Overview and mitigation of Impacts of Covid-19

Briefing for Recovery Board and Taskforce

July 2020

CITY INTELLIGENCE

Phase 1 of Covid-19 has taken a heavy toll on Londoners

- London has had at least **34k** cases and **8.5k** deaths to 14 July

- Weekly deaths now under 20 - down from peak of over 2,000 in April

- Cases spread across adults of all ages but highest deaths in the older population, males, and among BAME groups

Weekly Deaths in 2020
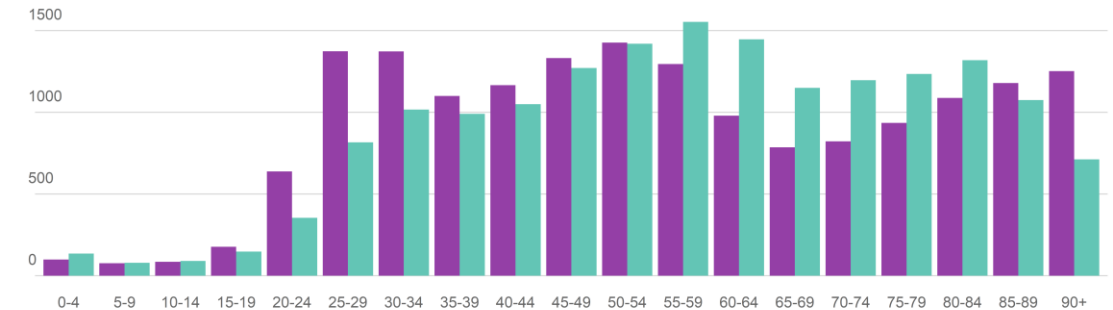London - by date of occurrence

COVID 19   Non COVID 19
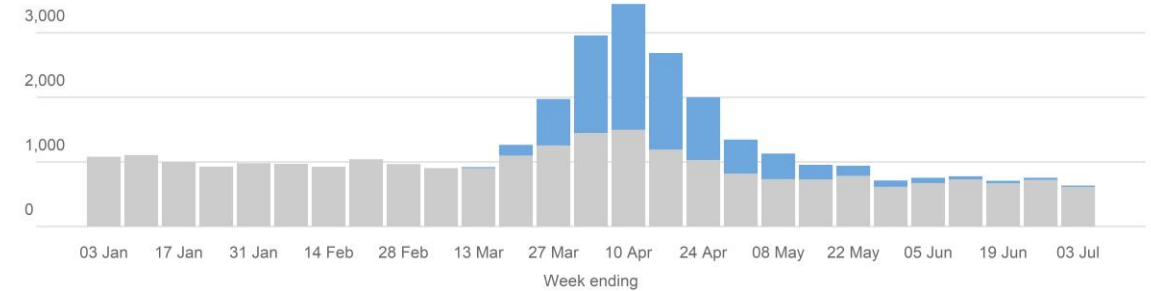
Source: ONS weekly deaths by Local Authority
Graphic by GLA City Intelligence

**Cases by age and sex**
London

Female   Male

Source: PHE COVID-19 Dashboard
Graphic by GLA City Intelligence

CITY INTELLIGENCE

Health impacts have been disproportionate across different groups

- Large variation in rates of deaths involving COVID-19

- Disproportionate impacts on Black and South Asian communities
  - Mortality rates for black males **double** that of white males

- Greater mortality in areas of higher deprivation
  - COVID-related mortality rates for most deprived areas almost **double** those of least deprived

Age-standardised rates of deaths involving COVID-19 by ethnic group - London
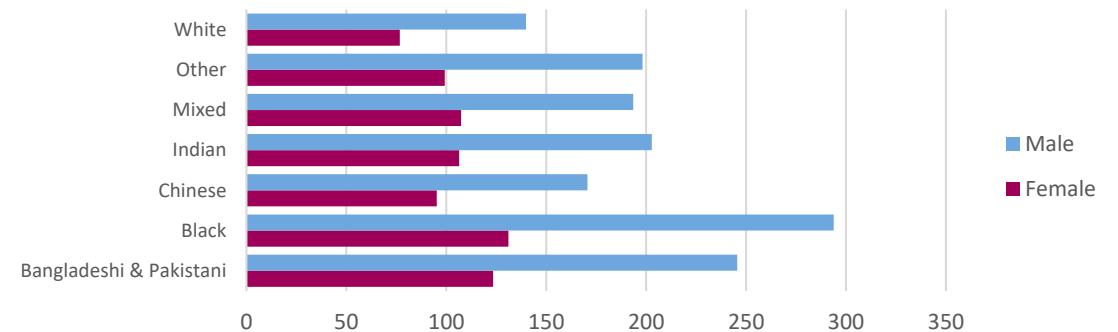
Age-standardised mortality rates by deprivation decile - England

most deprived

least deprived

Non Covid-19 Covid-19
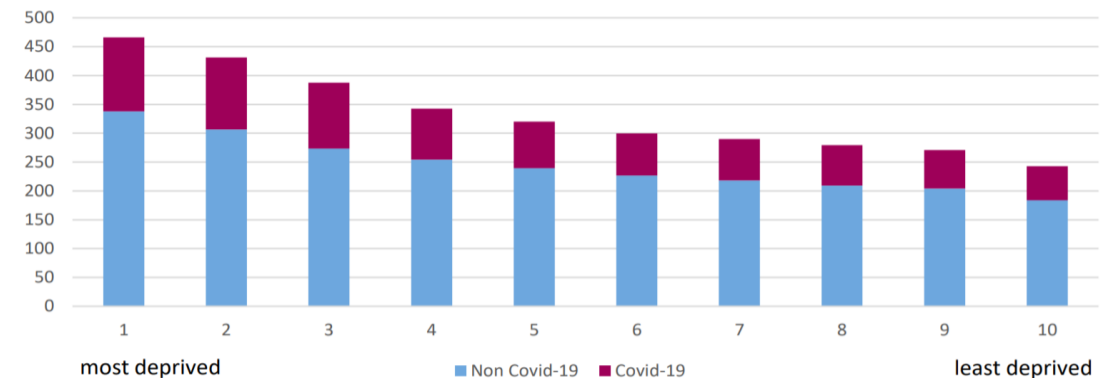
Source: ONS, deaths occurring March to May 2020

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New infections remain under control

- Estimated < 0.1% London population infected

- Outbreaks limited - recent small cluster in West London

Estimated daily percentage of the population with COVID-19
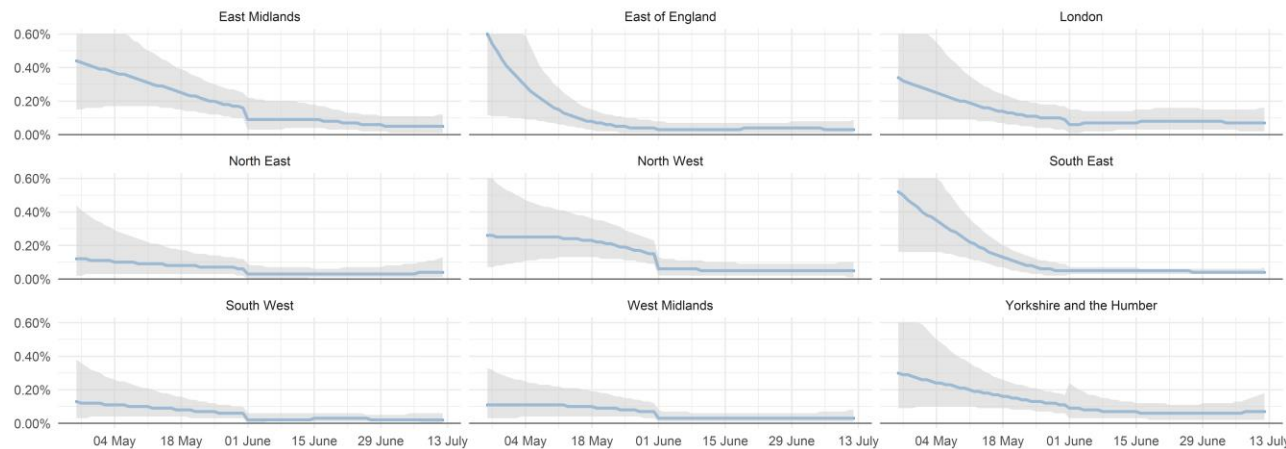
Source: ONS Infection Survey Pilot
Shaded area shows 95% credible interval
Graphic by GLA City Intelligence

Daily and cumulative cases by borough: 14 June - 14 July

CITY INTELLIGENCE

After the dramatic fall in London business activity, new businesses, consumer confidence and house price expectations, we started to see a gradual recovery in May

PMI Business Activity Index
(50 indicates no change on previous month)

PMI New Business Index
(50 indicates no change on previous month)

Consumer confidence barometer

London — UK

RICS house prices expectations net balance
(change in prices during next three months, seasonally adjusted)

London — England and Wales

Y INTELLIGENCE

Economic forecasts and scenarios seem to be leaning towards a deep but relatively short-lived recession

March
April
May
June
July

Better ↑

Rapid and effective control of virus spread
Strong public-health response succeeds in controlling spread in each country within 2–3 months

Experian (UK) Scenario 4

NIESR (Global)
Experian (UK) Scenario 3
CPB (Netherlands) Scenario 3 and 4
Capital Economics (UK)
NIESR (UK)
Econpol (UK) Recovery Scenario 2
Central Bank of Spain (Spain) Scenario 2 and 3
OECD (Global) 'Single-hit' scenario
OBR (UK) Central Scenario

Experian (UK) Scenario 1 and 2
CPB (Netherlands) Scenario 1 and 2
OBR (UK)
Econpol (UK) Scenario 1
BIS (Global) Best case Scenario
IMF (Global) Scenario 1 and Alternative 1
Central Bank of Spain (Spain) Scenario 1
Bank of England (UK)
Oxford Economics (London)
PWC (UK) 'Smooth exit' Scenario
ECB (Euro area) 'Mild' Scenario
OBR (UK) Upside Scenario

Virus spread and public-health response
Effectiveness of the public-health response

Effective response, but virus recurs
Public-health response succeeds but measures are not sufficient to prevent recurrence so physical distancing continues (regionally) for several months

KPMG (UK) – Downside Scenario 2
OBR (UK) Downside Scenario

KPMG (UK) – Downside Scenario
BIS (Global) 'W-shaped' Scenario
PWC (UK) 'Bumpy exit' Scenario
OECD (Global) 'Double-hit' scenario
ECB (Euro area) Central Scenario

KPMG (UK) – Central Scenario
IMF (Global) – Alternative Scenario 2 and 3
KPMG (UK) Upside Scenario

PWC (UK) – Do not estimate the speed of recovery

Broad failure of public-health interventions
Public-health response fails to control the spread of the virus for an extended period of time (eg, until vaccines are available)

Cambridge Econometrics (Global) Scenario 1

Cambridge Econometrics (Global) Scenario 2
KMPG (UK) Base II Scenario and Downside Scenario
ECB (Euro area) 'Severe' Scenario

KMPG (UK) Base I Scenario

Worse ↓

Ineffective interventions
Self-reinforcing recession dynamics kick in; wide-spread bankruptcies and credit defaults; potential banking crisis

Partially effective interventions
Policy responses partially offset economic damage; banking crisis is avoided; recovery levels muted

Effective interventions
Strong policy response prevents structural damage; recovery to pre-crisis fundamentals and momentum

Worse ← **Knock-on effects and economic policy response** → Better
Effectiveness of government economic policy

As at July 2020, the balance of economic forecasts and scenarios leaned towards a deep recession. A partial recovery is expected in 2021, with annual GDP growth turning positive.

The risk, however, remains on the downside.

Compared to earlier scenarios, assumptions around the virus spread and public-health response have become more pessimistic. A U-shaped recovery is now seen as more likely than a V-shaped recovery.

GLA Economics is developing macroeconomic scenarios for London's economy to inform recovery planning.

Source: GLA Economics analysis based on McKinsey scenarios matrix

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The updated OBR scenarios assume a historic recession in the UK this year – although less deep than initially expected - followed by a gradual bounce back in 2021 and 2022

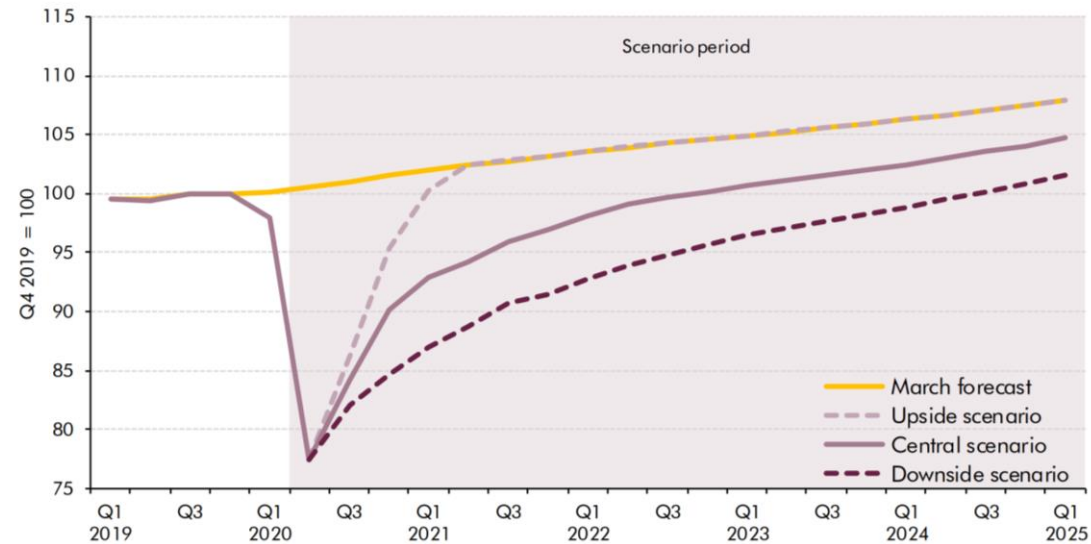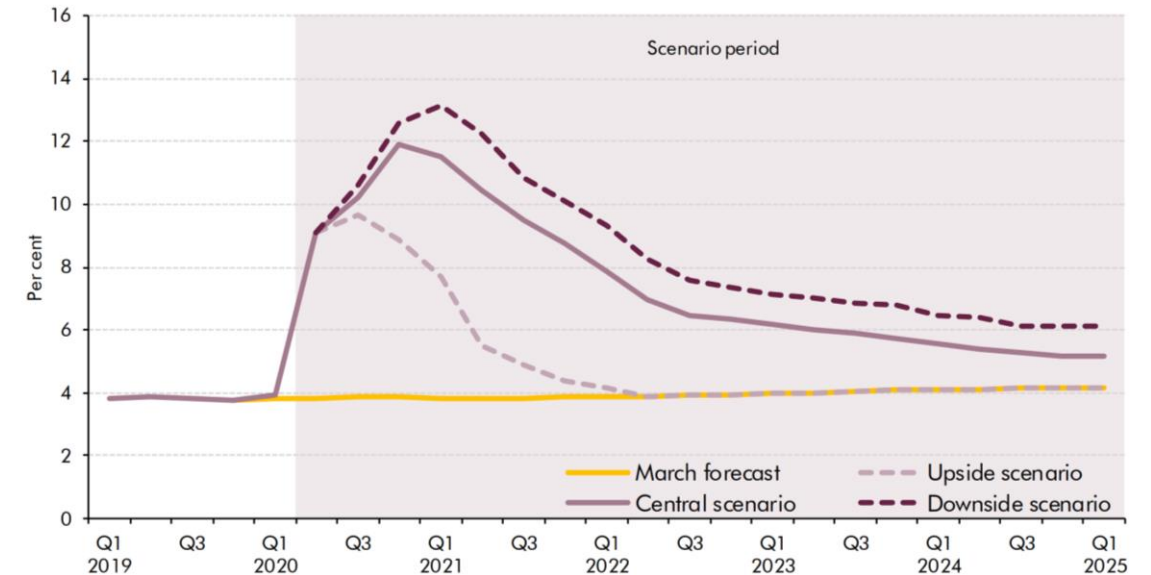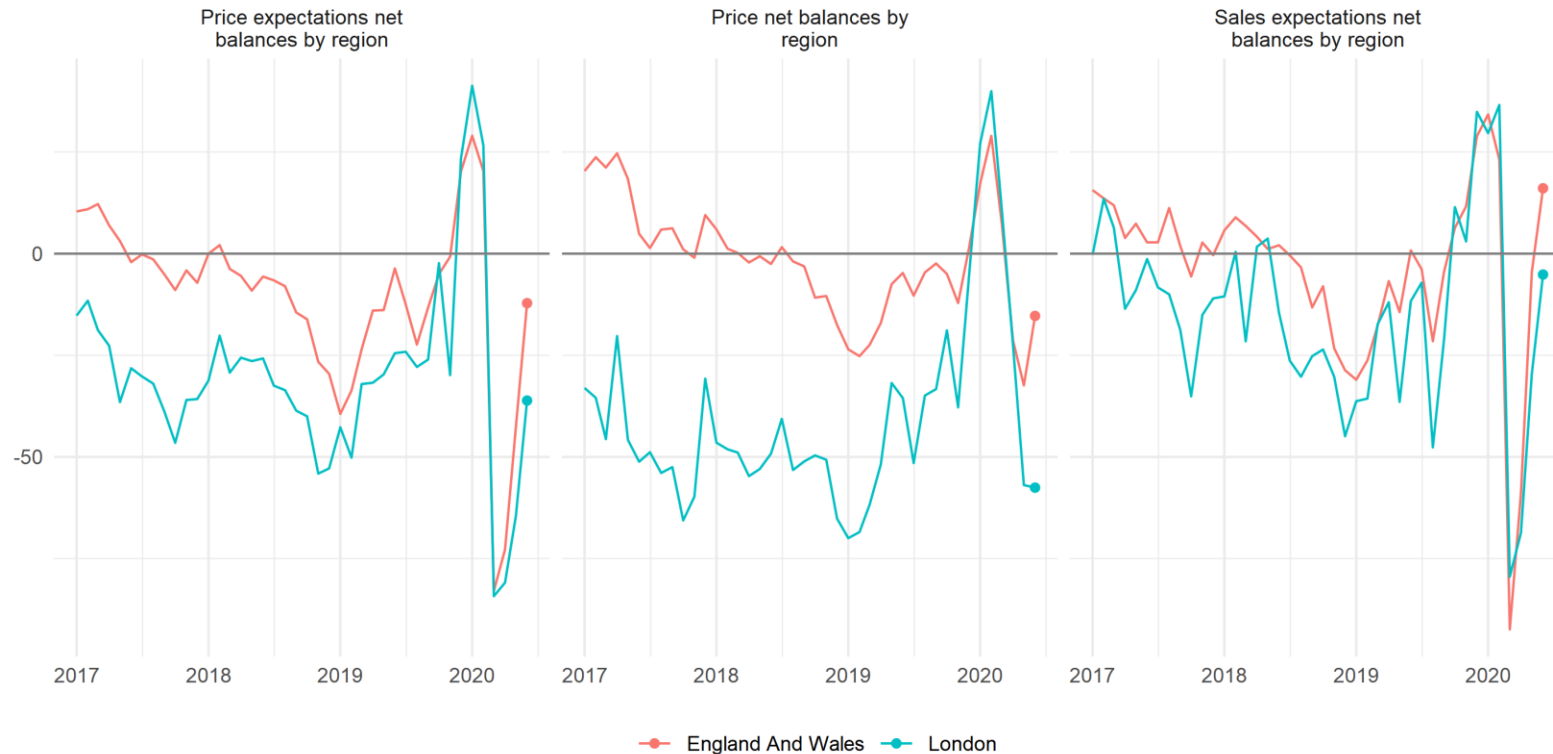Chart 2: Real GDP scenarios versus our March forecast

Chart 2.9: Unemployment rate: scenarios versus March forecast

CITY INTELLIGENCE

There are signs that the housing market is recovering more slowly in London than in the rest of the country and that Londoners are falling behind with their housing costs

Price expectations net balances by region

Price net balances by region

Sales expectations net balances by region

England And Wales — London

Data from RICS

- RICS report that surveyors expect both prices and sales rates to recover more slowly in London

- The number of sale and rental listings added to property portals has however rebounded strongly after lockdown

- Homelet report that rents for new tenancies in London have fallen by 5.4% over the last three months

- In May, 11% of Londoners said they had fallen behind with their housing costs, compared to 9% across the UK as a whole

CITY INTELLIGENCE

The Covid-19 crisis has also had profound impacts on house building and homelessness in the capital

Construction

- BuildUK found that almost 60 per cent of construction suppliers around the country suspended operations due to Covid-19, while many sites that have restarted are running more slowly due to social distancing

- GLA Economics forecasts that London's construction output will fall by 34% in 2020, only recovering to its 2019 level by 2022

- The current Affordable Homes Programme has been extended by a year to give housing providers more time to start the homes they are committed to delivering

Rough sleeping

- In response to the Covid-19 pandemic, the GLA, London boroughs, charities and the Government jointly acted to ensure that the city's rough sleepers were protected from the virus

- Over 5,000 homeless people from winter shelters and from the streets have been given emergency accommodation in the capital, of which around 1,800 so far have been housed in accommodation procured by the GLA, mainly hotels
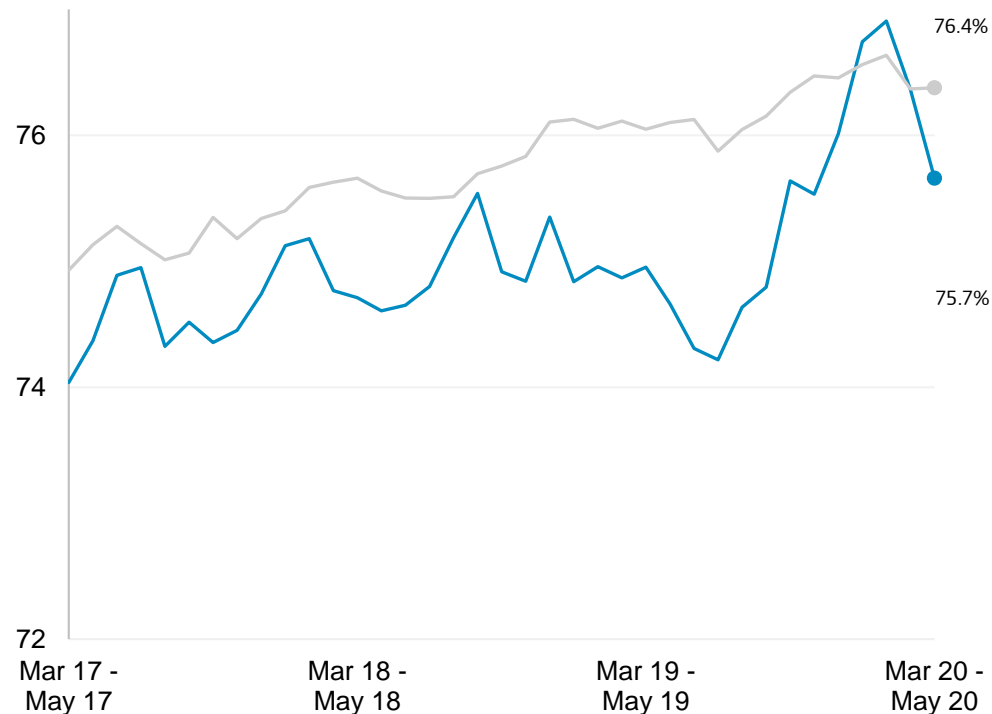
CITY INTELLIGENCE

In contrast to the UK, London's employment and unemployment rates have begun to show the impacts of COVID

Employment rate (% of working age population)
**London** and **UK**
London Sampling variability ± 1.2%
UK Sampling variability ± 0.5%

76.4%

75.7%

76

74

72

Mar 17 -
May 17

Mar 18 -
May 18

Mar 19 -
May 19

Mar 20 -
May 20

- In the three months to May 2020, London's 16-64 employment rate was estimated at 75.7%, down 1.1 pp on the previous quarter - the largest quarterly fall since May-July 2009

- Women accounted for 60% of the quarterly fall in employment (-61,480 for women; -41,750 for men)

- The unemployment rate in the capital was 5.1% in the three months to May 2020. This was 0.6 pp up on the previous quarter and 0.8 pp up on the year. This was the largest quarterly increase since the May-July 2011. The UK unemployment rate was estimated at 3.9%, virtually unchanged compared against the previous quarter

- While unemployment for men went down by 4,130 on the quarter, unemployment for women increased by 31,280
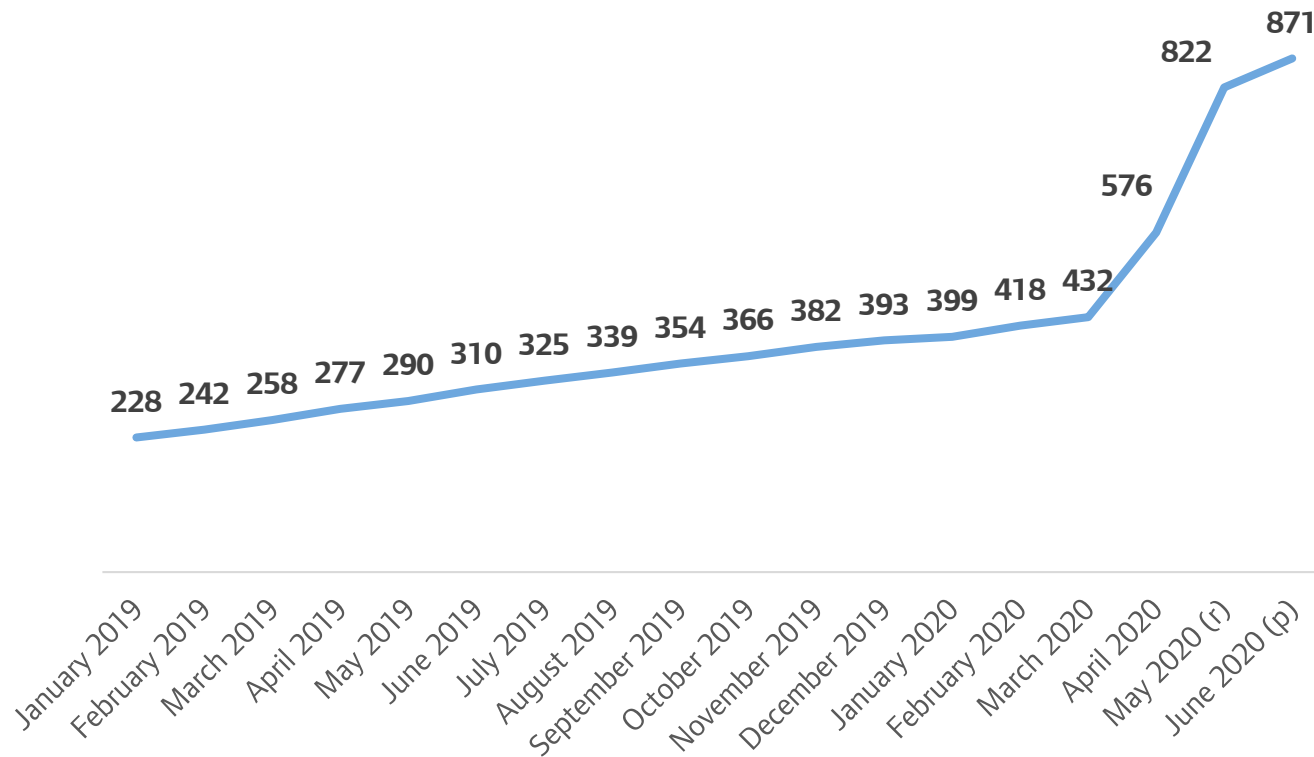
CITY INTELLIGENCE

But the risk of unemployment has been largely mitigated by government support schemes

- London had 1.29 million furloughed employments on the Coronavirus Job Retention Scheme (CJRS) to 30th June, accounting for 14% of all UK furloughed employments as London reported the highest number of CJRS claims

- For London, accommodation and food has the highest CJRS take up rate (71%), followed by Arts and entertainment (63%) and Construction (55%)

- There were also a total of 484,000 Londoners on the Self-Employed Income Support Scheme (SEISS) claims in London and 2.5 million for the UK as a whole. Transport and Storage (87%) and Construction (79%) were the sectors with the highest SEISS take up rate for London

- Tottenham, Feltham and Heston and Hayes and Harlington have the highest CJRS take up rates in the capital whilst Harrow East, Ilford North and Hornchurch and Upminster were the constituencies with the highest SEISS take up rates

CJRS Take up rates by sector for London and rest of UK
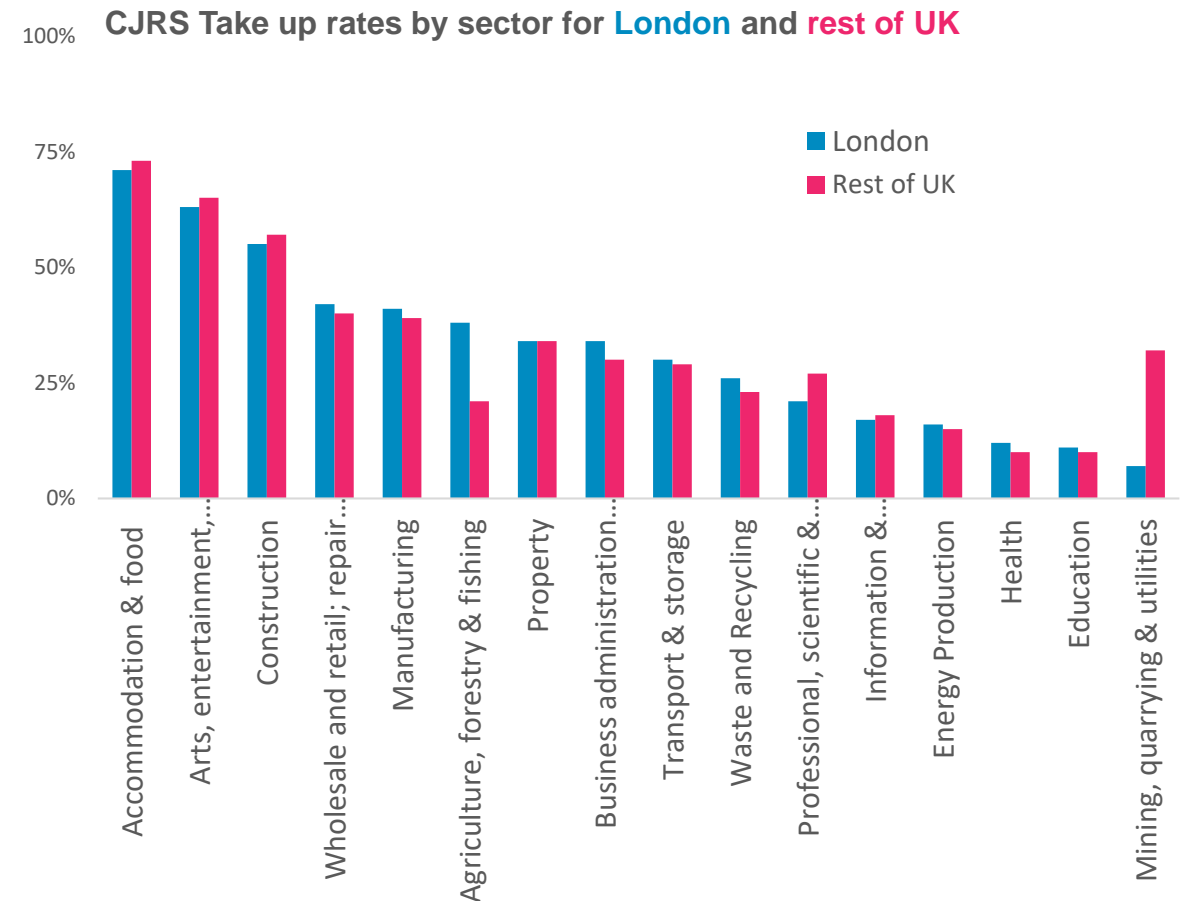
The number of people claiming Universal Credit in London rose by 50,000 between May and June 2020

Number of people on Universal Credit, London (000s)

228 242 258 277 290 310 325 339 354 366 382 393 399 418 432 576 822 871

January 2019
February 2019
March 2019
April 2019
May 2019
June 2019
July 2019
August 2019
September 2019
October 2019
November 2019
December 2019
January 2020
February 2020
March 2020
April 2020
May 2020 (r)
June 2020 (p)

- 870,000 Londoners were claiming Universal Credit in June 2020

- Growth in the number of people claiming Universal Credit has been highest for 20-29 year-olds, tripling from 76,000 to 228,000 between June 2019 and June 2020

Source: DWP

CITY INTELLIGENCE

Income inequality is widening - the poorest households have experienced the most negative financial impact, whilst the richest households are most likely to be better off

Impact of coronavirus on your financial situation

Legend:
- £5,000 to £19,999 (n. 1607)
- £20,000 to £34,999 (n. 1764)
- £35,000 to £59,999 (n. 2034)
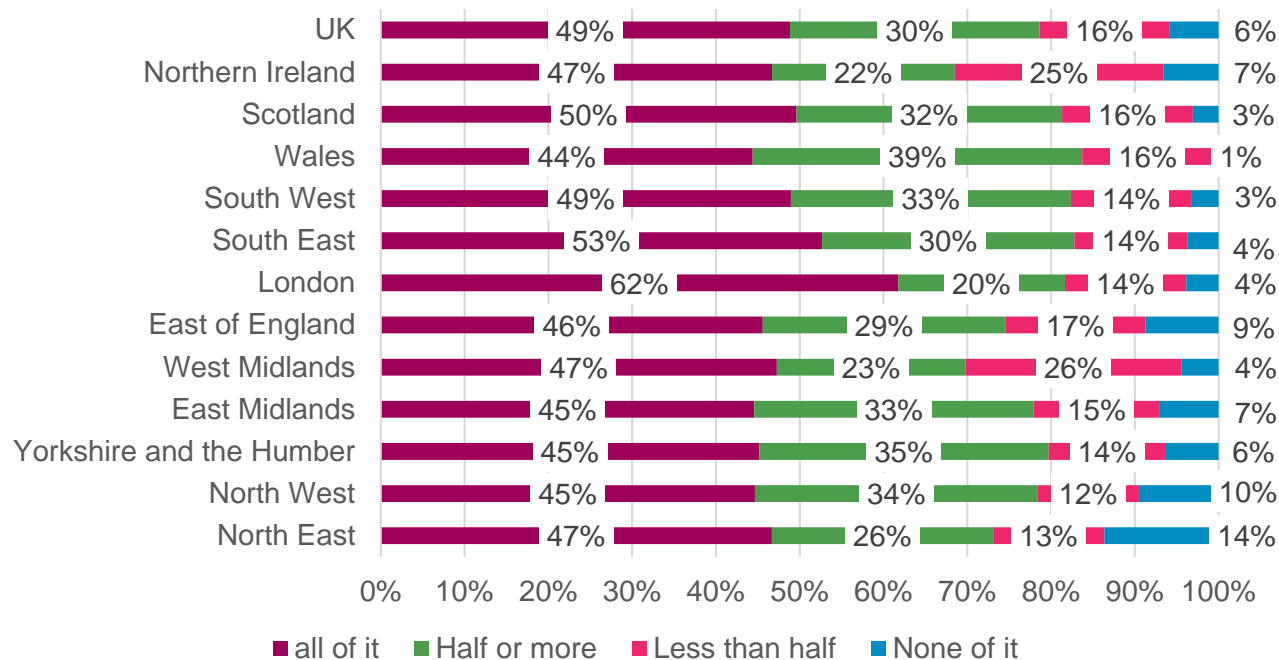- £60,000+ (n. 2420)
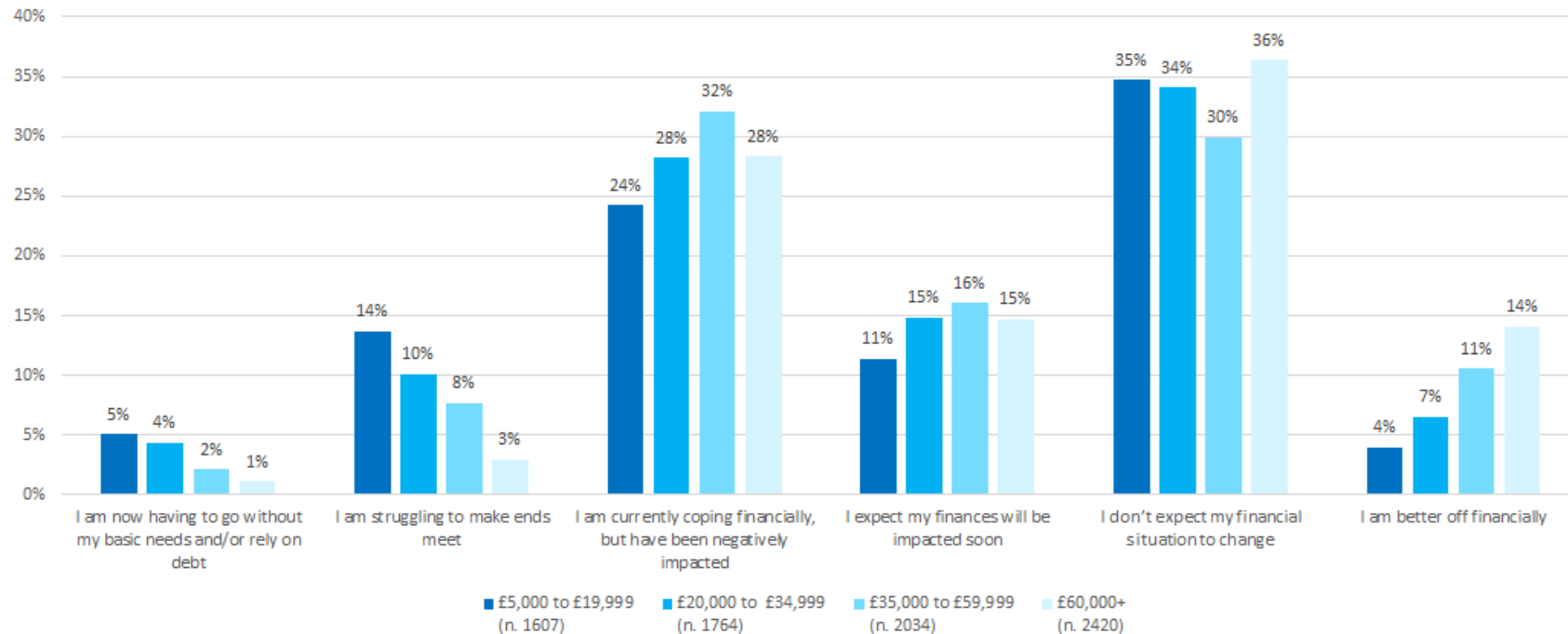
- 14% of households with a gross income over £60k are better off financially due to coronavirus, compared to 4% of the poorest households

- 19% of households with gross incomes under £20k are now struggling financially, compared to 4% of the richest households

- 39% of all Londoners say their personal finances have been negatively affected, whilst 41% report an improved or unchanged financial situation

CITY INTELLIGENCE

The latest data suggests Londoners use of food banks rose between April and May

- **Food bank usage:** Across May, 4 per cent of 16+ Londoners reported using a food bank in the last 4 weeks, an increase from 1 per cent in April

- Eleven per cent of BAME Londoners reported using a foodbank in the last four weeks

- **Nutritious food**: 5 per cent of Londoners report not being able to eat healthy and nutritious food in the last week

- **Hunger**: 5 per cent of Londoners report that they or others in their household were hungry but did not eat in the last week

- **Eating together**: 7 per cent of Londoners who do not live alone report that there were no days where they ate a meal together with others they live with in the last week

CITY INTELLIGENCE

Digital exclusion risks increasing the educational 'attainment gap' between disadvantaged and other children. In London, children are more likely to need a device to do all of their school work
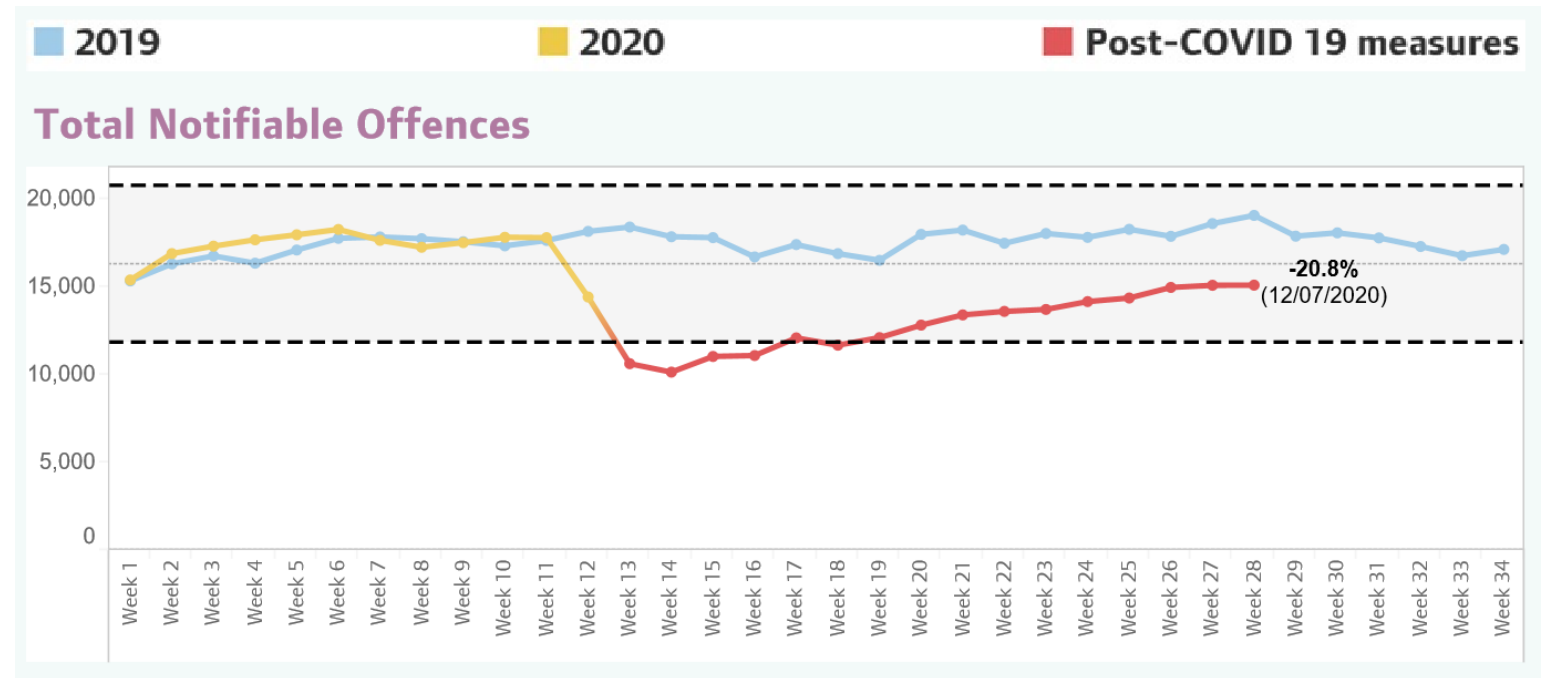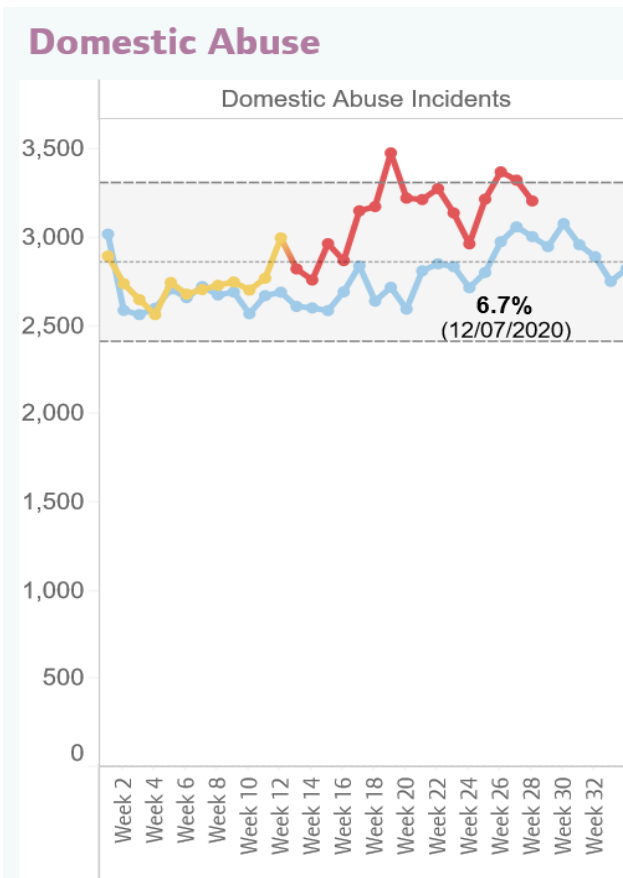
Parents, for how much of the schoolwork does your child need a computer, tablet or laptop?

Region	all of it	Half or more	Less than half	None of it
UK	49%	30%	16%	6%
Northern Ireland	47%	22%	25%	7%
Scotland	50%	32%	16%	3%
Wales	44%	39%	16%	1%
South West	49%	33%	14%	3%
South East	53%	30%	14%	4%
London	62%	20%	14%	4%
East of England	46%	29%	17%	9%
West Midlands	47%	23%	26%	4%
East Midlands	45%	33%	15%	7%
Yorkshire and the Humber	45%	35%	14%	6%
North West	45%	34%	12%	10%
North East	47%	26%	13%	14%

Legend: ■ all of it ■ Half or more ■ Less than half ■ None of it

Source: Understanding Society COVID-19 Survey, home-schooling module (April 2020)

- Research by the Sutton Trust suggests that pupils in deprived schools are the most likely to have inadequate IT access, and children in the most disadvantaged households are spending the least amount of time on schoolwork each day

- The amount of parental supervision does not vary by social class which suggests that some of the difference in time spent learning each day between disadvantaged children and their peers is due to a lack of resources available to learn with

CITY INTELLIGENCE

Overall crime is still 20% lower than last year but has been rising. Domestic abuse remains higher than in 2019

Domestic Abuse

Domestic Abuse Incidents

6.7%
(12/07/2020)

2019   **2020**   **Post-COVID 19 measures**

Total Notifiable Offences

-20.8%
(12/07/2020)

Source: MOPAC

CITY INTELLIGENCE

Levels of anxiety have stayed broadly consistent, with 13% identifying as highly anxious but physical exercise has declined since June
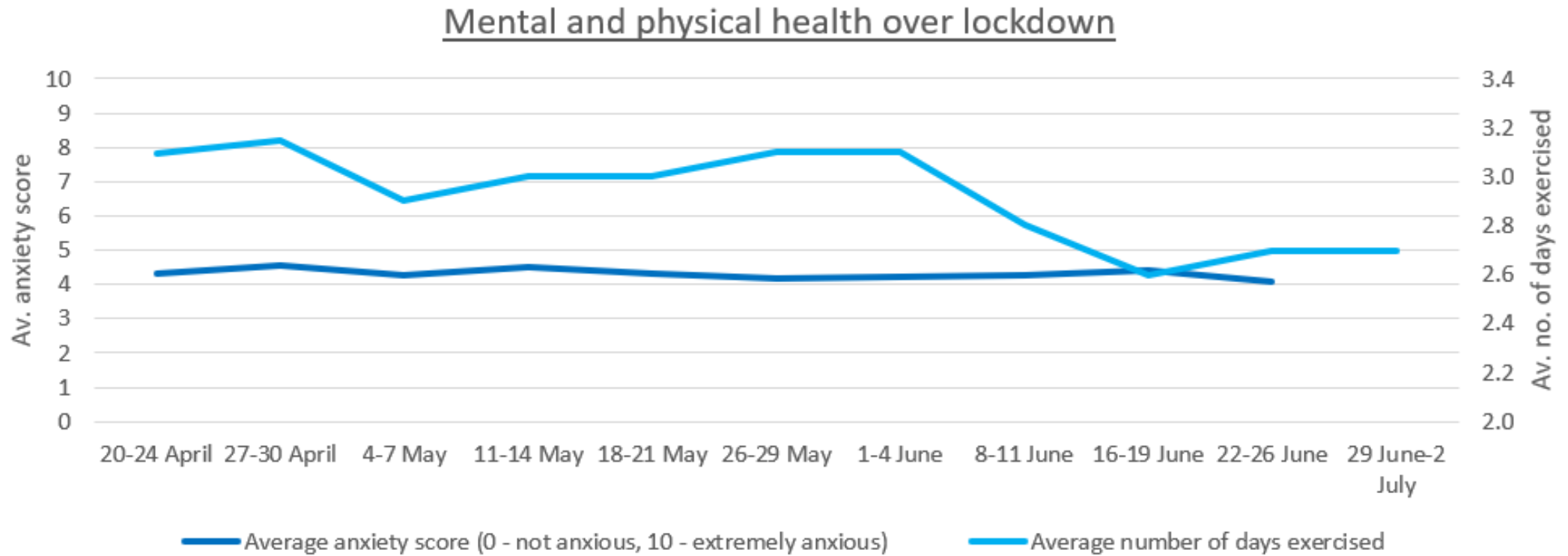
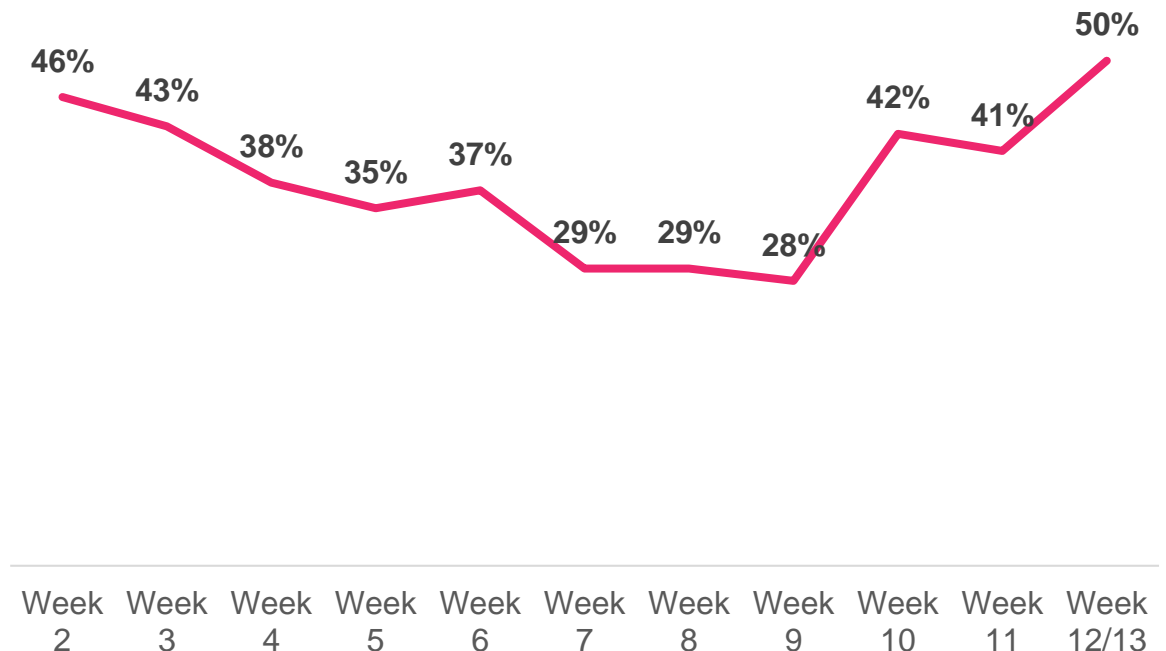Mental and physical health over lockdown

CITY INTELLIGENCE

Civil society organisations have seen spikes in demand and require support to aid wider social recovery

- The proportion of civil society organisations reporting an increase in the number of people seeking support fell throughout April, May and early June, but since mid-June has begun to increase again
- The biggest issues facing civil society organisations' clients include digital exclusion, low income, social isolation, employment issues and mental health
- The biggest issues facing civil society organisations themselves include sustainable funding, capacity constraints due to rising demand and dealing with the gradual easing of lockdown

Proportion of organisations reporting an increase in number of people seeking support (w/c 20th April – w/c 6th July)

| 46% | 43% | 38% | 35% | 37% | 29% | 29% | 28% | 42% | 41% | 50% |

| Week 2 | Week 3 | Week 4 | Week 5 | Week 6 | Week 7 | Week 8 | Week 9 | Week 10 | Week 11 | Week 12/13 |

Source: GLA (2020) London Community Response Survey

CITY INTELLIGENCE

Air quality increased noticeably during lockdown and there was a measurable increase in walking and cycling

Air Quality

- Pollutant nitrogen oxide (NO2) decreased by 30% on average around key transport routes through the city, decrease across London 9-17%
- A GLA/YouGov survey from April 2020 found that 55% of Londoners thought air quality had improved since lockdown began.

Walking/Cycling

- More than 1 million cycles were hired from TfL's cycle hire scheme: the highest in its 10-year history and the highest ever in a weekend on 30-31 May 2020
- Walking has grown steadily in London since the start of the lockdown
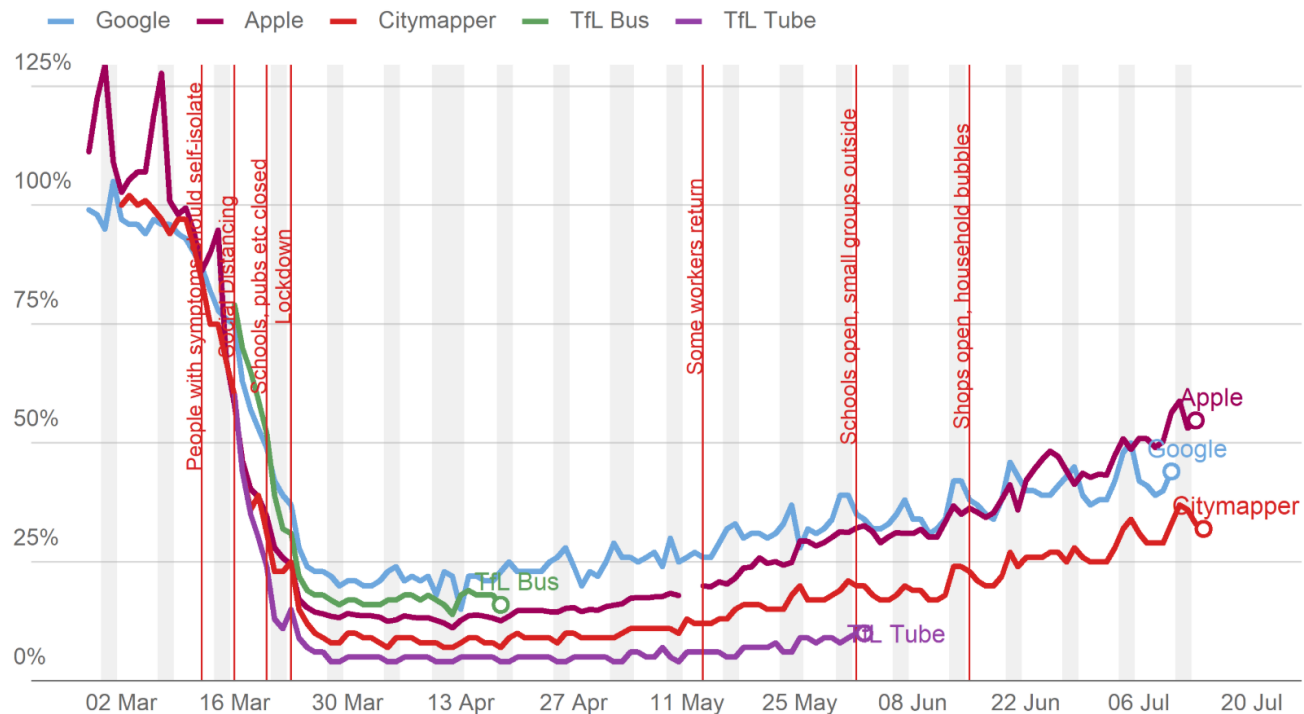
Pedestrian activity in London

— Walking
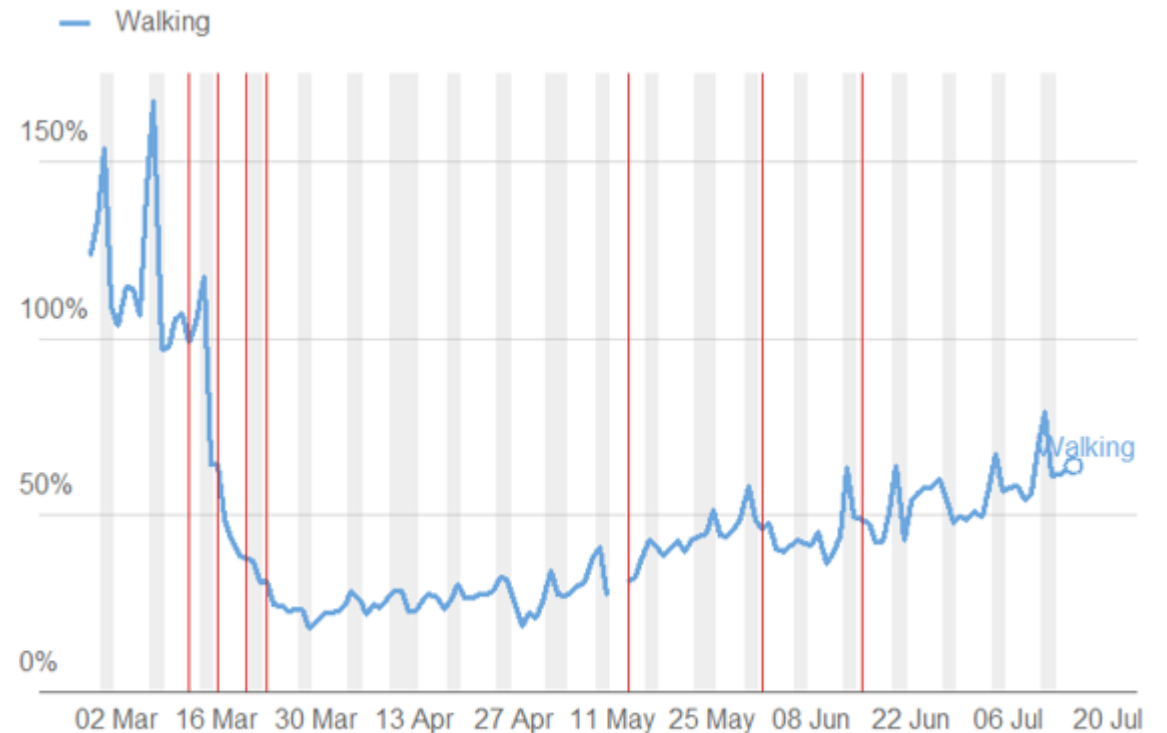
Source: Apple Mobility
Vertical red lines show changes in social distancing rules
Vertical grey bands show weekends and public holidays

CITY INTELLIGENCE

Travel data are now showing a steady increase to between 30%-50% of pre-Covid-19 levels. Londoners are saying they intend to go out less

Mobility Indices for London

— Google — Apple — Citymapper — TfL Bus — TfL Tube

Sources: Citymapper (all journeys), Google (transit stations), Apple (public transport), TfL
Vertical red lines show changes in social distancing rules.
Vertical grey bands show weekends and public holidays

- More than half of Londoners say they will go out and about less after lockdown:

- 61% of Londoners say they'll use public transport less

- 58% / 59% say they'll go to pubs / restaurants less

- 53% say they'll go to cultural venues less

Source: YouGov/GLA survey of London adults, 29 Jun – 2 Jul 2020

CITY INTELLIGENCE

Londoners are increasingly wearing facemasks but opinion is split on the safety benefits

- 62% of Londoners are now wearing a face covering when out and about (end June)

- There has been a steady increase in face covering usage in London, from 36% to 62% since late April. The increase in the last fortnight has been particularly pronounced as it has become mandatory to use on public transport (this was before the announcement regarding shops).

- 20% of Londoners say they are more likely to use public transport now that wearing a face covering will be compulsory, and 47% say that this make no difference. 16% say making face coverings compulsory makes them less likely to use public transport.

- There remains a split amongst Londoners on the safety benefits of face masks – 50% of Londoners say they would feel safer wearing a face mask, 39% say it would make no difference.

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