schemes. Another possibility gleaned from more recent evidence is that some low paid workers are finding jobs that are supporting the stay at home economy. The graph below shows how hiring rates have held up for people working in loading, stocking and driving compared to those for food preparation and service, hospitality and tourism.



Impact on Workers by Ethnicity

¹¹ Islington Skills Strategy, Evidence Base, Shared Intelligence, 2019

Data from the Annual Population Survey (2018), which includes the self-employed, shows that nearly a third (30.7%) of Pakistani and Bangladeshi workers in the UK are employed in one of the most severely affected sectors - Distribution, hotels and restaurants. Those people who identify as 'Asian' are overall more likely to work in this sector than the national average of 18.2% of the actively employed population. 24.7% who identify as 'Asian Other', 24.2% who identify as 'Asian' are to be found in this sector in addition to 23% who identify as 'Other', compared to 17.5% of White British and 14.9% who identify themselves as 'Black'.

By contrast, those who identify as 'White', 'White British' and White Other are all slightly overrepresented in the 'Construction' sector, which has also been badly affected by Covid-19 (7.7%, 7.7% and 7.6% compared to 7.1% of the population employed by the sector nationwide). 3.8% who identify as Indian, 3% who identify as 'Asian', 2.3% who identify as 'Asian Other' and 2.5% who identify as Pakistani or Bangladeshi work in the Construction sector.

Public administration, education and health, on the other hand, which has so far been less affected by the crisis is an important source of employment for those who identify as 'Black' - 43.6% work in this sector compared to 30.2% of those employed in this sector on average across the UK.

Impact on Workers by Gender

Some of the most common sectors of employment for women in the UK have been in demand for labour during the crisis. Health and social work (accounting for 21% of all jobs held by women in September 2019) and education (12%) are counted amongst these. On the other hand, the sixth largest sector for female employment, providing 1.5m jobs for women nationally is Accommodation and Food Services, which has been strongly affected by the crisis.

For men, the most common sectors of employment also included the wholesale and retail trade (14% of all jobs held by men and women), followed by manufacturing and construction (11% and 10% of all jobs held by men respectively). Construction has been impacted strongly by the pandemic, only 15% of the jobs in this sector are undertaken by women.

In terms of occupational categories, approximately half of women in professional occupations were working as nurses, teachers or as other educational professionals, which have been less affected by Covid-19. On the other hand, administrative & secretarial occupations are more than three times more likely to be carried out by women than men and, in Islington are likely to account for large numbers of people furloughed due to the disproportionate number of these kinds of jobs performed in Islington compared to the average nationally. Hiring rates for administrative jobs have likewise remained very low, at less than half the rate they were before lockdown¹².

Women are also likely to be in jobs that fall under less affected and strongly affected categories together. For instance, caring leisure and other service occupations are more than four times more likely to be taken up by women. Caring roles have been less affected by Covid-19 but jobs like hairdressing, massage, leisure centre work and hotels have been more affected, Women are also taking up approximately 25% more sales & customer-service roles than men and these have been disproportionately affected by Covid.

¹² Monthly Vacancy Analysis: Vacancy Trends to Week Ending 13th September 2020, Institute of Employment Studies (IES)

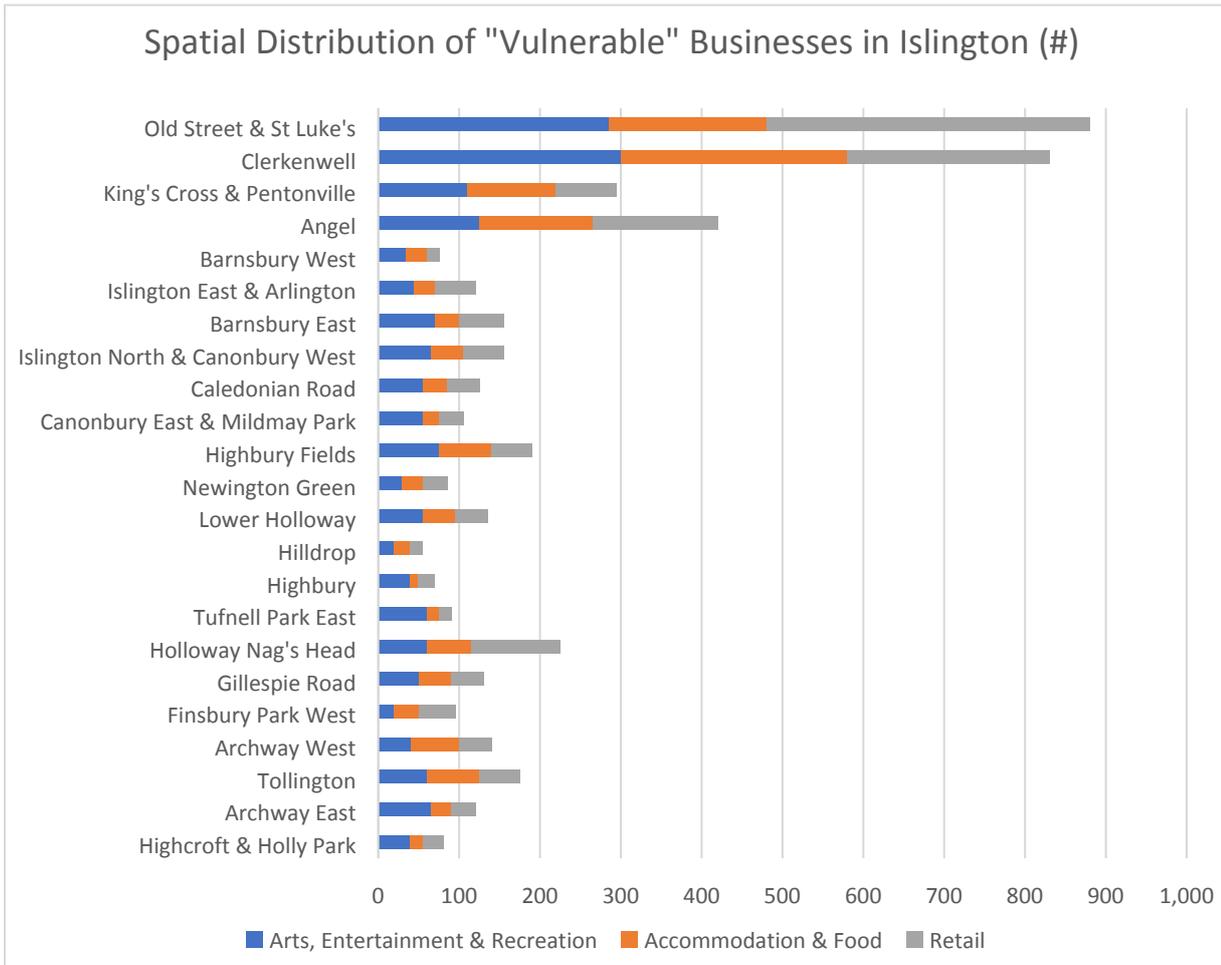
Although data is not available for Islington, London-wide, women constituted 56.3% of the labour force in Arts, Entertainment and Recreation in March 2020. Men on the other hand formed 53.5% of the capital's workforce in another severely affected sector, Accommodation and Food Services.

By August of the 13,165 recorded on the claimant count in Islington 57% (7,460) were men and 43% (5,705) were women. 57% of the rise in unemployment (an increase of 4,390 unemployment claims) was experienced by males and 43% by females (an increase of 3,285 claims) in the three months leading to August.

Section 4 – Impacts of the Coronavirus on Businesses in Islington

Where are Vulnerable Businesses in Islington?

In order to understand how Islington’s most vulnerable businesses are concentrated and spread out across Islington, Oxford Consultants for Social Inclusion (OCSI) who supply the council with the Local Insight portal have identified where businesses in Accommodation & Food, Retail and Arts, Entertainment and Recreation are located in different parts of the borough. The graph below shows business numbers on the horizontal axis in each part of Islington and the areas where they are situated in Islington on the vertical axis.



Each of the graphs below show the relative importance of each of the three vulnerable sectors in different parts of Islington. There is considerable variance depending upon location.

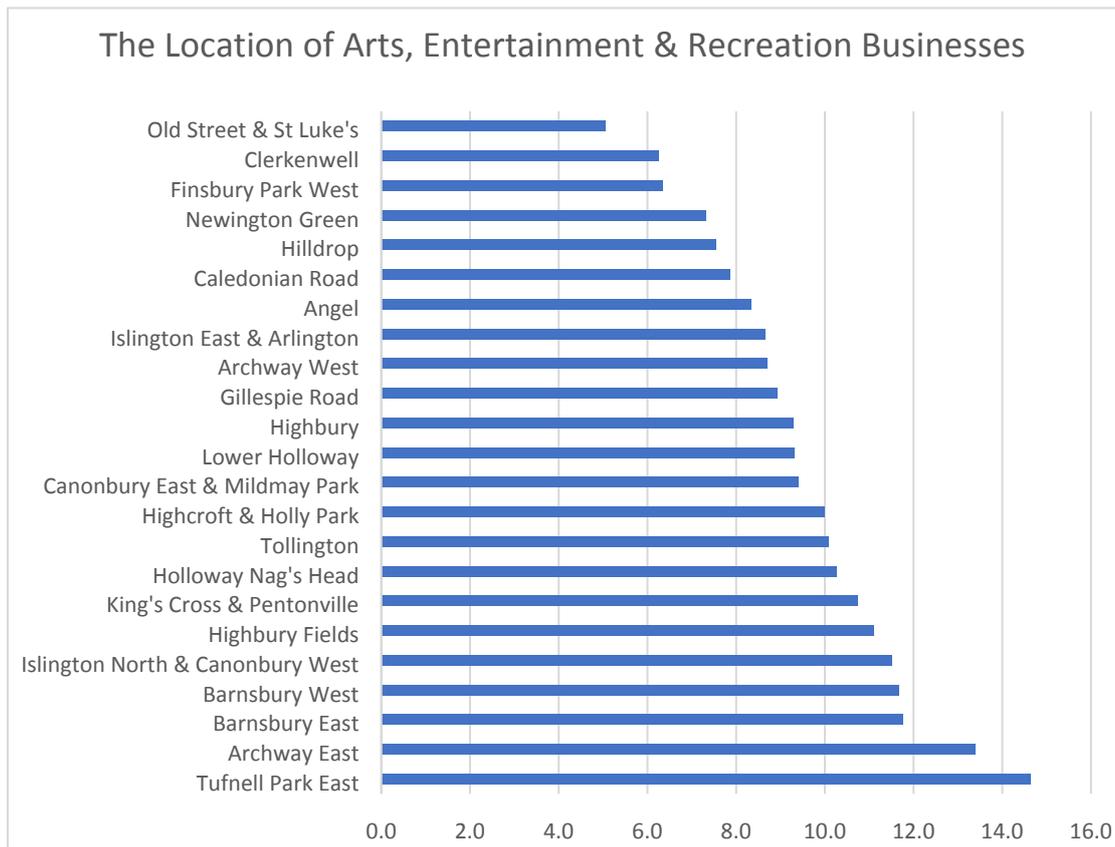
Arts, Entertainment & Recreation constitute nearly 15% of all businesses in Tufnell Park East, although the highest concentration of employees in a particular area are found in Lower Holloway where they constitute 40% of the workforce.

Nearly 20% of businesses in the Nag’s Head are in the retail sector and 15% in Finsbury Park West. An even larger percentage of employees in Nag’s Head work in retail (25%), and the retail workforce constitutes more than 10% of all employees at Islington North and Canonbury West, Barnsbury East and Tollington.

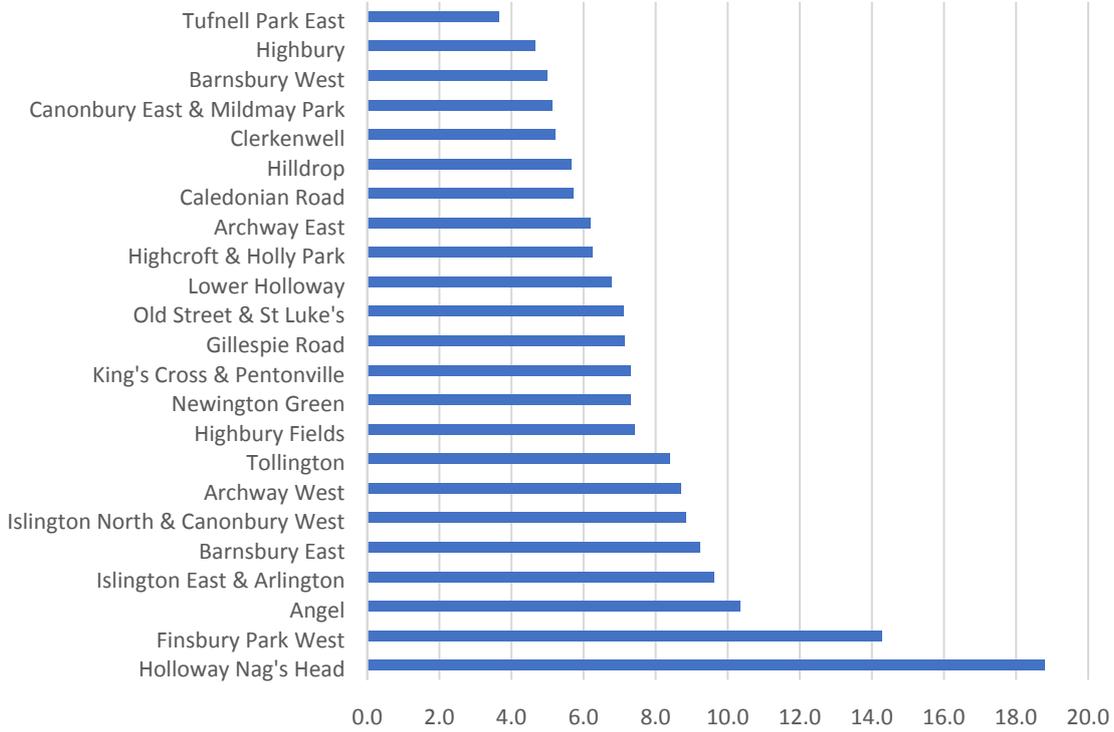
More than 13% of businesses are part of the Accommodation and Food Sector in Archway West, whilst Newington Green has the largest percentage of employees working in these businesses

(24%). In parallel with retail, many Accommodation and Food employees are also located in Islington North and Canonbury, Barnsbury West and Tollington (17%, 15.6% and 16.7% respectively)

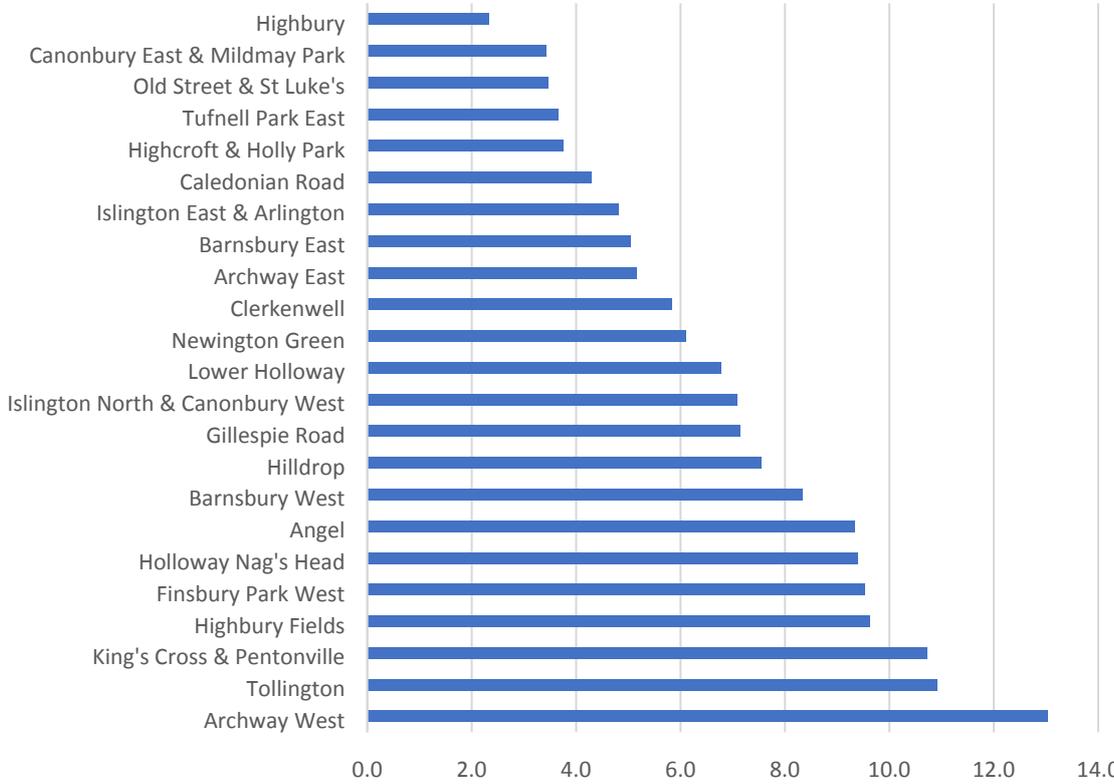
If staff are go on to wage subsidies, or stay away from the workplace in these sectors after October, this is likely to have significant indirect impacts on those parts of Islington’s economy that support these businesses, from locally situated food businesses supplying lunchtime workers, to those farther afield supplying inputs like set designs for advertising shoots.



The Location of Retail Businesses in Islington



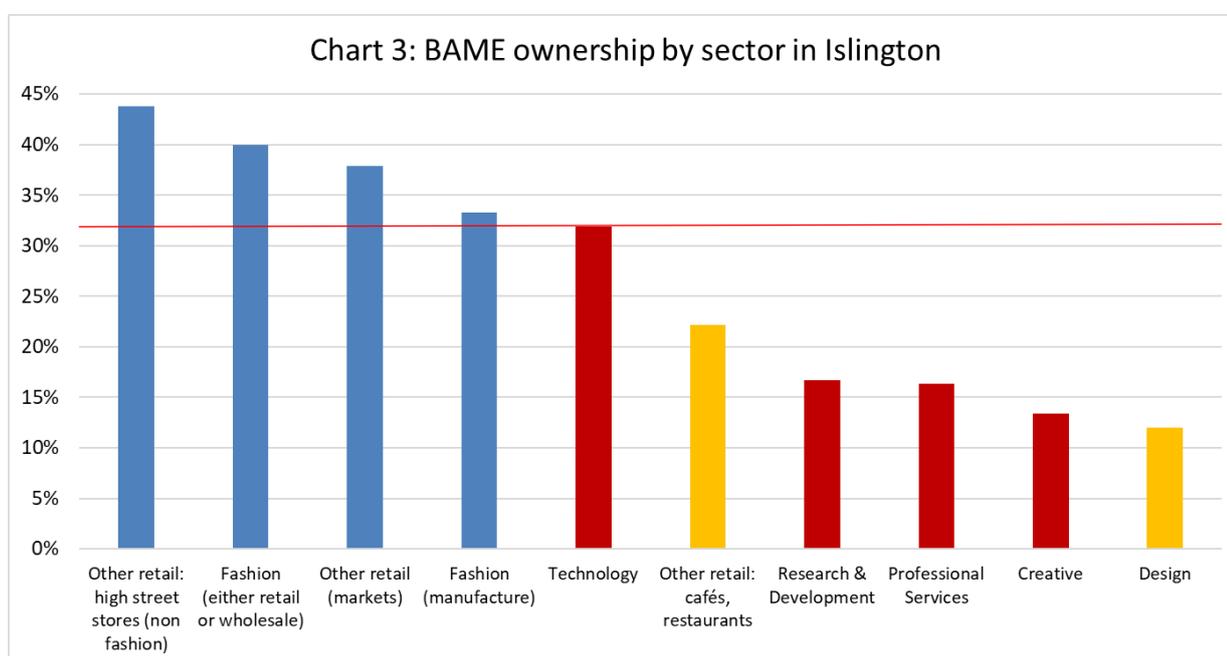
The Location of Accommodation & Food Businesses in Islington



Black & Minority Ethnic Businesses

According to Islington’s State of Equalities Report (2019), 32% of Islington residents are from BAME groups, compared to 23% of business owners who identified as BAME in answering Islington’s Micro and Small Business Survey, and 6% who preferred not to say.

The chart below uses the blue bars to group businesses reporting the lowest levels of annual turnover on average by sector; the red bars indicate businesses reporting the highest turnovers also grouped by sector and the orange bars in between. Micro and SMEs in which BAME ownership is above average have the lowest turnover, and, in the case of Retail in particular, it is also important to note that they have been hit hard financially by Covid-19. On the other hand, BAME owners are underrepresented in cafes, restaurants, and creative and design businesses, which have also been impacted severely by Covid-19 according to a review of responses from Islington’s Covid-19 Business Support Survey.



The four largest sectors in Islington for BAME ownership all report the lowest levels of annual turnover on average. In terms of their vulnerability before the crisis, it is important to note just over 40% of businesses asked in the Fashion (retail and wholesale) sector already thought that they would not be in business in three years’ time. Except for Technology, 3 of the 4 sectors reporting the highest annual turnovers all reported less than 1 in 5 of their businesses having BAME owners.

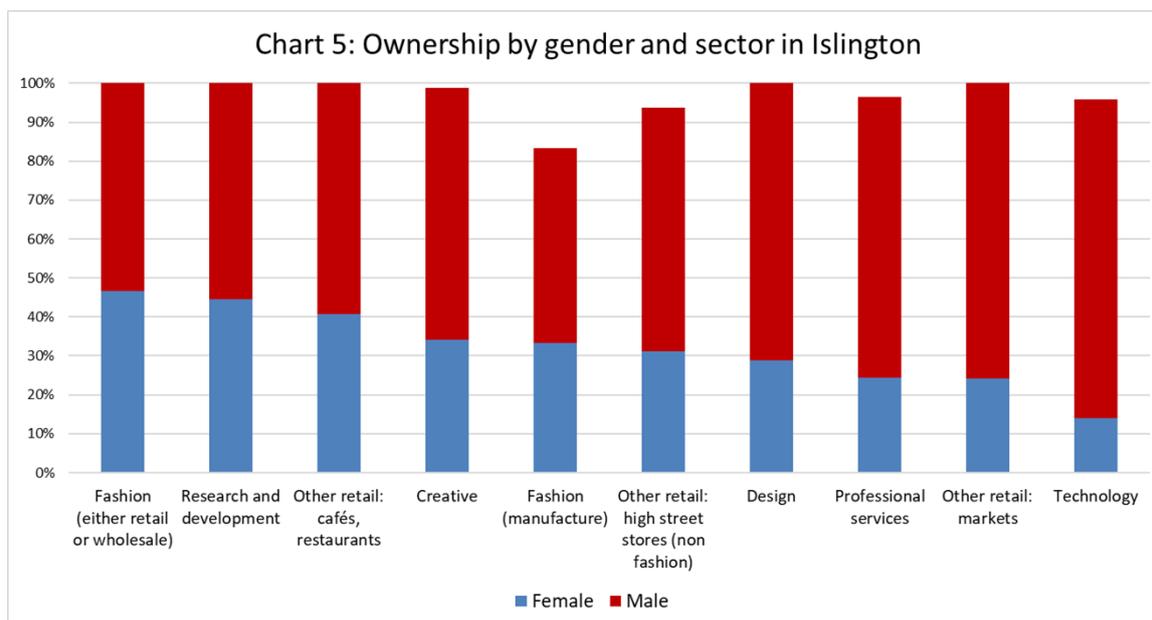
Women Owned Businesses

Women make up 45.6% of Islington’s economically active workforce. In Chart 5, technology stands out as a sector in which women business owners are severely underrepresented (13%) and yet this sector, as we have established, has been relatively less affected by Covid-19 although hiring rates are well down on levels before the pandemic.

Fashion (retail or wholesale) already had one of the lowest business turnovers by sector and has one of the highest levels of female ownership (46.7%).

Also noteworthy is that women are more highly represented in café and restaurant businesses in which over a third of owners asked thought that they would not be trading in three years’ time and

the creative sector, all of which have reported to the council high levels of trading pauses, furloughing and severe impacts on business turnover.



Self Employed

In 2019 approximately 15.5% of Islington’s workforce (20,900 people) were self-employed, the second lowest proportion of the total workforce self-employed in Central London and lower than outlying boroughs¹³. This is the lowest rate of self-employment in Islington recorded over the last five years, a fall of 22% in one year.

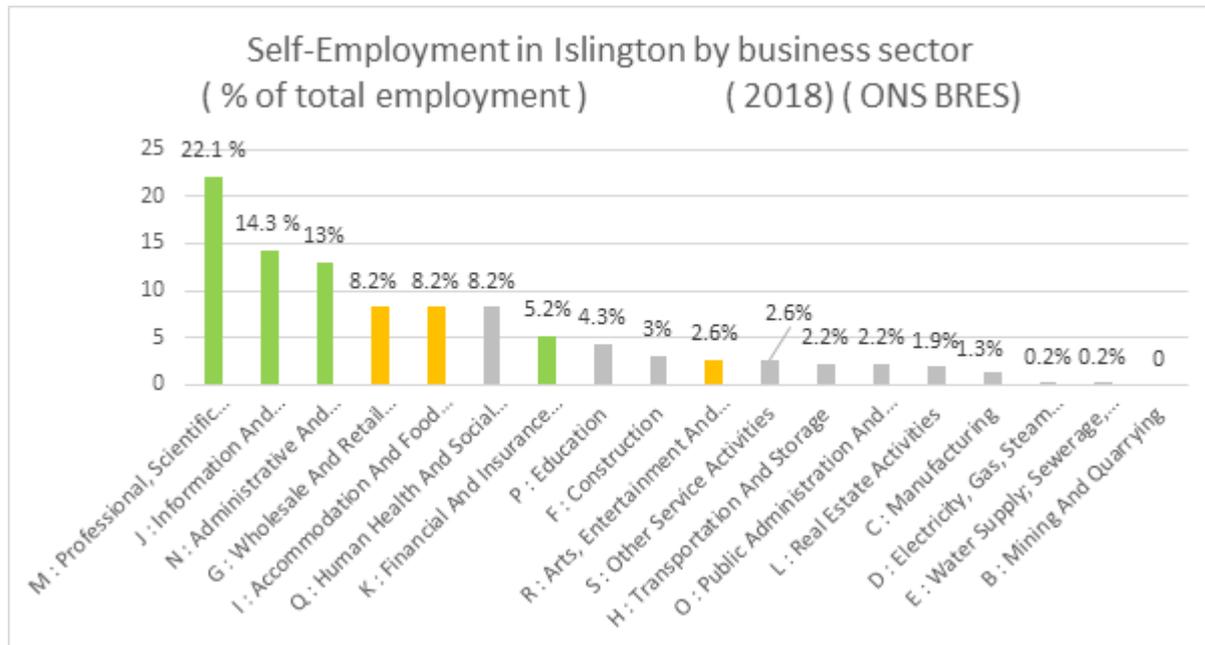
Borough	Number of Self Employed	% of total workforce
Tower Hamlets	25,900	15.4%
Islington	20,900	15.5%
Lambeth	30,900	16.1%
Hackney	25,200	16.8%
Enfield	25,800	17.9%
Barnet	34,800	18.2%
Newham	35,000	19.6%
Southwark	36,300	19.9%
Camden	27,100	20.8%
Westminster	25,600	20.9%
Kensington & Chelsea	17,500	25.5%
Haringey	39,100	26.0%

The underlying characteristic of the self-employed is that of a deep divide between people who are described as working in ‘high-skilled, higher-paying, ‘privileged’ sectors such as Professional, Scientific & Technical consultancy, and the majority 60%, who are working in relatively precarious sectors such as construction, delivery and cleaning. Since 2009, 60% of the growth in self-employment has been amongst the so-called ‘privileged’ with growth driven by the tax advantages

¹³ Self-Employment Income Support Scheme (SEISS) Official Statistics, ONS, 2020

associated with self-employment. The other 40% growth is part of governments repeatedly favouring ‘flexible’ labour markets and creating a permissive regulatory framework to allow faster hiring and firing.

The 60/40 split between ‘privileged’ and ‘precarious’ roughly approximates to figures given in the graph below, which shows that 43.5% of self-employed workers are to be found to be working in the more ‘privileged’ Professional, Scientific and Technical, Information and Communication, Finance and Insurance, and Real Estate Activities businesses.



COLOUR KEY

- Sector under pressure from Covid impact
- Sector better insulated from Covid impact
- Other sectors

The Self-Employment Income Support Scheme (SEISS) provides support for self-employed individuals whose business has been adversely affected by Coronavirus (COVID-19). The extent of take up of the grant worth 80% of their average monthly trading profits, paid out in a single instalment covering three months’ worth of profits, and capped at £7,500 in total. The percentage of uptake gives an indication of the impacts of Covid-19 on the self-employed, although it cannot be assumed that those not taking up the grant were all in a satisfactory trading situation.

In Islington 65% of eligible self-employed residents have so far taken up the grant, a figure that is the average take up rate overall, less than Tower Hamlets (68%), equal with Hackney and more than Camden and Haringey (63% for both boroughs). The scheme will continue after the end of October, providing support to Islington self-employed who are unable to find work.

Despite this, a number of workers who do not fall into the either self-employed or employee categories from yoga teachers to photographers, DJs and personal trainers, including those who pay themselves through dividends are falling through the gaps because they do not qualify for income support through the Chancellor’s schemes. Of the 5M workers in the UK who described themselves as self-employed at the start of the crisis, almost half a million (10%) had fallen out of

work by the summer¹⁴. Applying the rate to Islington would see over 2,000 people losing work who before the pandemic called themselves 'self-employed'.

¹⁴ "Millions of Self-Employed Left Out of Latest Income Support Scheme", FT, 8th November 2020

Section 5 – The Impacts of Coronavirus on Unemployment in Islington

The first official indications of the impact of lockdown measures on the labour market in Islington were from the Claimant Count data for April and May. The Claimant Count is a measure of the number of people claiming benefits principally for the reason of being unemployed. Because it includes Universal Credit claimants, not all of whom are seeking work, it is likely to overestimate the numbers of people unemployed, but usually by a small margin and is considered a more accurate estimate than the International Labour Organisation (ILO) figure.

In the UK the claimant count had risen by 1.5 million (120.8%) between March and August 2020 and was at its highest since May 1994. The year-on-year increase in the claimant count also remains higher than at any previous point on record.

During this time Central London experienced a higher increase in the rate of unemployment than the country, rising from 3.2% in March to 8.0% in August, compared to the UK's average rise from 3% to 6.5%. There were 208,980 people unemployed in Central London in August, a rise of 44,980 on May's figures.

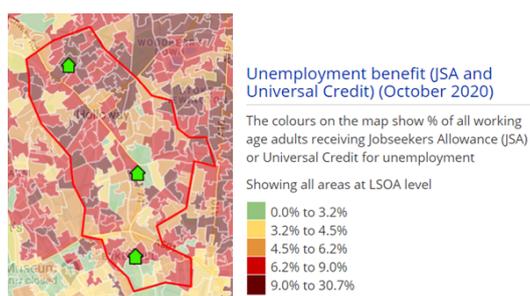
Areas like London that had the lowest rates of unemployment prior to the pandemic are rising faster to catch up with areas of traditionally higher unemployment. This is likely to be because London is disproportionately dependent upon visits from overseas and commuters from other parts of London, the home-counties and the regions to sustain its economy, all of which have largely dried up.

Like all other London boroughs Islington's claimant count also has risen faster than the UK average. However, the borough experienced a lower than average rate of increase compared to the Central London area, rising from over 3% in March to 7% in May where it has stayed during June (7.8% for men and 6.2% for women). The latest figures for October show a slight rise to 7.3%. This compares to Haringey (10.7%), Newham (10%), Lewisham (9.3%), and Hackney (9.2%), although the rate of unemployment in neighbouring Camden was at 5.8% in October.

Part of the explanation for a below average rate of unemployment increase in Camden, Islington, the City and Westminster during the early part of the pandemic may be due to the impact of Covid-19 being less pronounced in so-called knowledge and tech industries, as pointed out by the organisation Oxford Consultancy for Social Inclusion (OSCI) and observed in the case of Cambridge, which faced the lowest increase in unemployment in the UK between April and May (0.9%).

Distribution of Unemployment in Islington

The map below shows how the effect of Covid-19 on unemployment in Islington is unevenly distributed across the borough by Lower Super Output Level (LSOA). Darker coloured areas in the north, west, east and northeast are experiencing markedly higher levels of unemployment than lighter coloured areas in the centre and south west.



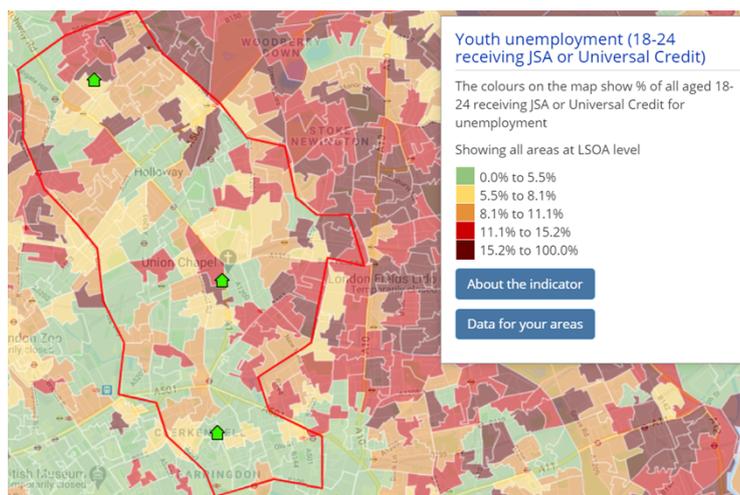
By October 2020, Hillrise (9.5%), Tollington (9.4%), Finsbury Park (8.6%), Holloway to Archway (8.7%), Mildmay (8.5%). Junction (8.1%) and St Georges (8.5%) had witnessed the most severe rates of unemployment growth. Bunhill had the lowest rate of unemployment in October of 5.4%.

Youth Unemployment in Islington

In August 2020, 526,000 people aged 16-24 were claiming unemployment related benefits in the UK. This was an increase of 291,000 (124%) claimants from March 2020, when the UK lockdown began. Reviewing the picture in May before things had got even worse, the Resolution Foundation, across the UK 18-24-year-olds were twice as likely to have been furloughed or lost their job as those in their forties.

Youth unemployment (16-24 years old) was averaging 6.6% in October, a rise of from 5.8% in Islington in May. This is 0.7% less than the figure for adult unemployment (7.3%), which indicates that youth unemployment is growing at a faster rate. There is also considerable variation in the rate between different Islington wards. Eight wards had a youth unemployment rate above Islington's average, with the highest rate in Canonbury (12.7%) and the lowest in Bunhill (3.2%) and Clerkenwell (3.2%).

The map below shows how Youth Unemployment is distributed geographically at Lower Super Output Level (LSOA), with pockets located in the north, and eastern parts of the borough.



According to research conducted by Central London Forward (CLF), young people are disproportionately employed in low paid jobs in the Arts, Entertainment & Recreation, and Accommodation and Food Services industries. CLF explain this as a likely reason behind a trebling of unemployment benefit claims from young people aged between 25 to 29 (212% increase) compared to a 78% increase for 55-59-year olds and a 60% increase for those over 60.

Section 6 – Future Prospects for Islington’s Economy

Number of Job Vacancies by Sector

In order to spot the first signs of a revival in demand for employment, an analysis of job vacancy data is a good measure. Between May when a careful study of job vacancy postings led experts to conclude, “the labour market remains stagnant with very weak prospects for future employment growth” and August there was a turnaround in the job hiring market.

By the first week of August 169,000 vacancies were being notified in the UK, suggesting that an easing of lockdown had been met with a rebound in hiring, although vacancies remained 30% lower than the equivalent time in 2019. London continued to have the highest number of vacancies per capita, although it has fallen from 3.3 in March to 1.6 in August. For the sake of comparison Northern Ireland, has the lowest at less than 0.25 vacancies per capita¹⁵.

The good news for August was that all sectors apart from social work and legal related professions were increasing their hiring as the lockdown eased.

- The percentage of vacancies for health care and social work had risen after a drop between April and May.
- IT in which Islington has a comparative advantage in terms of jobs, has increased its hires to over 50,000 in August, a figure still well below its pre-Covid peak of over 90,000 vacancies.
- Other sectors in which Islington’s economy depends upon strongly all witnessed increases in hires but sales, hospitality and catering, retail and administration, PR and accounting and finance were recruiting at well below half the pre-lockdown rate.

A combination of continued employer uncertainty and significant spare capacity within firms as workers come back from furlough, however, continues to dampen growth in the London hiring market especially where demand has fallen by 52% overall since before the lockdown one of the biggest declines of any region in the country.

Comparing the effects of Covid-19 on the Islington labour market against other neighbouring boroughs there was a slight recovery in the number of vacancies posted from -56.4% in May to -47% in June compared to before March. However, by October the number of vacancies being posted in Islington remained at less than half the number posted at the same time in 2019 (-56.2%). This figure was similar to Camden (55.3% fewer vacancies) but better than Hackney (60.5% fewer vacancies). Islington is the 24th most severely hit local authority area in the country so a shortage of vacancies here will be a critical issue.

Employment and Business

The Office for National Statistics (ONS) has recently published data on the number of jobs in the economy, which showed that there were 782,000 fewer in October 2020 compared to March 2020. 314,000 people were made redundant in the three months to September, a more than doubling on the figure for the three months prior. Despite upticks in the hiring market and a return from furlough, the rise in total hours worked in the economy has not been as high as expected.

Analysing how this scaling back of commercial activity was feeding into the health of businesses, a recent report into the impacts of the Covid-19 pandemic on SMEs in the capital looked at

¹⁵ Labour Market Statistics, July 2020: IES Analysis

companies and jobs at risk in London and drilled down to the level of individual local authorities¹⁶. A combination of factors was considered for the SME analysis including current liquidity rates, debt to asset ratios and credit risks by sector.

In Islington in July 14% of SMEs were at risk, accounting for 9% of the borough's economic turnover, and equivalent to £1.344bn of potential lost income every year, the sixth highest loss of all London boroughs.

Islington was the 3rd highest at-risk borough in the capital for Health and Social Care companies but, given the limited impact of Covid-19 on this sector, only 3% were at risk.

Prior to Covid-19 Islington had a very vibrant night-time economy concentrated in the south of the borough and in the Angel district. The report considered 303 night-time businesses to be at risk, the 7th highest in London, which translates into a little less than 4,000 (13%) of jobs.

A total of 10.6% of jobs in Islington SMEs are in fact considered under threat. It would now appear that the initial impact on blue collar jobs in Accommodation, Food and Hospitality is now being matched by a white-collar jobs crisis. Over a third of travel and tourism jobs in Islington were at risk, at 37% the 2nd highest number of at-risk employees in this sector in London after Sutton. 17% Islington employees in real estate and architecture (the third highest number in London after Greenwich and Hounslow) were likewise considered to be at risk.

Finally, Islington has the 2nd highest concentration of SMEs in the Cultural and Creative Industry sector at risk, accounting for nearly 3,000 people, the 2nd largest number of jobs in any borough after Westminster. Islington had the largest proportions of jobs under threat across the whole of London for those working in Publishing and Film, TV, video, radio and photography, sectors supporting over 1,200 businesses and employing nearly 8,500 people in the borough.

London is now in the midst of a second coronavirus wave and, in this context ongoing social distancing measures are continuing to constrain activity levels in parts of Islington's economy, most obviously in travel, tourism, hospitality and leisure. Even when restrictions are eventually relaxed and there is no guarantee that they will ever be, the time lag between relaxing restrictions and seeing a bounce back in terms of people returning to consume is likely to be protracted.

Given that much of the entertainment and food business in Islington relies on commuters who come in from outside (89% of the workforce), any permanent reduction in Islington's workforce presence could also be a serious challenge to their continuing viability. This is a concern, as London, given its high complement of white collar workers, and notoriously difficult and lengthy commutes, has witnessed some of the highest rates of home working in the country. There is a hope that this loss of business could be partly compensated by a more concentrated presence of people, many of whom have high disposable incomes, also working from home in Islington and preferring to shop and buy local.

Although the Chancellor announced a continuation of furlough at the beginning of November, it remains to be seen if the government are delaying the inevitable effects of an 'economic reset' and unemployment will therefore rise in the spring when furlough is ended. This is important as there are likely to be permanent "scarring" impacts on Islington's unemployed, especially the young as their confidence, skills and motivation wither and they become more detached from the labour market.

¹⁶ Economic Impact of COVID-19 on London's Small and Medium-sized enterprises (SMEs), [Greater London Authority and Bloomberg Associates](#)

High unemployment in the short-term will lead to higher unemployment and lower wages, and in the long term to considerably enhanced challenges to support people back into jobs.

Measures to shore up the pre-Covid economy aside, we could be entering into a period of significant technological change.

- Employers have learnt from the pandemic that they can save on costs if their employees work from home more.
- 60% of employees surveyed nationally were themselves unwilling to return to densely packed workplaces and many now value a better work life balance that hours of commuting no longer rules out.
- Despite the pressure from commercial landlords, many of whom are newspaper owners and politicians, telling people to return to their workplaces, other employers could benefit from having their staff work from home and are supported by a public health imperative to inhibit travel in order to reduce infection rates.
- The UK economy could therefore be entering into a new normal, a new period of what the economist Joseph Schumpeter called 'creative destruction' in which we see an opportunity to create something new out of the ashes of the so called Pret economy
- However, this isn't an argument for a laissez faire approach to the economy, of the type practised in the wake of manufacturing's decline in the 1980s, or during the ten years of austerity practised after the 2008 crash.

Section 7 – Recommendations

On the contrary, there is a significant role for government support at local as well as national levels. In addition to enhancing existing work programmes (e.g. iWork) Islington can mitigate the impacts of the pandemic on our community of residents and workers by adopting four, strategic priorities:

1. Prioritise policies that **support health and incomes of already disadvantaged people**, those who lose their jobs and those who are forced into part time work,
2. **Support people into employment** by lowering the costs of recruitment, especially for local SMEs, and in helping people to get retrained or to start a new business.
3. **Strengthen the council’s role as an economic agent** for example, by finding more work for local people within Islington Council, amongst those who supply the council with goods and services, by doing more ‘business’ with local businesses, and by influencing neighbouring anchor institutions to do likewise.
4. Continue to pioneer an **inclusive, fairer local economy**, through promotion of **sectoral interventions** and **active stewardship of local economic places**

Each of these four strategic themes is supported by a set of underlying objectives;

Protect health and support the incomes of already disadvantaged people, those who lose their jobs and those who are forced into part time work

- Developing and maintaining a granular understanding of the underlying state of Islington’s economy, its business sectors, communities and labour market, including differing impacts depending on class, ethnicity, and protected characteristics
- Strengthening support for Islington’s IMAX service so that residents are able to claim all the income support they are entitled to and ensuring that the council is poised to take full advantage of any support available from central government.
- Ensuring work requiring a physical presence can be carried out safely, and workers are able to access jobs in cases where public transport is being scaled back
- Continue to campaign for improved terms and conditions for workers including London Living Wage Place accreditation, and extension of sick pay rights
- Promote trade union membership and relevant campaigns.

Support people into employment by lowering the costs of recruitment, especially for local SMEs, and in helping people to get retrained or to start a new business.

- Tailor employment support and ensure that already vulnerable people are not left behind: the young including new graduates; Black, Asian and minority ethnic people; older workers without digital literacy; the disabled and neuro-divergent or those with hidden conditions; parents; and, women especially as numbers are likely to rise after furlough ends.
- Preparing workers and residents for job switching especially from sectors in which job losses are concentrated: tourism, travel, accommodation, food and hospitality, but also administration and support jobs into sectors demanding workers, for example health and social care. Focus on residents not covered by the Kickstarter scheme.
- Review iWork priorities to ensure that resources are matched to need, and expanded to include newly unemployed.

Strengthen the council's role as an economic agent

- Use Islington's assets as an anchor institution to support the new, local green economy, as employer, and as a buyer of services from 'socially generative businesses' like co-operatives and social enterprises.
- Liaise with other anchors and leading companies to investigate possible onshoring of light manufacturing and economic uses of offices, shops and industrial units becoming vacant.
- Actively facilitate co-operative enterprises to distribute wealth more evenly, create the circular economy, and supply the council and other anchor institutions; expressly employing people from disadvantaged groups.
- Strengthen relationships with the business community, especially parts of it that are underrepresented in commercial forums, to assist local SMEs in responding to changing consumer preferences, for example by adapting to online trading, organising home delivery systems and enhancing local economic places.
- Build strong B2B networks virtually and in real life so that businesses can start to trade more with each other, identifying common training needs, for example around social media marketing and IT, and developing consortia to bid for anchor contracts.

Building Back Better for an inclusive, fairer, greener, more creative and resilient local economy, through promotion of sectoral interventions and active stewardship of local economic places

- **Health and Care** - Working closely with partners in the NHS and Adult Social care to ensure that local people are prioritised for local vacancies, and our resource hub provides a wealth of information about the variety of roles and progression opportunities in this sector
- **Green Economy** - Creating new opportunities in the "green economy" – jobs related to new building techniques, energy saving devices, green transport and delivery systems and reusing and recycling.
- **Construction** - Working with our colleagues in housing new build to create more jobs and apprenticeship opportunities that lead to good careers
- **Tech and Knowledge** - Islington is the lead borough for an exciting 4 borough programme which will work with the local knowledge economy- tech, life sciences, finance and creative – to support residents into employment or to begin their own start ups.
- **Creative Production** - Celebrating Islington's creative community as one of our most valued assets and building strong partnerships with creative production companies such as Film London and the N7 business cluster to plug local residents into new opportunities
- **Affordable Workspaces** - Ensuring we deliver a thriving, diverse local economy by creating new, genuinely affordable, workspaces, for example the FC Designer Collective and Techspace on Fonthill Road where local residents interested in design and tech can get skilled and networked into good jobs

Section 8 – Achievements so far to support businesses and workers

Business

So far, Islington has undertaken several steps to protect our local businesses during the crisis. **Our objectives have been to:**

- Ensure that businesses receive the maximum amount of government support available to them in the form of financial and non-financial assistance
- Manage our own £2.8m discretionary grants scheme for Islington's business community
- Monitoring and promoting businesses that were continuing to trade during the lockdown, ensuring that the public could be kept up to date with their trading status.
- Assist businesses in adapting their operational models to cope with the pandemic
- Enable businesses to re-open safely as soon as possible by working closely with colleagues in Public Protection and Street Licensing
- Ensure that residents are the first to hear about new employment opportunities emerging in local businesses
- Support, develop and strengthen networks so that businesses can share ideas and support each other during the pandemic and after

We have done this by:

- Creating a dedicated business directory listing how businesses are operating during the pandemic and disseminating it through our community networks
- Assisting businesses to adapt their business models in innovative ways, for example hosting dedicated webinars helping businesses to go online in partnership with our affordable workspace provider Outlandish a tech co-operative.
- Brokering sustainable and competitive delivery options through subsidised cargo bike schemes like Pedivan.
- Liaising with colleagues in public protection to ensure that businesses are fully informed of new operating guidelines to keep themselves and the public safe.
- Ensuring that businesses are kept informed of changes to the transport network, so they can plan how to adapt
- Brokering employment opportunities between local businesses and the iWork team.
- Using the uptick in business to council contact to set up new business networks, for example a new trader's association in Caledonian Road and Barnsbury.
- Using evidence from our surveys and contacts with business to plan award criteria for our Discretionary Grant scheme.
- Linking our communication media including our website and Twitter to the government websites so that businesses become aware of new opportunities as soon as possible.

Workers and Residents

Our twin goal has been to support Islington's **unemployed, and low paid workers and residents**, to achieve this:

The iWork employment support service has been providing 1-2-1 tailored coaching and mentoring support to get unemployed Islington residents into jobs they want to do. It has a holistic approach, looking at the person's strengths and interests, providing:

- Targeted job searching

- Job applications, tailored CVs and interview practice
- Constructive feedback
- Support arranging childcare/ provision of childcare bursary
- Discretionary payments
- Pastoral support and monitoring at 1, 13, 26 and 52 weeks

To support workers and residents seeking work or better-quality employment, we are:

- Working with DWP to understand the impact of Covid 19 and the ending of the furlough scheme, to develop a comprehensive local programme of support
- Monitoring the impact of employment support on households in poverty, and also ensuring that job seekers are referred for financial and debt advice
- Identifying communities most impacted by long-term unemployment and making small local interventions, providing employment support for up to 100 homeless/rough sleepers housed in hotels during Covid 19.
- Undertaking an analysis of the nature of parental unemployment in the borough to inform an improved, joined up offer of support across services
- Enhancing our outreach approach and working with council colleagues / partners who are already engaged with BAME and other communities who experience systemic discrimination in the labour market
- Working with residents to build their soft skills and supporting them to develop networks to provide them with access to the world of work
- Reviewing the priorities of the iWork employment service considering Covid19, including the Islington Working hub and Partnership.
- Completing an Islington Skills strategy, which addresses the needs of residents to gain the relevant skills to secure employment in key economic sectors in the wake of the pandemic.
- Supporting all residents who need help to find a good job to make informed choices.
- Developing resources that will support residents to better understand local economic sectors and understand the pathways available to them
- Evaluating and monitoring longer-term employment outcomes to ensure that residents satisfied and secure in their employment
- Encouraging and inspiring residents who do not see themselves represented in higher-level roles and offering targeted support in response to residents coming forward.
- Working with Adult & Community Learning to reach out to residents employed in the gig economy to support them into more secure work
- Working with Adult & Community Learning and CCCG to ensure there is flexible learning delivery, with offers of tuition to upskill care home staff who have low levels of ESOL, numeracy or literacy that prevent them from engaging with apprenticeships.
- Developing a communications strategy to enable us to reach more residents and support them to build networks and skills for work e.g. Instagram

Section 9 – Conclusion

It is important to bear in mind that we are in uncharted territory, which makes it difficult to predict the future impacts of Covid-19 on Islington's economy. According to one recent business survey of pubs and restaurants across England, sales two weeks after re-opening were 45% before pre-Covid levels, a fall of five percentage points on the first week of trading. Data reported in week three of opening saw this figure improve to 70% of normal levels. The Chancellor's reduction of VAT on food and soft drinks to January to 5% may help, but pubs do not benefit, and many are warning of imminent closure if consumer confidence does not return. The Arts, Entertainment and Recreation sector is another challenge, with limited re-opening that began prior to the second lockdown further delayed. Facilitating a socially distanced business model is still considered by leading figures from the sector to be unviable in many scenarios such as theatre and music productions.

One goal of Islington's economic recovery programme should be to focus on supporting a growing unemployed population to get good work. A key part of that focus should be on identifying sectors that are likely to show greater signs of recovery and looking at opportunities to align skills of workers in one weakened sector to jobs in sectors experiencing higher levels of demand for labour, such as Health and Social Care, Life Science, loading, stocking and delivery jobs. However, in past crises, typically over three quarters of workers have remained in the sectors that they were trained in and are more reluctant (and lower paid workers especially, less able) to travel long distances in search of other work.

The loss of tourist and commuter revenue for businesses and on much of London's public transport network is presenting Transport for London with a large deficit that has required central government support. Cuts to public transport could present additional barriers to employment for the low paid. The removal of free travel for children for example could make it more difficult for poorer households as travel escorting adds to the time burden of single parent households and discriminates against women re-joining the workplace.

Although cycles are not always a substitute for buses and tubes, they are highly convenient for journeys up to five miles and the council should continue to strengthen support for their safer, more convenient use on public roads, especially as a means of supporting access to jobs for younger people who are forming new work habits. The People Friendly Streets Initiative is an excellent step in the right direction and its impact on creating a safer environment should be promoted in the borough, including with employers as a way towards them devising more ambitious green travel plans for their staff. The council could show the way by incorporating green access to work and training in its upcoming Inclusive Knowledge Economy project.

The Chancellor has also earmarked £3bn to decarbonise public buildings and cut emissions from Britain's poorly insulated homes, hoping to kick start an environmentally friendly revival through the creation of thousands of green jobs in the construction industry. A £50m pilot is promised for a pilot to retrofit social housing in cases of the least efficient social rental homes in England. The council needs to be prepared with an up-to-date inventory of its least most energy efficient buildings and social houses and should keep track of the details of these plans when they are announced, so that we are in a position to apply for funding.

The speed and volume of unemployment increases, a 120% rise on Universal Credit claims between March and October is another challenge to absorbing the impact of job switching initiatives. The council should therefore also be lobbying national government to continue the switch from furlough subsidy onto reducing the costs of labour fairly and in ensuring the welfare

system is strong enough to keep Islington residents afloat during the hard times. The extension of furlough is welcomed, but not as a substitute for a fair system of welfare support. Training also needs to be supported beyond announcements to the summer's Plan for Jobs package. The Kick-start scheme including six-month jobs placements for 350,000 18-24-year olds and coverage of 100% of the minimum wage for this age group for 25 hours a week needs to be vigorously promoted as applications for these job subsidies comes from businesses themselves. The council should be leveraging its influence to make sure that Islington companies step up and take part.

The council could also conduct a review of its own employment services to work out the cost per job (to the employer) of placing workers and trainees and look to ways to reduce this further, for example by using digital technology, so that companies are able to take on more workers.

18 November 2020