

THE LONDON INTELLIGENCE

May 2020

Your quarterly review
of the state of the city



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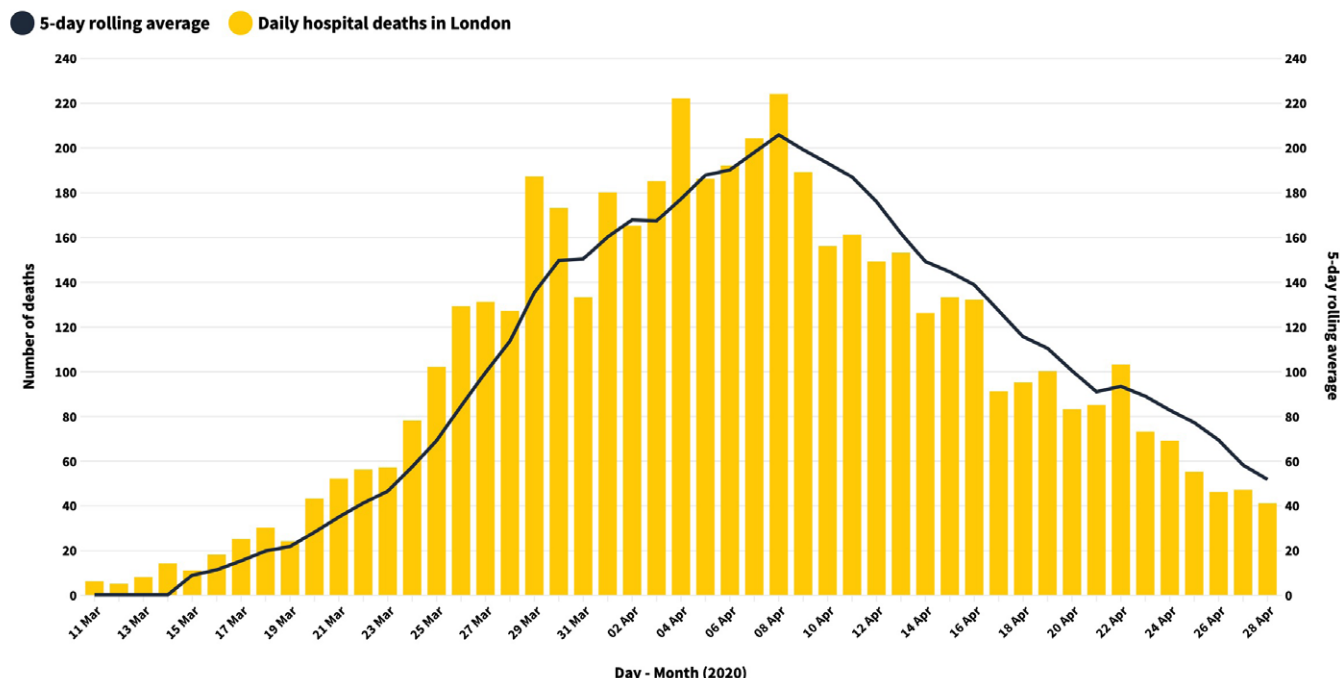
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Introduction

After a month in lock-down, falling numbers of deaths in London hospitals suggest that the city may now be over the peak of infection.

Figure 1: London hospital deaths & five-day rolling average (as of 28 April)



Source: NHS England, COVID-19 Daily Deaths • From 24 April, these figures also include a slightly expanded definition of deaths from COVID-19.

But the impact of COVID-19 will continue to be felt in London's economy, travel patterns and social life. We are at the very beginning of the recovery from the crisis, and of understanding how London can respond over the longer term to remain a successful, inclusive and sustainable city.

London, like many of the world's major cities, has been affected more seriously than the rest of the country. Crowding and city connectivity appear to be significant factors in this, although it is still too early to draw conclusions – and city outcomes across the world have varied.

The London Intelligence tells London's story through data, to identify the changes taking place in the city and

help policymakers prepare and plan for the future. This publication analyses the latest data on how COVID-19, and the unprecedented restrictions on movement and proximity, are affecting London six weeks into lock-down. The publication focuses on five themes:

- Pandemic profile
- Labour market
- Business outlook and survival
- Mobility and activity
- Air quality

Timeline

After a month in lock-down, falling numbers of deaths in London hospitals suggest that the city may now be over the peak of infection.

Figure 2: London in the pandemic

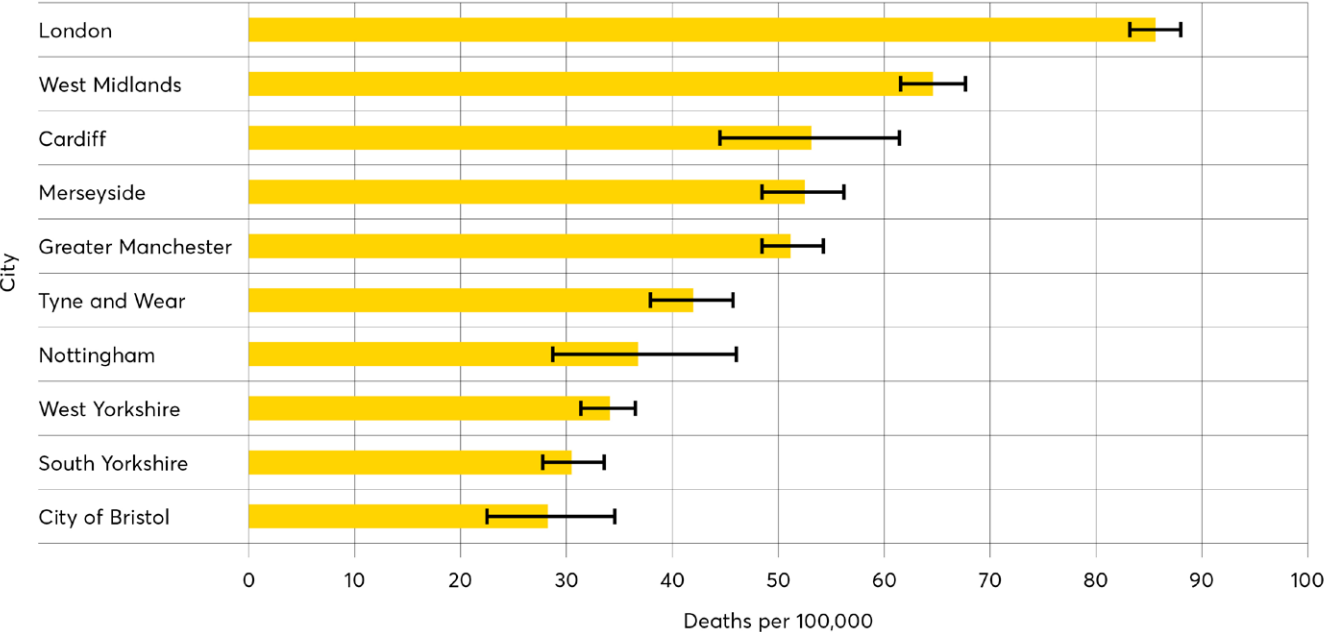
● Virus spread ● Public health ● Economic support

London	Date	UK
	31 Jan	First two cases reported in the UK from members of the same family
	04 Feb	UK directs citizens to leave China if possible
Ninth case reported is first in London	13 Feb	
	03 Mar	Government releases COVID-19 action plan; enters containment phase
	05 Mar	First UK patient dies
TfL introduces an enhanced cleaning regime	10 Mar	
	11 Mar	Chancellor Rishi Sunak announces £12 billion package of emergency support
	13 Mar	UK officially moves into delay phase of COVID-19 response plan
	13 Mar	Individuals with continuous cough or fever told to self-isolate for seven days
	16 Mar	Citizens urged to work from home and avoid pubs/ restaurants
London Mayor calls stop to all essential travel/ contact	16 Mar	
	17 Mar	Gov't announces further £330 billion-worth of loans and £20 billion in tax cuts and grants for companies
	17 Mar	Government advises against all non-essential travel
	18 Mar	Government announces all UK schools to close
Transport for London closes 40 stations and announces reduced service	18 Mar	
Mayor contributes £1 million to new emergency support fund to support community and voluntary organisations	18 Mar	
	19 Mar	Government recalls 15,000 recently retired doctors to return to the NHS
	20 Mar	All pubs, restaurants, gyms and social venues to close
	20 Mar	Government announces a Job Retention Scheme
	24 Mar	Enforcement of social distancing rules including staying at home, closing of all non-essential retail, libraries and playgrounds and banning of gatherings with more than two people apart from your household
	26 Mar	Package for self-employed individuals is unveiled; can apply for grants up to 80% of average profits
	27 Mar	UK PM Boris Johnson and Health Secretary Matt Hancock test positive for virus
London's Nightingale Hospital in the ExCel Centre opens after just 9 days	03 Apr	
	06 Apr	Boris Johnson is admitted to hospital
	12 Apr	UK deaths from COVID pass 10,000
More than 1,000 rough sleepers now have hotel accommodation and support during the pandemic with £10 million of funding by the Mayor and Government	14 Apr	
Mayor calls for mandatory wearing of facemasks for all people travelling in London	16 Apr	
Mayor launches new crowdfunding campaign called Pay It Forward London and agreed to invest an additional £1 million to support small businesses in the city	20 Apr	
	20 Apr	More than 140,000 businesses apply to the Government's job retention scheme upon its launch
	20 Apr	Chancellor announces a £1.25 billion relief package for innovative firms in the UK
Mayor urges rent protections during COVID-19 crisis by preventing evictions and increasing financial support to renters	22 Apr	
	23 Apr	Coronavirus tests are expanded to include essential workers and their households
	25 Apr	UK hospitals deaths pass the 20,000 mark, although this figure does not include care homes or other places
	28 Apr	A BBC investigation finds that the UK government failed to stockpile adequate PPE amounts prior to crisis
	29 Apr	Death figures jump to above 26,000 as the government begins reporting on the non-hospital death toll, specifically from care homes
	29 Apr	Care home residents/ staff, people over 65 and others who cannot work at home can now be tested if they feel symptoms as the Government releases more at-home and drive-through testing appointments
	30 Apr	UK Government announces ~120,000 tests/day by end of April, although critics point out 40,000 of this number were posted not tested
Mayor launches £2.3 million Culture at Risk Business Support Fund to support London's creative and cultural industries	30 Apr	
Mayor invests £1.5 million to provide safe accommodation for victims of domestic abuse during lockdown	04 May	

Pandemic profile

London has been hit badly by the virus compared to the rest of the country. In this first phase of the pandemic, London had the highest age-standardised mortality rate of UK major cities. This is partly because the city saw earlier infections, leaving time for the virus to spread widely before the national lock-down was imposed, meaning that London's peak was higher, and earlier than other cities and regions. Recent analysis from the Office for National Statistics has also shown that higher levels of deprivation are likely compounding the virus' death toll, with deprived Londoners most exposed and vulnerable. As such, COVID-19 is not only highlighting the capital's health inequalities, it also seems to have worsened them.

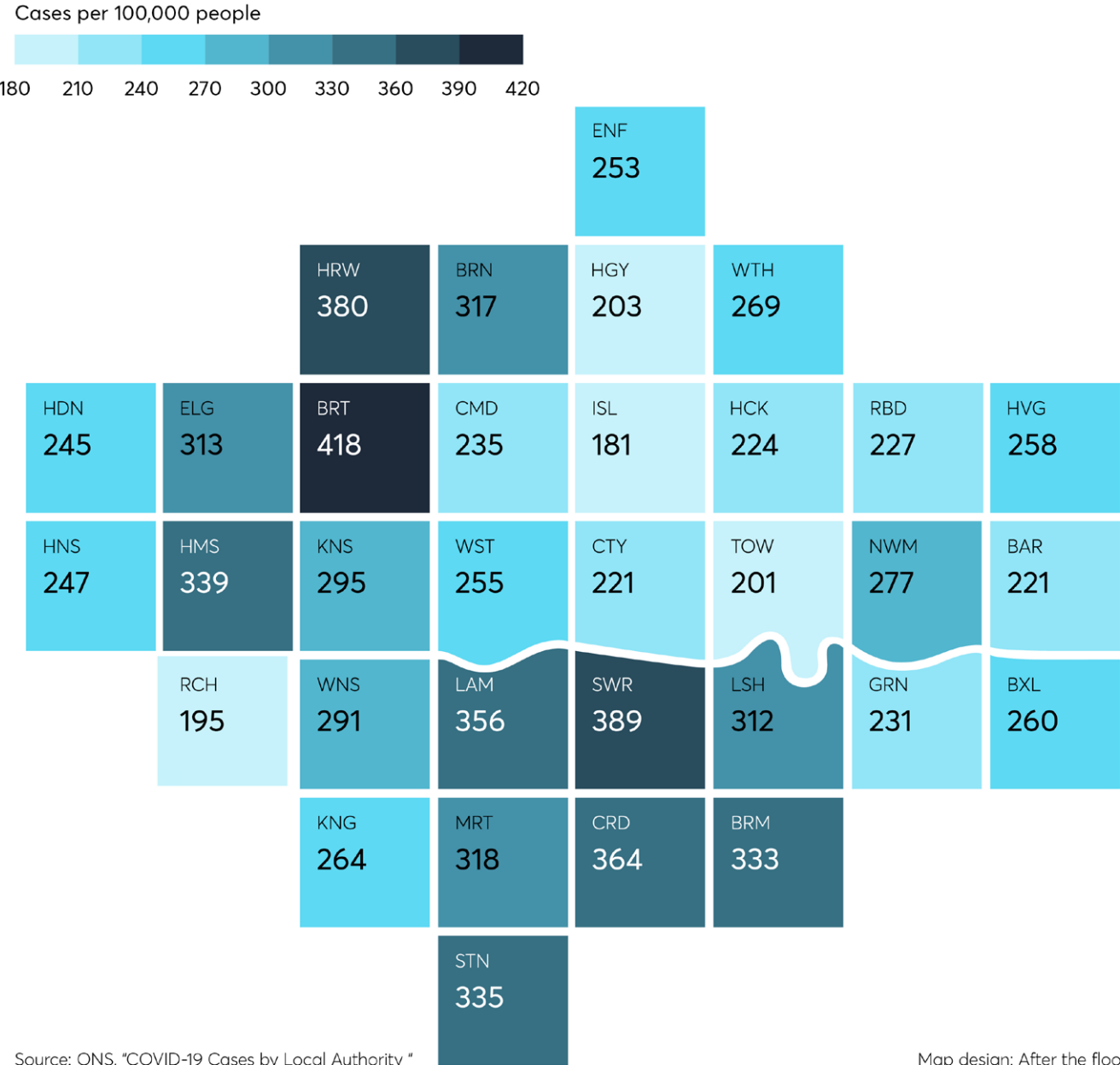
Figure 3: Age-standardised mortality rate from COVID-19 per 100,000 population (as of 17 April)



* Error bars indicate 95 per cent confidence levels.
Source: Office for National Statistics, "Deaths involving COVID-19 by local area and deprivation", age-standardized, 1 March 22 to 17 April 2020

This chart shows the death rates from COVID-19 per 100,000 people, adjusted by age profile to make comparison between different populations possible. It is based on deaths in all settings. By 17 April, when all regions appeared to have passed the peak of hospital deaths, London had a much a higher mortality rate from COVID-19 than other major UK cities.

Figure 4: Rate of recorded COVID-19 cases by borough (as of 5 May)



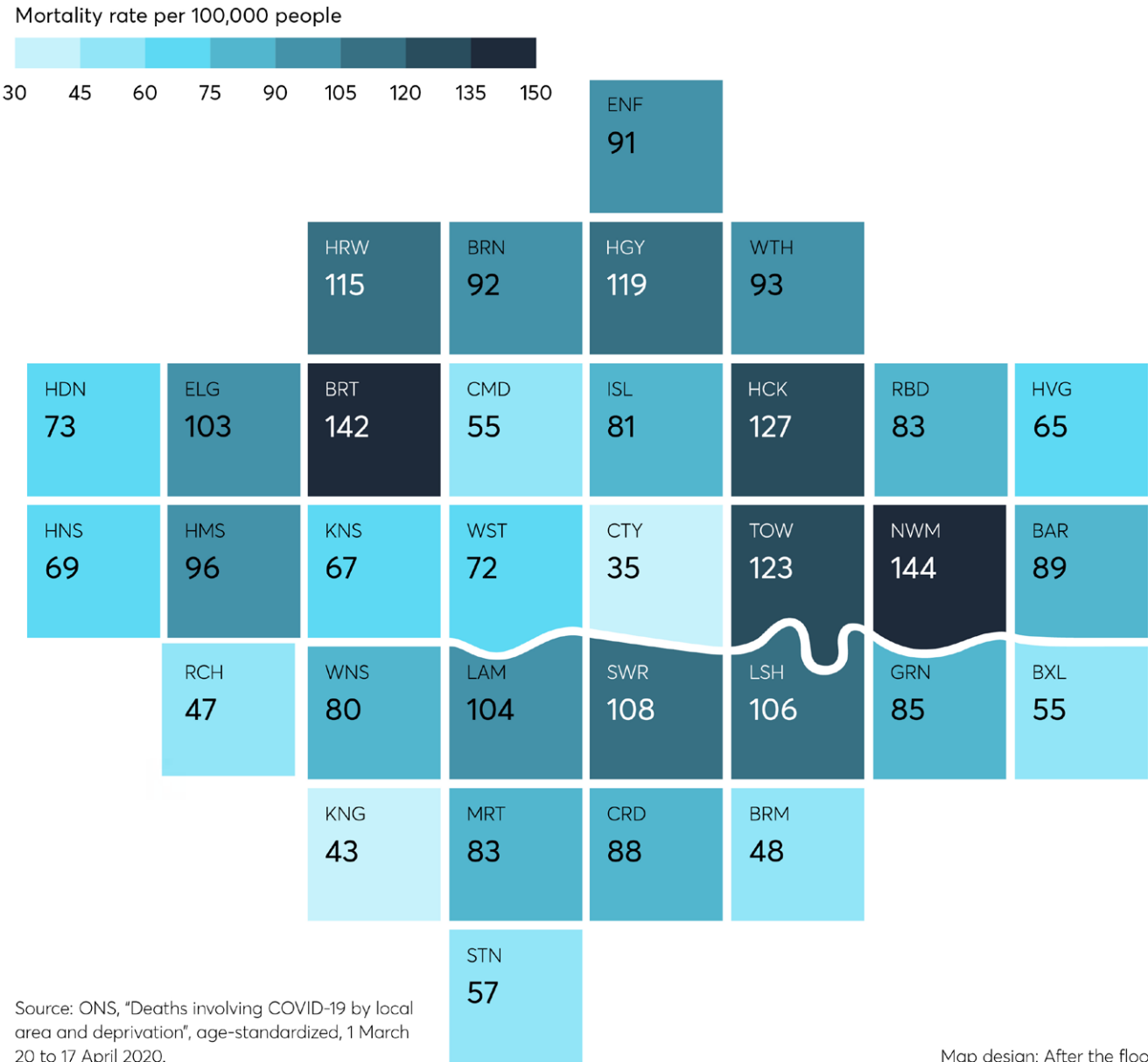
Among London boroughs, the highest numbers of recorded COVID-19 cases per 100,000 people are in Brent (418), Southwark (389) and Harrow (380). On the basis of this evidence alone, it is difficult to come to any conclusions about why cases are higher here than elsewhere. Nonetheless, there seems to be some clustering of impacted areas in the northwest and south London.

There are some notable differences between the distribution of cases and deaths. For example, Kingston upon Thames had more recorded cases per 100,000 people than Hackney or Tower Hamlets, but the age-standardised mortality rate is three and a half times lower in Kingston.

Some of this difference could be due to the number of tests conducted. But there is also a direct link between the level of deprivation in an area and mortality from COVID-19. Recent analysis by the Office for National Statistics found that the age-standardised mortality rate from COVID-19 was twice as high in the 20 per cent most deprived areas in England than in the 20 per cent least deprived.¹

This correlation is reflected within London. As the map below shows, some London boroughs with high indices of deprivation – such as Newham, Tower Hamlets and Hackney – are also those with the highest age-standardised mortality rates from COVID-19, at 144, 123 and 127 respectively.

Figure 5: Age-standardised COVID-19 mortality rate by borough (as of 17 April)



The link between deprivation and COVID-19 mortality is not surprising, given London’s economic and health inequalities. [A recent Lancet study found that more than one-third of premature deaths in England could be attributed to socioeconomic inequality. However, there needs to be more work in identifying why and how socioeconomic factors and COVID-19 deaths are connected.](#) These socioeconomic factors might include underlying medical conditions, higher levels of overcrowding, exposure to air pollution, type of work undertaken, and ability to work remotely.

Labour market

Employment has taken an unprecedented hit from the government lock-down and the uncertainty around its duration. Recent employment data is only available nationally, but forecasts suggest that over 1 in 3 of the UK's 31 million workers will be inactive this quarter – either out of work or on furlough. New job postings have fallen sharply too, though London appears slightly less affected than the rest of the country.

Recent employment data is only available nationally, but we expect it to reflect the London situation to a great extent. Job losses, and loss of income for self-employed people, have been reflected [in the spike of new claims for Universal Credit at the end of March](#), with individual claims increasing from 77,000 across Great Britain for the week commencing 1st March to 695,000 for the week commencing 22nd March. The number of claims fell back towards the end of April to around 200,000 a week, suggesting that the government's Job Retention Scheme has limited further layoffs.

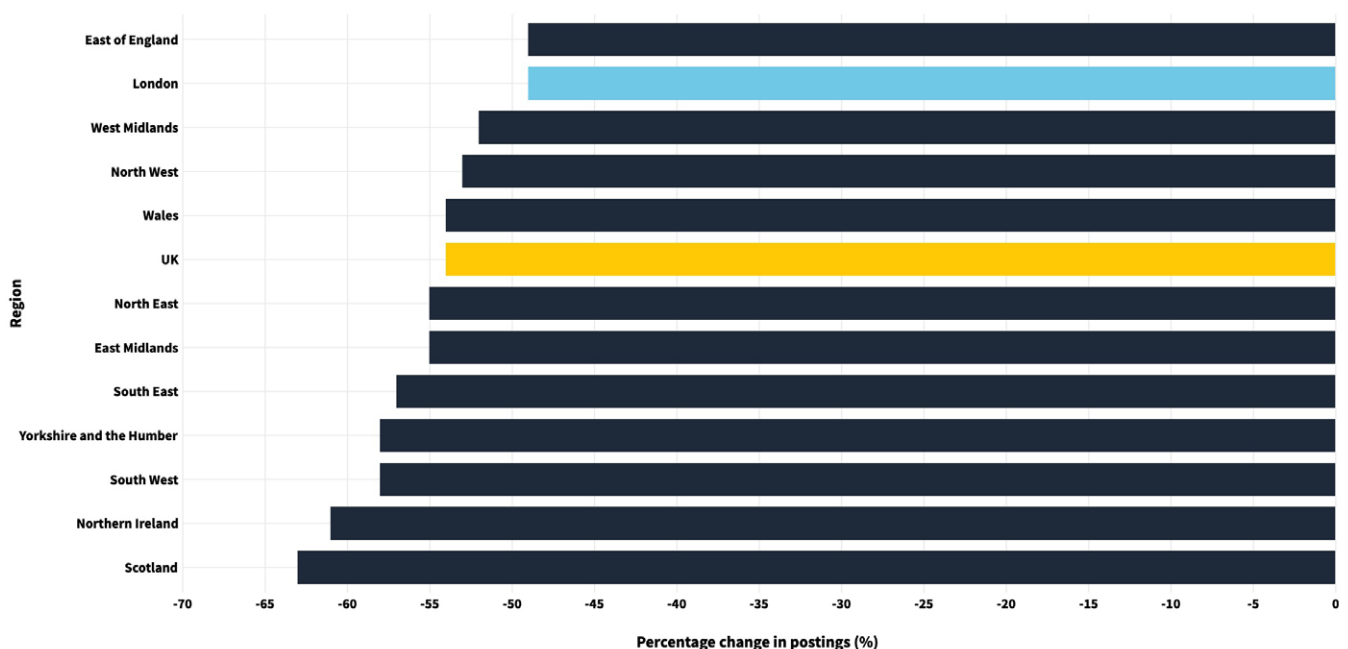
The Office for Budget Responsibility forecasts that [8 million employees will be on the government's Job Retention Scheme and 3.4 million people will be unemployed for the second quarter of 2020](#), corresponding to a [35 per cent fall](#)

[in activity](#). This means that over 1 in 3 of the UK's 31 million workers will be inactive this quarter.

How is London faring compared to other regions? The [GLA estimates](#) that the fall in activity in London will be as steep as the national average, based on the sectoral composition of employment in the capital. Indeed, [London has a higher proportion of jobs in sectors that have been "shut" under the government lock-down](#) than other regions, but also a higher proportion of workers in occupations that are likely to be working from home.

One indicator that monitors businesses' early response to the fall in activity is recruitment. The market leading job search tool [Indeed](#), compares the number of job postings on its website with previous years.

Figure 6: Job postings on Indeed.co.uk (Number of postings from 1 Feb to 1 May 2020 compared to previous years)



Source: Indeed Hiring Lab UK and Ireland

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The impact of the crisis on the labour market has been swift and severe. While there has been much attention on layoffs and furloughs, this has also been felt in scaled back hiring intentions by firms. Job postings on Indeed are one of the most timely indicators of this, running at less than half of last year's volumes as of the start of May, though signs of stabilisation are now emerging. While the pain has been felt across the UK, London has held up a little better than most and has seen a slower decline than all but one other region.

[Jack Kennedy](#), UK Economist, Indeed Hiring Lab | [@JackKennedy82](#) [@IndeedUK](#)

Indeed finds that job postings in London between 1st February and 24 April were down by 47 per cent compared to last year. [There are, as would be expected, wide sectoral differences](#). Recruitment has slowed down overall, almost stopped in “shut down” sectors, such as hospitality, and wellness and beauty, but is running close to normal in medical occupations.

Compared to the rest of the country, however, London seems slightly less affected at this point in the crisis. Perhaps this is not surprising, since London has a larger share of jobs that can be done remotely: [34 per cent of London residents had](#)

[ever worked from home in 2019, compared to 25 per cent outside London](#), and many more would have started to work from home during the pandemic.

On top of this, London has a diverse economy, and is therefore slightly less vulnerable overall to the loss of visitors than smaller tourist and student towns. [Reported personal expenditure shows these locations have seen much steeper falls in consumer spending](#). That said, the sheer size of London's economy – and therefore its hospitality, retail or air travel sectors, will mean that a significant share of people and businesses at economic and financial risk are in the capital.

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London's labour market has always been a tale of two (or indeed many) cities, with a disproportionate share of graduate and high skilled jobs, but also a vast workforce in relatively low paid service sectors. The former are disproportionately able to work at home. The latter, however, are impacted not just by government-imposed shutdowns but also by the indirect impacts of lockdowns, which mean that even businesses that could in principle stay open – like sandwich shops - have shut because of lack of demand, or because staff can't get to work safely. Migrant workers are likely to be particularly vulnerable and one big question is how many have already chosen to return to their countries of origin, whether for economic, health-related, or family reasons.

[Jonathan Portes](#), Professor of Economics and Public Policy, Department of Political Economy, King's College London | [@jdportes](#) [@policyatkings](#)

Business outlook

With whole sectors of the London economy suddenly inactive, and uncertainty around re-opening, the key indicator of business confidence has hit an all-time low. In addition to the Job Retention Scheme, additional Government support is focused on helping smaller businesses to survive the impact of social distancing rules.

ONS voluntary business survey

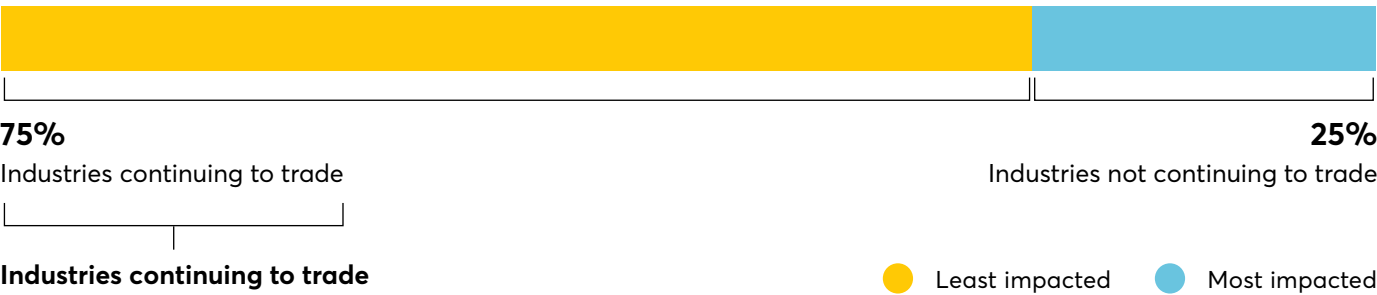
The lock-down has resulted in a sudden demand and a supply shock. As a result, almost a quarter of businesses² who responded to a voluntary national survey by the Office for National Statistics (conducted between 23 March and 5 April) have temporarily stopped trading. Unsurprisingly the two largest hit sectors were accommodation and food services, and arts and entertainment. In both cases, fewer than 20 per cent of responding businesses said they were currently operating. We do not know specifically about London businesses, but according to previous ONS data there are 650,000 London jobs in those two sectors alone. Assuming this survey is indicative of overall trends, around 500,000 jobs have been affected in these two sectors. Fortunately, very few (less than 1 per cent) of responding businesses in these sectors said they were permanently closing.

These numbers are somewhat consistent with a [survey run by the GLA](#), which found that about 30 per cent of London residents had either lost their jobs, been furloughed, or seen working hours reduced because of the COVID-19 crisis.

On the positive side, more than 70 per cent of businesses in other sectors report they are still able to continue trading and 6 in 10 of those businesses say they are financially confident to continue operations throughout this crisis. The sectors that reported being the least financially impacted by the crisis are Information and Communication, Education, and Health and Social Work. With an estimated 1.5 million workers in London alone, these sectors also represent a large proportion of the London workforce. So on one hand, London's tourist and cultural economies have been severely impacted, but, on the other hand, many people are still able to operate given London's strong professional services, education and health institutions.

Figure 7: The economic impact of COVID-19 on the UK

What is the current trading status of your enterprise?



Industry	Continuing to trade (%)	% of London's workers ³
Arts, entertainment and recreation	17	3
Accommodation and food service activities	19	8
Construction	71	5
Wholesale and retail trade; repair of motor vehicles and motorcycles	73	11
Manufacturing	77	2
Education	86	7
Administrative and support service activities	90	10
Water supply, sewerage, waste management and remediation activities	92	1
Transportation and storage	92	4
Information and communication	94	8
Professional, scientific and technical activities	96	14
Human health and social work activities	96	10

Source: ONS, "Business Impact by COVID-19 Survey"

Business grants and reliefs

Government has unveiled and implemented unprecedented economic support for employers. The Job Retention Scheme allowing employers to furlough their workers is by far the largest, but there isn't yet data on take up in London.

Government has also made grant funding and businesses rates relief available:

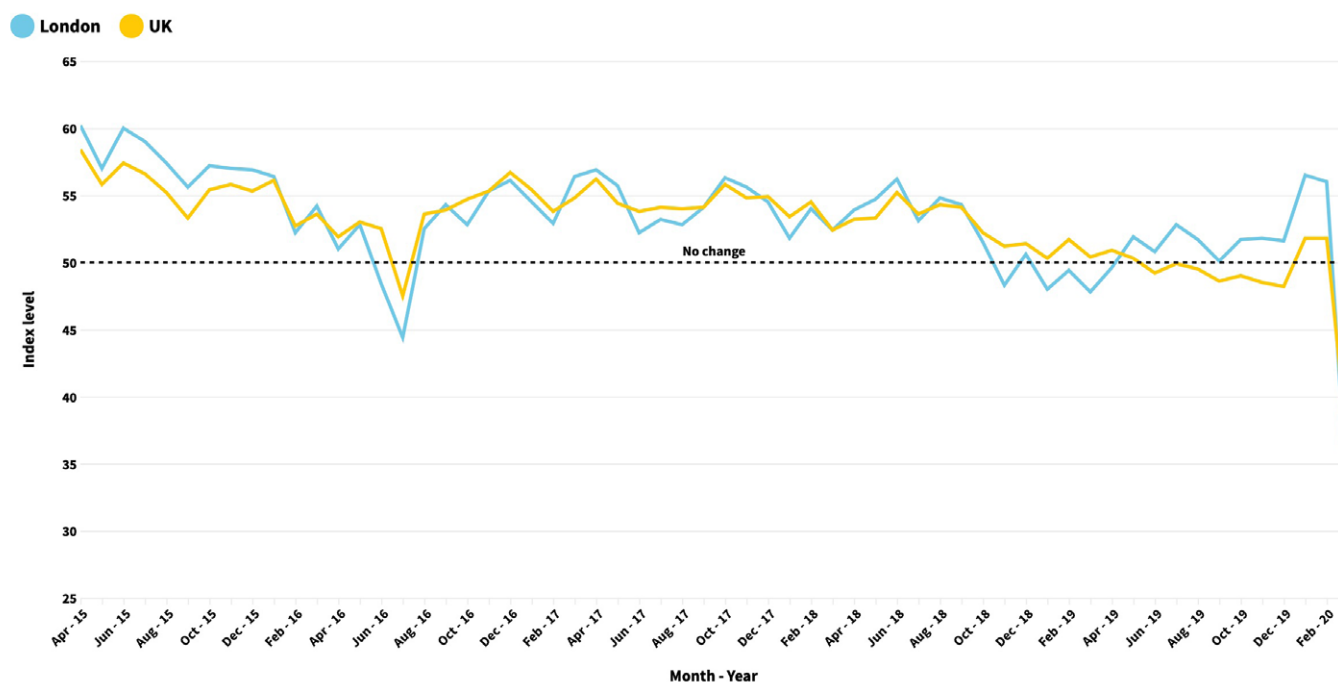
- Government has offered automatic 100 per cent business rates relief for the financial year 2020/2021 to retail, leisure (e.g. cinemas and gyms), hospitality and nursery properties. Government estimates that it will have to cover 35 per cent of business rates tax take in the capital through this scheme. London being the highest contributor to the national business rates tax take, it will receive the highest share of government relief – 30 per cent of the £10 billion allocation.
- Small businesses in the most affected sectors can also apply for grant funding.⁴ London has been allocated 13 per cent of the national fund for this scheme, worth £12 billion. As of 26 April, 61 per cent of grants had been distributed by local authorities to London businesses.

Economic expectations

The NatWest/HIS Markit Purchasing Managers' Indices (PMIs) measure business activity by surveying companies on output, new orders, employment and prices; a score above 50 shows an increase in activity from one month to the next. A reading below 50 signals contraction, and the further below the 50 level the faster the decline.

After February registering the fifth consecutive month of increasing activity, London saw a steep decline during March: the Index plummeted to its lowest level since the survey began in 2012, and to a lower level than in the rest of the UK. The decline is also 12 points steeper than the one observed in the wake of the EU referendum vote in 2016. This data bears out the substantial drop in output caused by retail, hospitality and venue closures.

Figure 8: Purchasing Managers' Index



Source: NatWest/IHS Markit Purchasing Managers' Index

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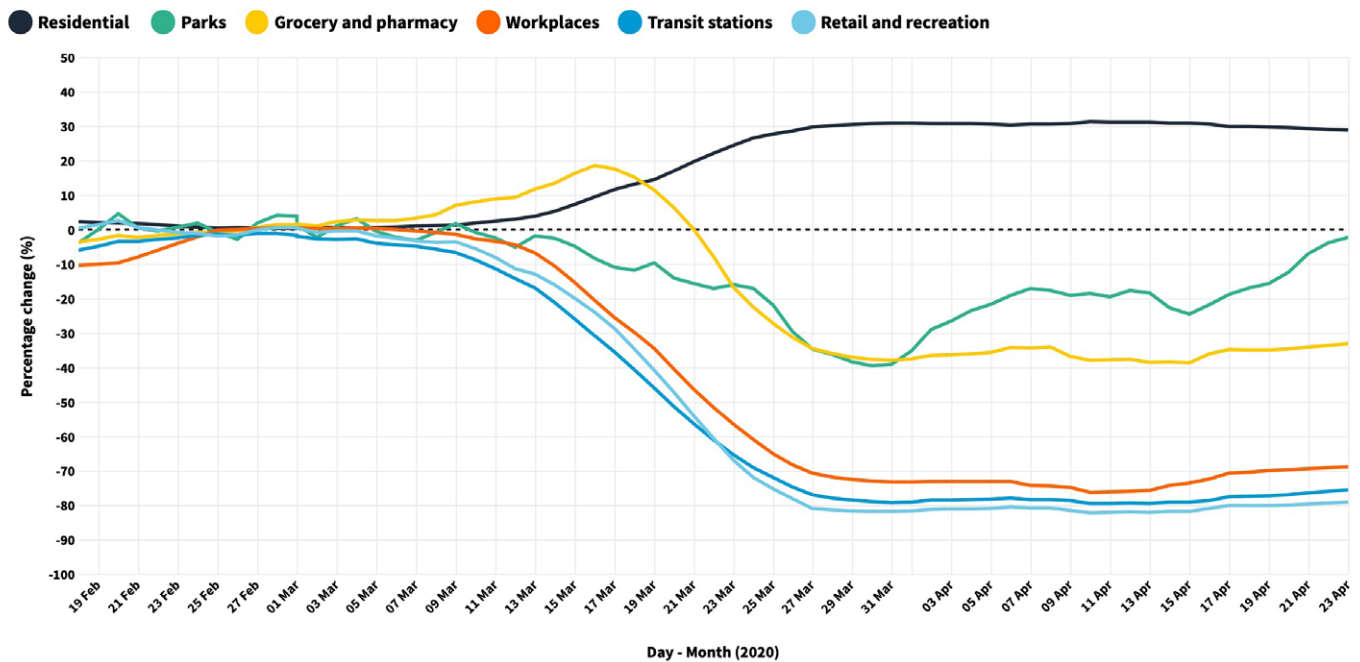
London's businesses have been impacted in line with business in the rest of the UK, and business expectations have fallen even more steeply than sentiment nationally. After the 2008-09 financial crisis, London's economy – to the surprise of some – recovered more quickly than the rest of the country, further increasing the economic disparity between London and the other UK regions and nations. Will the same be true in a post-COVID-19 recovery? London's strengths remain – its diverse economic base, highly educated workforce, institutional depth and local, national and international roles. But other aspects of London, such as its high global connectivity and dense concentration of jobs and economic activity in the central area, should now perhaps be seen as vulnerabilities as well as assets.

[Mark Kleinman](#), Professor of Public Policy, King's College London | [@policyatkings](#)

Mobility and activity

Data on Londoners' movements during lock-down suggests a high level of compliance with public health advice: most Londoners are staying away from their workplace and from public transport, and spending their leisure time at home or in parks. If they go out, they are slightly more likely to drive than they used to, compared to using public transport. By international standards, London has seen a dramatic decline in movement, though all major cities have restricted activity to some degree.

Figure 9: Mobility in London, 7-day rolling average, compared to baseline (as of 1 May)

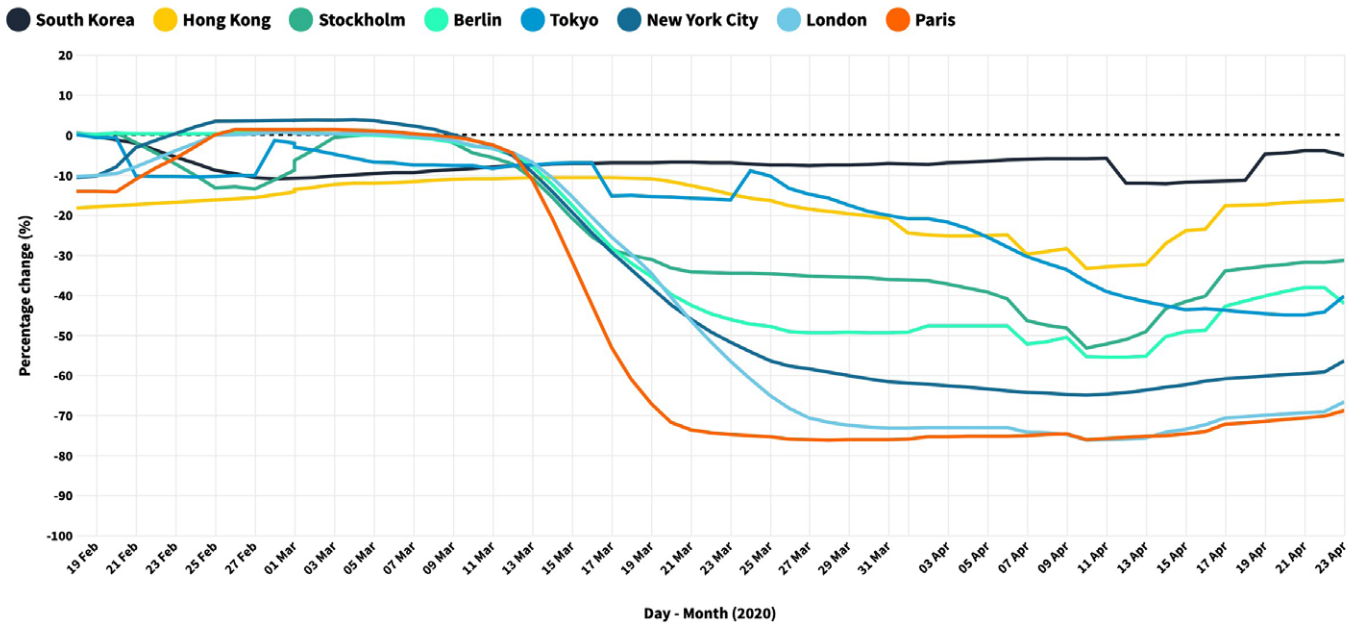


Source: Google LLC, Google COVID-19 Community Mobility Reports • N.B. these anonymized data are collected from users who use Google Maps for navigation and have their Location History setting turned on.

Data on the location of Google Maps users illustrate how lock-down and physical distancing measures are affecting the movements of Londoners. Since lock-down began on 23 March, workplace attendance is 70 per cent lower than normal, while trips to shops (outside basic services), restaurants and museums are down by 80 per cent. Tube and rail use is also down by 80 per cent. Trips to grocery stores and pharmacies have fallen below their normal

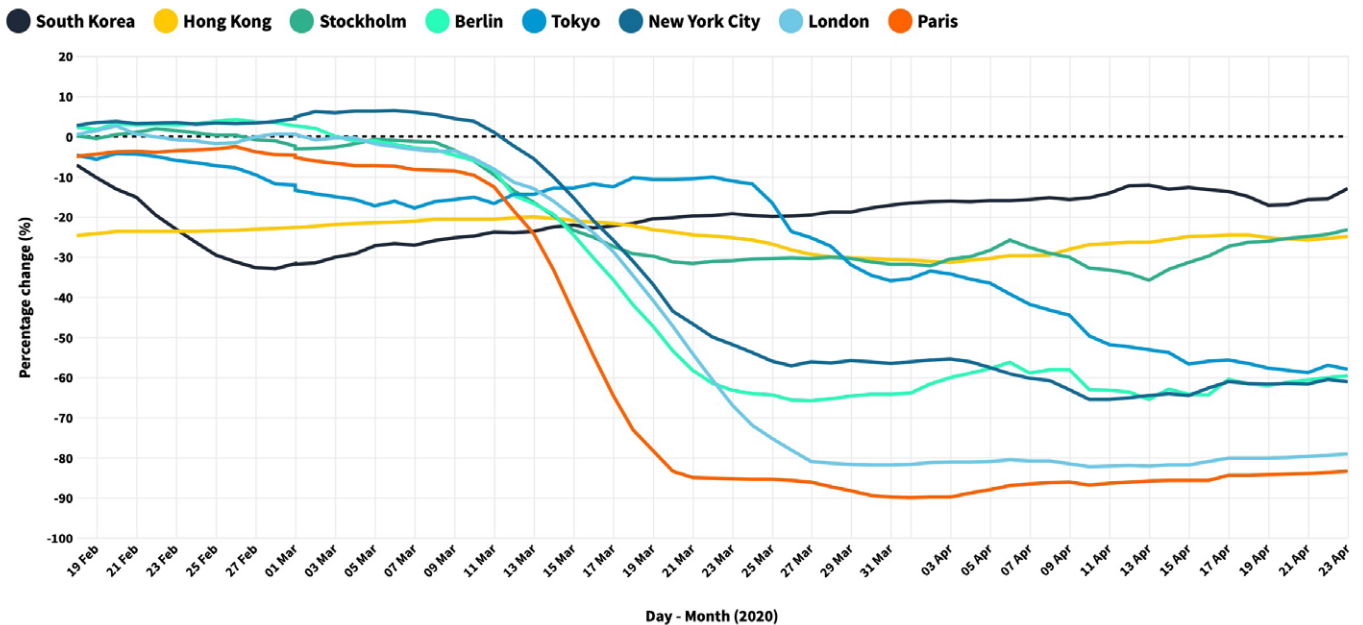
level, but this is after a notable spike in mid-March, probably to “stockpile”. Londoners initially reduced their use of the city’s parks, but have returned to them in greater numbers after several weeks of lock-down – partly due to good weather, but probably also to keep some level of activity. After some initial closures, [London boroughs have sought](#) to keep parks open, aware of the physical and mental health benefit in a city where [flats make up half the total number of dwellings](#).

Figure 10: Percentage change in workplace visits, 7-day rolling average, compared to baseline (as of 1 May)



Source: Google LLC, Google COVID-19 Community Mobility Reports • Retrieved on 01/05/2020. N.B. these anonymized data are collected from users who use Google Maps for navigation and have their Location History setting turned on. Due to unavailability, South Korea data has been substituted for Seoul

Figure 11: Percentage change in retail and recreation visits, 7-day rolling average, compared to baseline (as of 1 May)



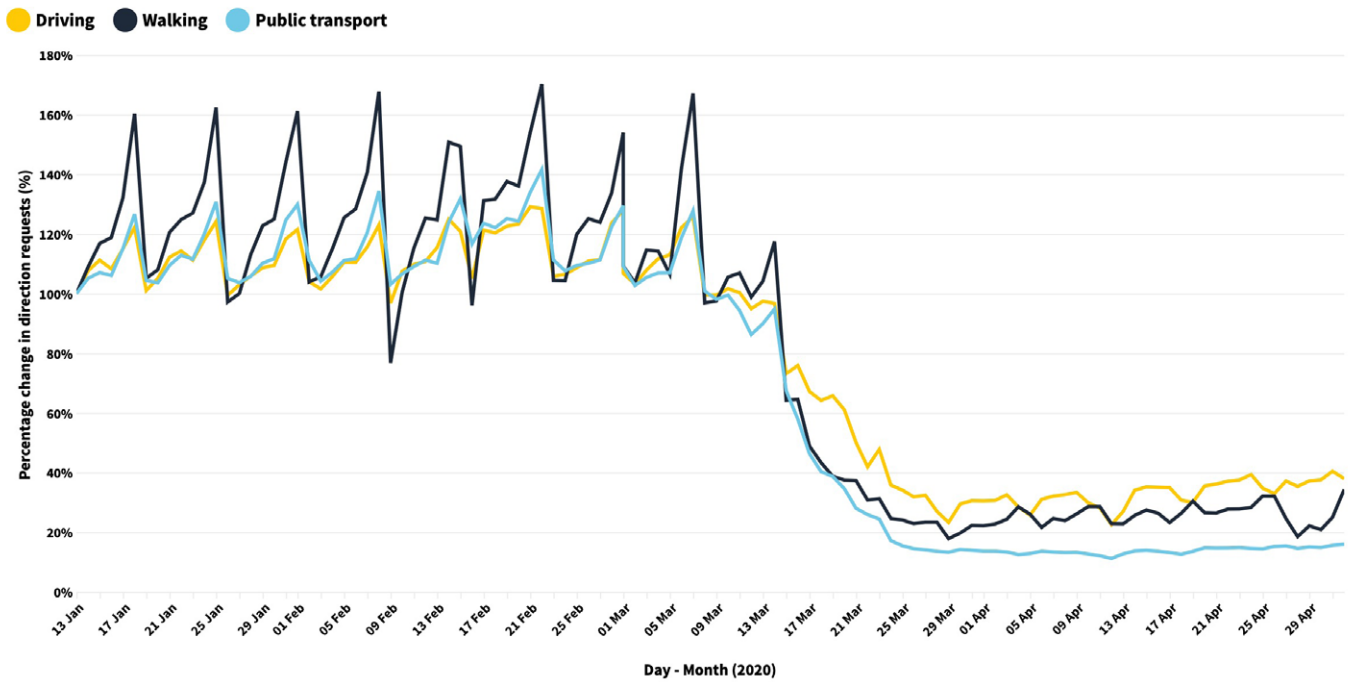
Source: Google LLC, Google COVID-19 Community Mobility Reports • Retrieved on 01/05/2020. N.B. these anonymized data are collected from users who use Google Maps for navigation and have their Location History setting turned on. Due to unavailability, South Korea data has been substituted for Seoul

These charts show again the Google maps user location data, but for a selection of cities (or country in the case of South Korea). By international standards, London has seen a steep decline in activity during the lock-down phase, as measured by visits to places of work and consumption. Paris has seen a stricter regime. Berliners and New Yorkers do not seem to have reduced their work and shopping trips as much as their counterparts have in London and Paris in April, and neither have Tokyoites. One of the few countries that shows only a

limited fall in workplace or retail activity is South Korea, and other data on Citymapper users indicate that this holds for Seoul.

These differences may be due to the widespread use of contact tracing in South Korea, and to Sweden's decision to limit closures. They could also be due to differences in welfare support available for people self-isolating or who have not been working, with additional support enabling a greater number to shelter at home.

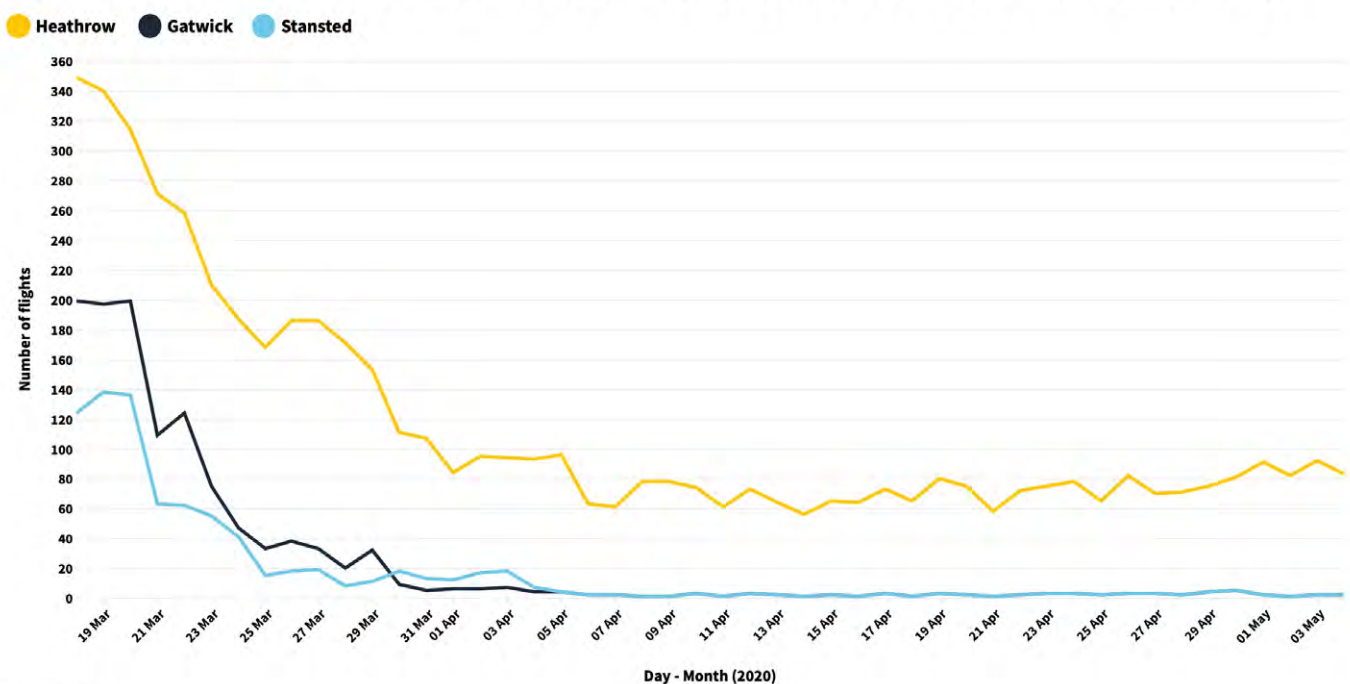
Figure 12: Daily change in requests for directions by transportation type, London (as of 1 May)



Apple Maps mobility data shows the number of user journeys planned by mode of travel. Data suggests slightly more sustained car use, with driving down 65 per cent compared to a 90 per cent decline for public transport journeys. The steep fall in public transport use follows a concerted effort by Transport for London to halt all but essential journeys on their network, a move which may have added to concerns about personal safety in

encouraging some Londoners to drive instead. Commuters were very quick to modify their behaviour following government social distancing measures, working from home and reducing the number of trips into the city centre. The fall may also be due to users taking more regular journeys without using the navigation function, but [location data of TomTom users](#) confirms that there has been a sharp fall in congestion levels on London's roads.

Figure 13: Number of tracked departures per day by London airport (UTC time, as of 5 May)



Global travel restrictions have led to a substantial reduction in tracked departures from London's major airports. London City Airport has been closed since 25 March, Gatwick is operating from one terminal, and Heathrow from one runway. Given the challenges of maintaining physical distance aboard commercial planes, air travel is likely to be disrupted for some time.

Heathrow is maintaining a minimal level of service, with 60-90 tracked departures a day compared to 350 in mid-March, a figure already below average as travel bans started to come into force.

Much of London's economy is linked to international travel, whether it is airports themselves - the airport economy is the [largest employer in west London](#) - or supporting international visits – there were as many as 40m visits to the UK in 2018, and half of them were to London. Centre for London has [documented how the capital has become a top pick for multinationals to locate their HQ](#), partly thanks to its international connectivity. The weakening of this role would represent a major shift for the city's economy.

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It is clear that the Covid-19 pandemic is having a major impact on the way people undertake their daily activities and travel in London and in other large cities across the world. Along with the negative consequences, there have been associated benefits in city environments and air quality. Some of these changes could have long-lasting impacts and now is the time to think and plan about how best to embed behaviours that are positive for cities. For example, what is the right balance between virtual and face-to-face activities for Londoners? How do policymakers encourage increased cycling levels and reductions in car travel? How can people be safely encouraged back onto public transport? We have a small window to make some of these positive changes more permanent.

[Charlene Rohr](#), Senior Research Leader, RAND Europe and Co-Director, RAND Europe's Centre for Futures and Foresight Studies | [@RANDEurope](#)

Air quality

Those of us after some good news in the downturn have looked to improvements in air pollution. Many have noticed that London's skies have rarely been so intensely blue, and this is not only due to good weather in April.

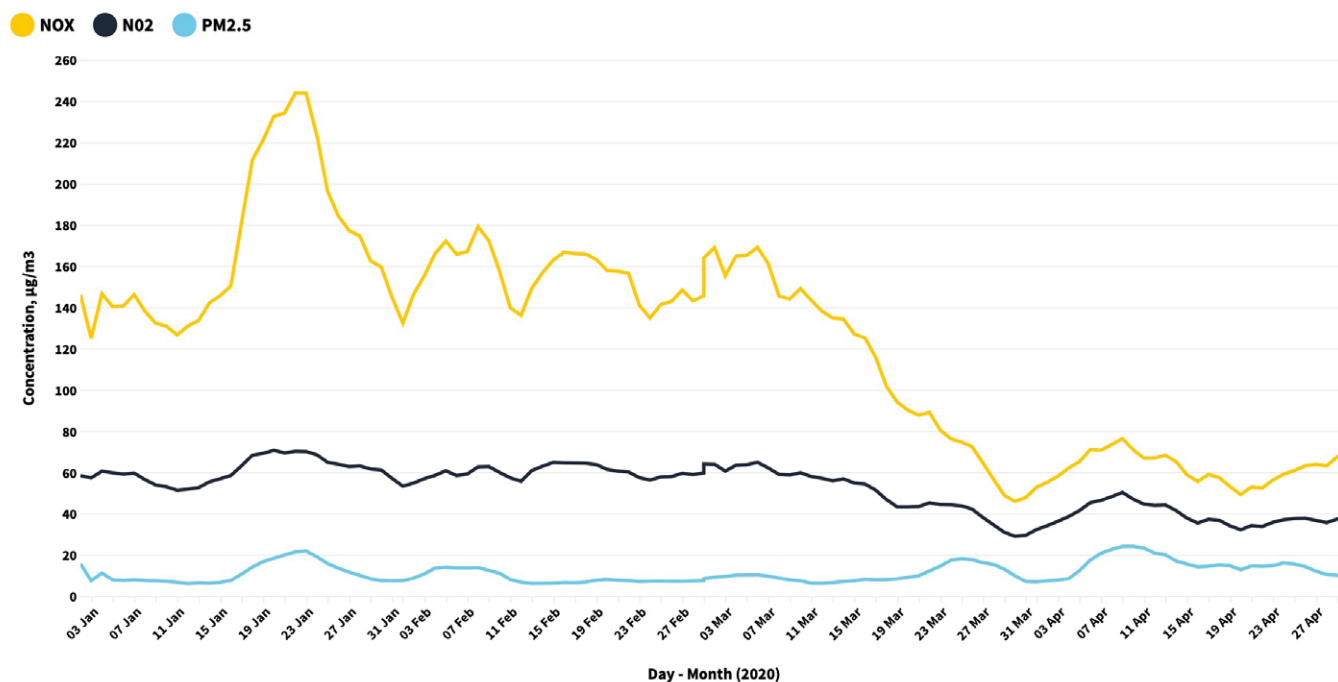
London's air quality was showing significant signs of improvement before measures to address the coronavirus pandemic were introduced. The introduction of a central London Ultra Low Emissions Zone and the electrification of vehicle fleets were already [helping to clean up London's air](#), which makes comparison of current emissions to those of previous years challenging.

At the start of 2020, hourly average NO₂ had already seen a 35 per cent reduction on the same period in 2017. Since

16 March there has been an additional reduction of 26 per cent on average, with reductions steeper still among roadside concentrations. Particulate matter (PM₂ and PM₁₀) emissions have risen slightly since mid-March, though this is largely a seasonal variation and lower in London than in the wider region.

Since the lock-down, daily average NO₂ has reduced by around 40 per cent at roadside sites in central London. The picture is particularly stark when we look at some of London's busiest locations. Oxford Street has seen a 47 per cent reduction in daily average NO₂ and for Marylebone Road concentration levels are 48 per cent below average.

Figure 14: Daily mean readings for selected pollutants, Oxford Street



Source: The London Air Quality Network at King's College London • Data download for Oxford Street monitoring site. Provisional figures from 13/02/2020.

“Whilst the lock down has undoubtedly reduced emissions from some sources the picture is as ever complicated, something which isn't being reflected in many of the press items coming out. Reducing car usage can benefit air-pollution but it's not the whole story. It might be a surprise that springtime is the most polluted time in the UK. When winds turn to the east, pollution particles sweep across western Europe. These particles are a mixture of pollution from industry and traffic along with emissions from agriculture as crops are being fertilized. However, it looks like the lockdown might have averted a number of serious spring smog's this year.

[Tim Baker](#), Principal Air Quality Analyst, King's College London | [@LondonAir](#)

Endnotes

1. The Office for National Statistics has controlled for differences in mortality due to varying age profiles in local authorities, since the COVID-19 mortality rate is higher for older people.
2. A total of 6,171 businesses responded to the survey
3. Total will not add up to 100% as other industries were not represented in the survey data
4. These are the Retail, Hospitality and Leisure Business Grants Fund and the Small Business Grants Fund scheme.

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