

More than 60 per cent of London firms plan to lay off staff, survey says



Many shops across London have permanently closed due to coronavirus (via Getty Images)

More than 60 percent of London firms expect to lay off some of their furloughed employees, a survey has said, in a sign of the wave of unemployment that is to come.

The Lloyds Bank business barometer found that just under one in five London firms who have used the scheme expect to bring back more than 90 percent of their staff from furlough. That means more than 80 percent of the companies are planning to make staff redundant as the government winds down the job retention scheme.

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The barometer also said an enormous 75 percent of the city's companies are currently using the furlough scheme. This means that overall, more than 60 percent of London companies plan to let some staff go.

On a brighter note, the Lloyds barometer showed that confidence among London firms rose in July as the economy opened up. It hit minus 21 on Lloyds's gauge, up 10 points from June.

"The reopening of the hospitality and retail sectors will have contributed towards this month's less pessimistic outlook," said Paul Evans, regional director for London at Lloyds.

Yet he added: "A great deal of uncertainty and concern for the future remains across all sectors, tempering the overall mood."

Weak demand adds to London unemployment woes

London's businesses reported weak demand for their services and products in July, although the picture improved slightly month on month.

Continued social distancing poses a problem for London's businesses, especially in the enormous hospitality sector, the survey showed. More than a quarter of firms said they could not operate at full capacity while remaining COVID secure.

The government's generous job retention scheme that pays 80 percent of "furloughed" workers' wages is gradually being wound down. In August, employers will have to start paying national insurance and pension payments for their staff.

But just 18 percent of London companies said they would keep more than 90 percent of their furloughed staff.

Read more: How badly will the UK unemployment rate spike when furlough ends?

Hann-Ju Ho, senior economist at Lloyds, said: "How businesses will continue to

respond to the job retention scheme will be key in the coming months.”

The UK’s budget watchdog’s “central scenario” said unemployment is likely to hit 8.8 percent this year. That would put 3m people out of work.

Source:

<https://www.cityam.com/more-than-60-per-cent-of-london-firms-plan-to-lay-off-staff/>

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