

CENTRAL LONDON ALLIANCE

13 July 2021

Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
HM Treasury
1 Horse Guards Road
London SW1A 2HQ

Dear Chancellor,

RE: securing a safe and sustainable recovery

We write to you on behalf of the Central London Alliance (a Community Interest Company), an alliance of over twenty thousand businesses and organisations of varying sizes and sectors within central London. The CLA was established in August 2020 to support a sustainable, economic recovery of London's business, hospitality, cultural, tourism, and retail sectors and to help both employers and workers to survive through coronavirus and beyond.

The impacts of the pandemic on central London and certain sectors reliant on footfall have been disproportionate to other areas within the country, placing great strain on businesses. Modelled by The Centre for Economics and Business Research, the combined loss to London up to the first quarter of 2021 amounts to £56.4 billion.

Sector-specific requirements: targeting support where it is most needed

The effects of some of the toughest and longest-lasting restrictions on business operations have resulted in severe financial difficulties in the hospitality, tourism, culture and arts, and night-time economy industries.

UK Hospitality has reported that in addition to the £87 billion lost since March 2020, the hospitality industry faced £3 billion lost in sales directly due to the four-week delay in lifting restrictions. Even as coronavirus restrictions are removed, the tourism industry will continue to be impacted by their effects. In 2019, the Office for National Statistics calculated that international visitors contributed £15.7 billion to London's economy – more than 63 per cent of all international tourist spending in the United Kingdom – and over 50 per cent of UK trips included a visit to London. Current dependence upon domestic visitors is unsustainable, and the reduction of international tourism in London's Central Activities Zone has reduced London's ability to attract tourism to other parts of the UK.

The impact on the night-time economy has been especially bleak. As reported by the All-Party Parliamentary Group for the Night Time Economy, in the second half of 2020 businesses traded at just 28 per cent of their annualised pre-covid turnover, and they are at breaking point.

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Meanwhile, in the creative sector, The Society of London Theatre and UK Theatres suggested that this year theatres will at best return to 67 per cent of 2019 levels depending on the speed and progression of the Government's roadmap.

We welcome the progress made with the vaccine rollout and recognise that reopening steps taken in line with the Government's recovery roadmap have been positive in many ways. However, the lag central London will experience in seeing the benefits of reopening requires targeted support measures, with many of these steps applying to and presenting an opportunity to support businesses across the country:

- Confirming the funding allocations and guidance for the additional business rates relief, announced in the 2021 Budget to support businesses indirectly impacted by the pandemic, as soon as possible.
- Reducing the rate of VAT for hospitality providers and the cultural industries.
- Reinstating the VAT refund for overseas visitors indefinitely.
- Reducing VAT on admission for currently non-exempt forms of entertainment, such as "commercial" performances.
- Extending Sunday trading hours in the international centres.
- Introducing targeted support to night-time economy businesses which have been unable to open fully since the first lockdown.
- Allowing flexibility in the use of the Apprenticeship Levy to address staff shortages within industries where the impacts of the pandemic and the introduction of the new immigration system are posing recruitment worries, such as hospitality, tourism, and the night-time economy.
- Setting out a clear solution for landlords and tenants to address the rent arrears crisis in which tenants have failed to pay landlords, landlords have been unable to recover arrears from tenants and banks and financial providers have, or may take, recovery steps for breaches of banking covenants.

London is a world-class hub for business and culture that competes with leading global cities worldwide. To ensure its Central Activities Zone is able to play its role in the UK's wider recovery, it is imperative that the city avoids an 'economic long COVID', and that support for its revival is not hampered by the assumption that London will inevitably bounce back by itself. Targeted, sustained, and responsive support from Government is essential to secure its long-term future for London, Londoners and for the benefit of the UK.

Investing in vital transport infrastructure

To that end, it is absolutely vital that a long-term settlement is agreed with Transport for London (TfL). Successfully functioning public transport will be absolutely critical to the recovery of central London's economic activity and is essential to its global reputation and competitiveness. We urge the Government to agree a long-term funding settlement that supports not just TfL's ability to run, but its ability to continue to invest in the years ahead.

We would welcome the opportunity to discuss the points raised in this letter and constructively engage with your team, and we look forward to your response.

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Yours sincerely,



Tony Matharu
Founder & Chairman, Integrity
International Group
Director, Central London Alliance (C.I.C)



Richard Burge
Chief Executive, London Chamber of
Commerce and Industry
Director, Central London Alliance (C.I.C)



Ruth Duston
Chief Executive, Primera



Jace Tyrrell
Chief Executive, New West End Company



Nadia Perrier
Director, Central London Alliance (C.I.C)



James Bowen
Senior Business Development Manager,
Acacium Group



Michael Kill
Chief Executive Officer, Night Time
Industries Association



Paul Barnes
Chief Executive, Association of
International Retail

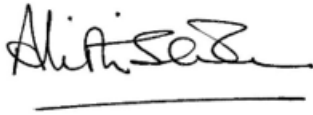


Alexander Jan
Chairman, Central District Alliance BID
Chairman, Hatton Garden BID



Nigel Hughes
Chairman, Victoria BID
Chairman, Victoria Westminster BID
Chairman, Whitehall BID

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Alistair Subba Row
Chairman, Fleet Street Quarter



Steve McNamara
General Secretary, Licensed Taxi Drivers
Association




Elizabeth Crowther-Hunt
Chief Executive, Westminster Business
Council



Richard Blackburn
Managing Director, Executive Channel
Network



Andrew Reynolds
Chairman, EC Partnership



Liam Hayes
Chairman, Aldgate BID



Charlotte Fletcher
Chair, Cheapside Business Alliance



Hugh Seaborn
Chairman, Brompton Road Partnership



Andrew Hicks
Chairman, Northbank BID