



ISLINGTON

Islington's Economic Recovery from Covid-19

A presentation to the Policy and Performance Scrutiny
Committee

Executive Member for Inclusive Economy & Jobs, Councillor
Asima Shaikh



- Vulnerabilities in Islington's economy prior to the pandemic
- Early effects of Covid-19 on Islington's economy
- Business go-slows and shutdowns
- Workers on furlough in Islington
- The spatial impacts of Covid-19 on Islington's economy
- The employment impacts of Covid-19 so far compared to other London Boroughs
- The unequal economic impacts of Covid-19 on Islington's communities
- The nature of economic recovery so far, and some future possibilities
- Supporting Islington's residents and workers in a fast changing climate of significant economic challenge and uncertainty

- 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.

After Covid-19 pandemic lockdown

- 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 sectors were predominantly, but not exclusively, classed under 'Accommodation and Food Services' (A&FS)**, including hotels, short-stay apartments, student residences including on-site services, and restaurants, cafés, takeaways, catering services, licensed clubs, pubs and bars, and **'Arts, Entertainment & Recreation (AE&R)**, including performing arts, artistic creation, concert and theatre halls, libraries, archives, museums and other cultural activities, betting shops, sports, amusement and recreation activities; together accounting for approximately 25,000 jobs in the borough.
- As the effects of the pandemic have continued, 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, and Administrative and Secretarial roles**, both of which account for a large proportion of Islington workforce and residents' jobs.
- 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.



Some areas in Islington are highly vulnerable given their business profiles

- **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 are 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 East has the highest percentage of businesses that are categorised as AE&R (15%), whilst 40% of jobs in Lower Holloway are categorised under this classification
- Meanwhile 13% of businesses in Archway West come under the A&FS classification, whilst the largest percentages of employees dependent on these types of jobs 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 October Newham (10%), Lewisham (9.3%), and Hackney (9.2%).
- Although youth employment in Islington in October 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

An increase in vacancies in August across the board was perhaps an early sign of recovery

- Health and Social Care continued 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 over 50,000 in August, but still well below over 90,000 vacancies in March.
- Administration and Public Relations in which Islington has a strong labour force presence have also witnessed a much smaller increase in employment demand - hiring rates at the end of August were less than half the rate in March.
- The construction industry saw demand rise to nearly the same level before March and witnessed large numbers of workers returning from furlough.
- Vacancies in August actually exceeded the levels reported in March for logistics and warehouse; manufacturing; and domestic help and cleaning jobs
- The economic situation remains unstable and it remains hard to predict the future shape of the recovery:
 - New restrictions imposed in September, including a recommendation that people work from home if they can, are expected to last up to a further six months and a new lockdown began in November, which has closed most A&F and AE&R businesses.
 - Indications are that there will not be a simple, direct way out of the crisis, especially for companies dependent on visitor trade, although this could provide opportunities for local business patronage by Islington residents.

Despite encouraging signs, local people are likely to experience deteriorating economic conditions and enduring market uncertainties

- 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.
 - The government is seeking to dampen the social impacts by continuing to pay for businesses to furlough workers until the end of March 2021.
 - The Chancellor's announcement regarding the extension of furlough came too late, with many employees already receiving redundancy notice.
 - There is some support for self-employed people, but many freelancers, contractors, and small business owners such as those who draw their income from dividends, do not qualify for the chancellor's income support schemes.
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This is creating the 'perfect storm' – an economic crisis likely to be greater than that experienced in the 2008 financial crash

- September saw a further rise in unemployment, 90% of it accounted for by losses in part-time work across the UK
- Challenges remain to High Street retail, hospitality; and parts of the leisure, arts and entertainments industry remain shutdown
- Whilst all businesses face an uncertain investment climate caused by Brexit
- This raises alarm in Islington where unemployment has more than doubled since the pandemic and the number of workers on furlough rose 36% between June and August to 31,000 people
- Unemployment, especially for part time workers, is therefore likely to grow faster in Islington when furlough ends in March next year.
- In this context, a key challenge will be for those already disadvantaged before Covid-19, who will find themselves even further at the back of the queue for employment opportunities

So what can we do about this?

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.
- Continue to pioneer an **inclusive, fairer local economy**, through promotion of **sectoral interventions** and **active stewardship** of **local economic places**

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.
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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.

- 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 ISLINGTON **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
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