

Summary of impact of the Covid lockdown on Croydon's economy

Overall picture of Croydon business

- 1 Croydon is the fifth largest business base in Outer London and the thirteenth largest in London overall. There are 14,010 businesses operating from 9,179 premises. In line with the rest of London and the UK, the overwhelming proportion (86.2%) of businesses in the borough are micro-sized (fewer than 10 employees) or self-employed. 11% are small, having 10 to 50 employees.
- 2 Croydon's top five business sectors are professional, scientific and technical; construction; information and communication; retail; and business administration and support.
- 3 The largest concentration of businesses is in the Croydon Metropolitan Centre and surrounding area, with 37,000 employees working in 1700 businesses, which include Croydon's largest businesses. The centre is a major central government hub, with around 7,000 employees, which is set to increase, as more employees are moved out of Whitehall. The top five district centres for businesses outside the centre are Purley, South Norwood, Thornton Heath, Norbury and Shirley.

Summary of the impact on Croydon businesses

- 4 The Council has conducted detailed research and is developing a granular understanding of the state of our local economy and the short, medium and long-term impacts of the COVID crisis. Overall, 25% of jobs in Croydon are in highly resilient sectors. This is higher than the UK average employment share. Croydon's least resilient sectors have a smaller employee share (16% of the total workforce) than London and the South East, but they remain important for the borough. The retail sector has a high share of jobs and will take an employment hit in the short term, particularly affecting low paid workers. This is likely to have a higher relative impact on Gross Value Added (GVA) in Croydon

Highly resilient sectors

- 5 These sectors, that are expected to experience a moderate to low impact from to lockdown, provide around 36,000 jobs (25% of all jobs in Croydon). They contribute 51% of the total GVA to the local economy. The sectors are:
 - Finance and Insurance
 - Real estate
 - Tech, Information and Communication
 - Professional scientific and technical – includes engineering, tax consultancy, advertising and others
 - Education – mainly primary and secondary education
- 6 These sectors are considered to be high value due to the occupations of those employed, with specialist knowledge and skills required, often professional qualifications. A higher proportion of employees commute from other locations into Croydon, or commute out to work in other locations, such as the City, Inner London, or Surrey. The jobs tend to be higher paid. Historically these knowledge industries and science, technology, engineering and mathematics (STEM) related sectors are more resilient than others. There is a growing global demand for these goods and services and higher levels of innovation and automation in these sectors. While some job losses are anticipated (though not

on the scale of some of our larger sectors), it is highly likely that these sectors will continue to be supported in a future recession.

Resilient sectors

7 These sectors, that are expected to experience a moderate to high impact from lockdown, provide 60,000 jobs (42% of all jobs in Croydon). They contribute 36% of GVA to the local economy. The sectors are:

- Construction
- Transport and storage
- Public sector administration
- Retail – supermarkets are the main employers in this sector
- Health and social care

8 As these sectors have a greater employment share in Croydon, any change is likely to have a greater impact on employment numbers. Sectors other than construction and the public sector tend to be labour intensive; jobs tend to be low paid or low skilled. The construction, retail, and health and social care sectors have an agile and flexible workforce with a high turnover of staff. The retail sector is historically less resilient than knowledge industries because it is reliant on consumer demand. Construction will be affected by global supply chains as countries come out of lockdown but the sector is likely to be stimulated by housebuilding programmes and major infrastructure projects. Most employees will be furloughed, but high job losses are nonetheless anticipated in the retail and health and social care sectors, particularly affecting the low paid and women. Due to their size and high contribution to GDP, significant restructuring of these sectors is anticipated through automation, leading to return to growth over time.

Sectors of low resilience

9 These sectors, that are expected to experience a high impact from lockdown, provide 23,000 jobs (16% of all jobs in Croydon). They contribute 9% of GVA to the local economy. The sectors are:

- Art, recreation and entertainment
- Business administration and support services
- Accommodation and food services

10 These sectors have a more modest employment share in the borough and any change is likely to have a greater impact on the sector as a whole. They tend to be labour intensive; jobs tend to be low paid or low skilled. They have an agile and flexible workforce with a high turnover of staff. These sectors are less resilient than others because of their high dependency on consumer behaviour. This is why this sector is the focus of government support packages. High job losses are anticipated in the short term as businesses struggle to stay afloat. They will experience a long term impact, depending on the duration of the lockdown. Survival will depend on how quickly businesses can adapt and restructure. Although this sector is not a major employer, it is important that our plans ensure that Croydon remains rich in amenities and has a vibrant cultural life through local and central government intervention. On this will depend the growth of Croydon's evening and night time economy and future inward investment.