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LOCAL LONDON GROWTH BUSINESS PLAN: THE EVIDENCE

A REPORT FOR LOCAL LONDON

MARCH 2018

Oxford Economics

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March 2018

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ACHIEVEMENTS & PROSPECTS

In recent years Local London has seen strong employment growth. In 2017 798,000 people worked for employers located in Local London, an increase of 97,000 over the 2012 level. At 2.6 percent a year, that growth has been slightly ahead of London as a whole (2.5 percent per year), reflecting Local London's growing attractiveness to many employers. It is also stronger than the growth rate achieved in any of the English combined authorities.

Looking forward, we forecast that the stronger-than average recent performance of Local London's economy will continue. We forecast that Local London will add an additional 104,000 jobs over the period 2017-2030, growing at a rate of 0.9 percent per year, in line with London as a whole and behind only Central London. It is markedly faster in percentage terms than our forecasts for any of the nine English combined authorities, all of which are benefitting from central government support explicitly designed to improve their performance, but of which only Cambridge & Peterborough and Greater Manchester begin to compare with Local London in terms of future growth rates.

Fig. 1. Summary of growth rates, Local London and comparator areas, 2017 to 2030

Sector	Population (%, y/y)	Employment (%, y/y)	GVA (%, y/y)
Local London	**0.7**	**0.9**	**2.2**
Central London Forward	0.7	1.0	2.5
South London Partnership	0.6	0.8	2.2
West London Alliance	0.6	0.8	2.2
Cambridge & Peterborough	0.5	0.5	1.9
Greater Manchester	0.3	0.6	1.9
Liverpool City Region	0.0	0.1	1.4
North East	0.1	0.0	1.4
Sheffield City Region	0.2	0.2	1.4
Tees Valley	0.0	0.0	1.2
West Midlands	0.3	0.3	1.7
West of England	0.4	0.5	1.9
West Yorkshire	0.2	0.1	1.6

Source: Oxford Economics

In absolute terms the out-performance of Local London is all the more striking. The 104,000 increase in employment in the area exceeds the equivalent figures for both the Greater Manchester and West Midlands Combined Authorities (increases of 100,000 and 64,000 respectively), despite Local London supporting fewer than two-thirds of total jobs across these areas currently.

In terms of output, we forecast that GVA will grow at 2.2 percent a year from 2017-2030. Although this is a slightly slower rate than the London average it is again markedly faster than the likely growth of the English combined authorities. Given Local London's legacy industrial structure and other

constraints, this is testimony to how well much of the area is responding to the challenges that it faces.

The positive prospects for growth across Local London are matched by its demographic advantages. Following strong historic growth since 2000, when the population increased by nearly half a million, our forecasts indicate that relatively strong population growth is likely to continue. From 2017-2030 the population is forecast to increase by 360,000, to 2.62 million, at a rate of 0.7 percent per year. While in line with the rest of London, this is over twice that of the UK (0.3 percent per year) and again, much faster than in any of the combined authorities.

The profile of population growth is also beneficial. In stark contrast to no overall change across the UK, the working age population in Local London will increase by 172,000 over the period 2017-2030, at a rate (0.8 percent per year) exceeding that of London (0.6 percent per year). This young and fast-growing population reflects a mix of 'natural' growth and inward migration, and provides Local London with a vital resource for generating future economic growth.

It is particularly striking that Local London has delivered a low unemployment rate. The unemployment rate is 2.0 percent in 2017, the lowest rate across London's sub regions and above only Cambridge & Peterborough and the West of England. That improvement in relativities, as well as absolutely, demonstrates how much progress has been made towards delivering 'good growth' in Local London.

PEOPLE AND SKILLS

Furthermore, qualifications are rising, due to a mix of rising school and college achievements, plus the fact that new residents moving-in tend to be relatively well-educated, and hence raise the average. This combination of population growth and rising qualifications is desirable in itself, but is also something that can be used to attract employers and entrepreneurs to the area.

However, there are two main challenges that need to be addressed if the growth that we are forecasting is to be secure, inclusive and sustainable.

First, despite the points just made, the workforce is less highly qualified than elsewhere in London. That means that local people are more vulnerable to economic downturns. If growth is to be both inclusive and sustainable, then it is vital to equip the less qualified with attributes that will help them to weather any future economic storms, and to raise qualification levels even further.

Second, many local residents are formally well-qualified, but lack experience working in the growth sectors of the future. This is most likely to be the case for those young people brought up in communities that are less-advantaged and less-affluent than the London average. Bringing new high-growth employers to Local London will again be important with respect to making the local economy more resilient, by making it more inclusive and sustainable.

PRODUCTIVITY

Linked to this, and with the exception of manufacturing, the productivity of the Local London workforce currently lags behind that of the workforce elsewhere in London, even though it is well ahead of productivity in other major cities. This

reflects a combination of larger shares of low productivity sectors, and lower productivity levels across sectors. The latter in turn reflects a variety of local factors, including a shortage of large companies and/or ones that sell into national and global markets. Addressing this is essential to raising real wages, and employment opportunities, across the area.

COMMUTING

In addition, Local London is very reliant on the rest of London to generate work opportunities for its population. More residents of Local London commute to work in the rest of London than work locally. As a result, people who live in Local London but commute out are generally employed in better occupations, are more highly qualified and earn higher salaries, than those who work in Local London. A shift towards a more balanced economy, with better job opportunities being created locally, whether for local residents or for those who might commute in, would result in a more inclusive and sustainable Local London economy.

BUSINESSES

Crucial to all of this is the local business base. An important and challenging feature of the Local London economy is that there are few very large private sector employers within the area, and (with some important exceptions) few companies (large or small) that are primarily focused on national and especially global markets. Attracting in more such companies, or growing more locally, would be very beneficial to the Local London economy.

Local London, and Newham in particular, has a high rate of business births, but it also has high rates of business death and hence low business survival rates. This may be indicative of too many people setting up businesses to sell into an over-crowded local market, and too few intending to export beyond Local London. But it may also indicate a lack of effective business guidance. Lower rates of business start-ups, but a lower rate of 'churn', would probably be indicative of a more resilient local economy, and would be less disruptive for the individuals concerned.

A related issue is the sectoral composition of Local London. Wholesale & retail is the largest employer, while sectors that typically employ more public-sector workers, such as health & social work and education, are also relatively well represented. Although starting from a low base, relatively strong growth is forecast in the professional services, while many parts of Local London will play an increasing role in providing support jobs for London as a whole. Growth in the construction sector, reflecting in part the major regeneration opportunities locally, will help to offset a continued decline in the local manufacturing base.

OPPORTUNITY AREAS

Where attracting inward investors is concerned, Local London has a huge advantage thanks to its large quantum of developable land. Local London is planned to support 43 percent of the homes target, and 29 percent of jobs, across London's Opportunity Areas.

Indeed, a comparison between our forecasts and the development pipeline indicates that Local London has a surplus of future employment capacity going

forward. Coupled with relatively low rents, improvements to the quality of commercial stock facilitated by new developments may help to attract businesses to the area.

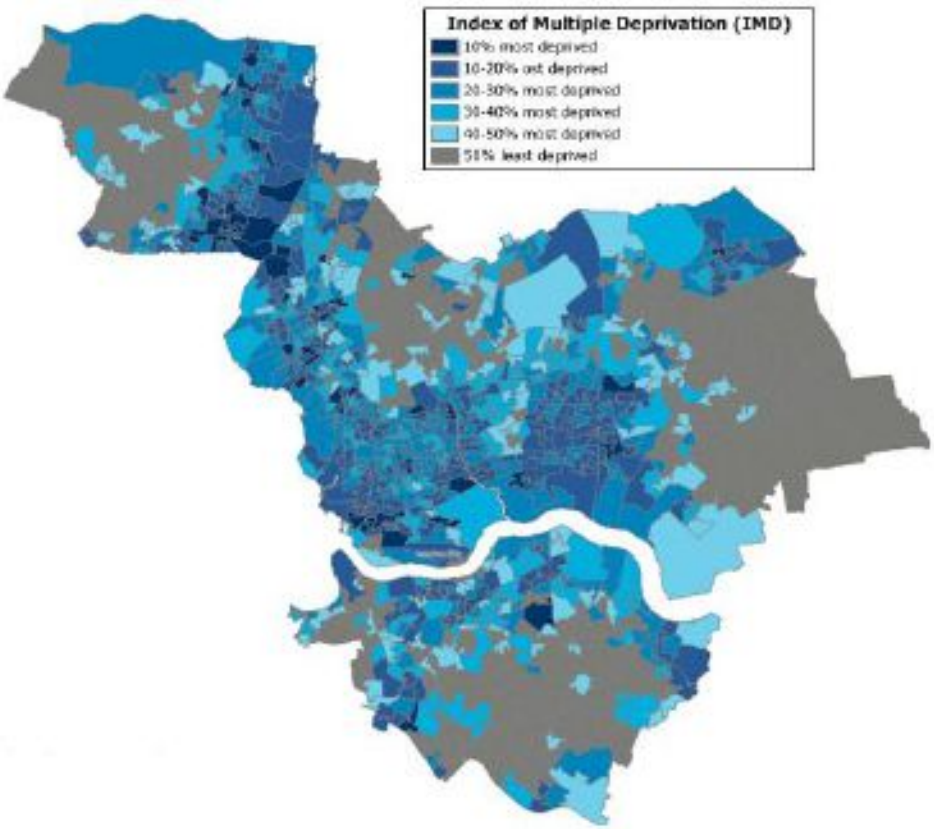
That said, having the capacity to grow fast does not guarantee that speedy growth will happen. The regeneration challenges are large, and the market has a tendency to favour those places that are already most successful. Some empty industrial sites in Local London may never be taken up for industrial use and arguably should be reallocated, while others may become under-used by sectors that take up large areas of land but generate few jobs, or that create low value-added jobs or ones likely to be vulnerable to automation and other external changes.

INTERVENTIONS

So policies to support inward investment in the Opportunity Areas are essential. In that context it is striking that the *Draft New London Plan* is in general more focused on increasing housing capacity than economic capabilities. And Local London is in particular being asked to provide a substantial share 28 percent of London's future housing capacity compared with only 13 percent of jobs, as forecast by the GLA.

Furthermore, the challenge is not just to boost growth but to ensure that this happens in an inclusive way, for the benefit of existing and new residents. Despite the low unemployment that we discussed earlier, deprivation levels in Local London are high and need to be addressed.

Fig. 2. Overall deprivation by LSOA, Local London, 2015



Source: Department for Housing, Communities and Local Government

Partners have clear ambitions in this regard, but interventions need to be chosen carefully. There are reasons for thinking that greater devolution might be helpful, and it is important to set performance indicators that capture the need both for growth to occur, and for it to be inclusive. But it is vital too that interventions be well-chosen, and that ambitions are realistic. In that regard, it is particularly important to strike a balance between protecting industrial land and increasing both office and residential capacity. It is not immediately clear that the Draft New London Plan is getting that balance right.

Equally, the quality as well as quantity of place is vital, for all types of usage. Some of Local London's Opportunity Areas have a lot of catching up to do in that regard. They face large challenges, to attract the necessary private sector capital into Local London.

STRATEGIC TRANSPORT LINKS – BUT ALSO LOCAL ONES

Central and pan-London governments are helping here by investing in strategic transport links, radiating to and from central London. Many of these links are currently being improved, or provided for the first time, and more are needed (including but not limited to Crossrail 2). They cut through many (but not all) of Local London's Opportunity Areas, and will hopefully help to make successes of them.

But it is striking that the Opportunity Areas mostly run north-south down the Lea Valley and then from west to east along both banks of the Thames, as far as Dagenham and then inland, and are not themselves primarily radial. Thinking about the links between these areas may be a necessary corrective to an overly radial way of seeing Local London's future.

Just as important are the spaces outside of the Opportunity Area and between the radial transport corridors that feature so prominently in the Draft New London Plan. It is a strength and not a weakness of Local London that much of it comprises largely residential districts. Improving both local quality of place and local short-distance public transport are important to inclusivity and sustainability, and if it occurs, will help the many divergent Local London districts to enhance their identities.

STRATEGIC ASSETS

In that context, Local London has some vital strategic advantages, including a large share of London's Green Belt, other important areas of green space, a range of cultural and historical assets (not least the Queen Elizabeth Olympic Park and its new university and digital campuses, and the World Heritage Site of Maritime Greenwich). These sit alongside other essentially economic assets such as London City Airport and the Westfield Shopping Centre, to create a part of London whose assets overall are probably well ahead of its reputation. A helpful by-product is that housing affordability is better than the London average, so that people find it easier to identify a home that they want to live in, in Local London, than a job that they want to do.

Strengthening the employment base across the whole of Local London, and not just in the Opportunity Areas, is therefore a plausible ambition, particularly as digital technology makes it increasingly possible for high value-added

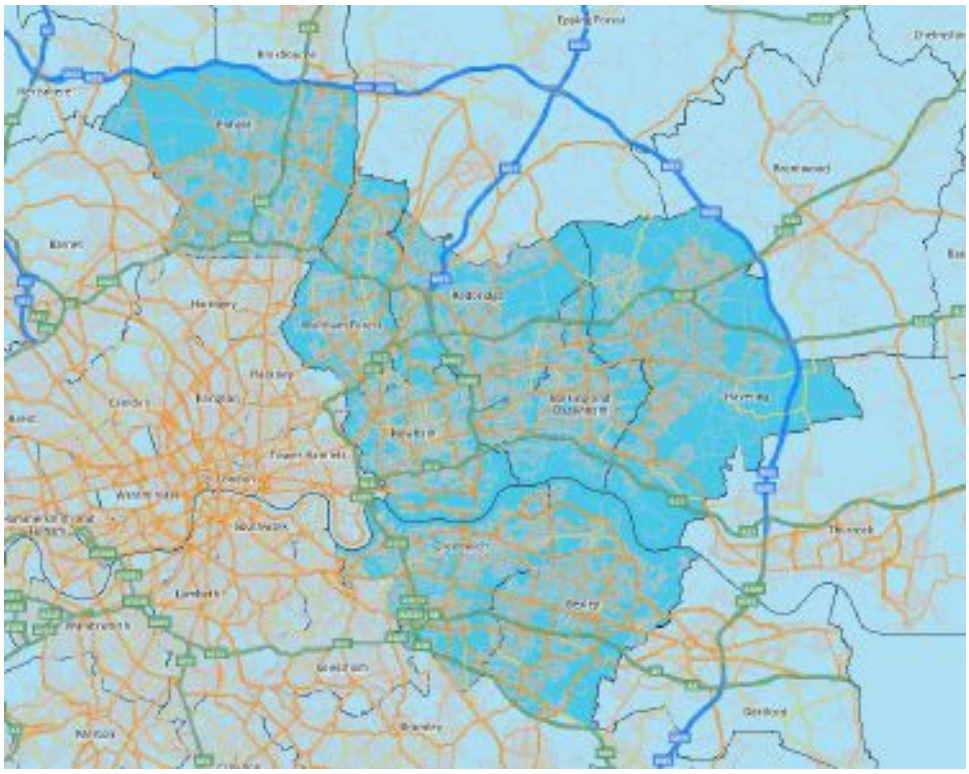
employment to take place in local areas that are predominantly residential in character, and not just in the hyper-dense city centre.

This suggests that, given the right support, the future of Local London could involve an increasing convergence between its productivity and its wage rates and those of the rest of London, and not simply the supply of ever-increasing numbers of commuters for other parts of the capital. This is about connectivity that flows in more than one direction, and an economy that is more inclusive, more sustainable and better-balanced than at present.

1. INTRODUCTION

In February 2016 the eight London Boroughs of Barking & Dagenham, Bexley, Enfield, Greenwich, Havering, Newham, Redbridge and Waltham Forest established the Local London Partnership (LLP) with the aim of delivering sustainable inclusive local growth. The partnership believes that through greater devolution of powers it can more effectively boost prosperity and well-being for residents across the eight boroughs.

Fig. 3. The Local London area



The partnership plans to produce a document setting out its preferred policies and strategies for achieving growth, the scale of the potential opportunities locally, and what is required to deliver these inclusively and sustainably.

It is within this broader context that Oxford Economics has been asked to provide an initial evidence base. The analysis and findings in this document will then be used to underpin the Growth Business Plan.

2. POLICY CONTEXT

KEY POINTS

At the national level the new Industrial Strategy sets high ambitions for transforming the UK economy, although it is not clear whether the ideas or resources that are being made available are fully up to that task.

At the regional level, the new Draft London Plan is very strong on ambitions for housing, but there may be a danger that it takes economic growth a little bit too much for granted.

Locally, the eight boroughs within Local London all have plans in place or under development for sustaining growth and making it more inclusive, although the Mayor's housing aspirations (if they are accepted) may create new challenges for some. We summarise here the main Challenges and Opportunities that are identified in those documents, while offering further thoughts of our own, later in this report.

2.1 NATIONAL POLICY

In November 2017 the Government published its **Industrial Strategy**.[1] This document is centred around discussion of *"five foundations of productivity"*, presenting a series of policies targeted at improving each of those areas:

- **Ideas**: the strategy states an ambitious aim of making UK *"the world's most innovative economy"*. It suggests that the Government will invest £725m into new Industrial Strategy Challenge Fund programmes which will seek to capture the value of innovation. A target for total research & development (R&D) investment is established at 2.4 percent of GDP by 2027, up from the current (2015) level of 1.7 percent, while the rate of R&D tax credit will also be increased to 12 percent.
- **People**: The Government seeks to improve the technical education system through investing an additional £406m in maths, digital and technical education. This is intended to partly address the shortage of science, technology, engineering and maths (STEM) skills.
- **Infrastructure**: a *"major upgrade"* of the country's transport, housing and digital infrastructure is planned, with an increase to the National Productivity Investment Fund of £31bn over the period to 2022/2023. Specific policies include £1bn of public investment on digital infrastructure, including £200m for the roll out of full-fibre networks and £176m for 5G, and £400m on charging facilities for electric vehicles.
- **Business environment**: the strategy has a stated aim of making the UK the best place to start and grow a business. The UK government also seeks to launch further 'Sector Deals': partnerships between government and industry that will aim to increase sector productivity. Sector Deals are initially planned to include the life sciences, construction, artificial intelligence and automotive sectors. In addition,

[1] HM Government, *Industrial Strategy: Building a Britain fit for the future* (London: HM Government, 2017).

the Strategy pledges over £20bn of investment in innovative and high potential businesses, including the establishment of a £2.5bn Investment Fund.

- **Places**: the strategy seeks to promote prosperous communities through Local Industrial Strategies. The Government will create a £1.7bn Transforming Cities find for intra-city transport, while a £42m pilot Teacher Development Premium scheme will provide funding for high-quality professional development.

Alongside benefitting from the policies outlined in the Industrial Strategy, there may be further possibilities for sub-regions to benefit from increasing devolution. **Devolution** is the transfer of the functions of and governance for the powers of the national government local institutions.[2] This process seeks to result in *"more effective, better targeted public services, greater growth and stronger partnerships between public, private and community leaders in local areas"*. Following the first devolution deal for the Greater Manchester Combined Authority, in November 2014, there have been further deals for twelve areas.[3] Opportunities for the devolution of public services to groupings of London may result in more joined up service provision and efficient use of resources.[4]

2.2 REGIONAL POLICY: THE DRAFT NEW LONDON PLAN

2.2.1 Enhancing London's economy

The Greater London Authority (GLA), the primary body for regional planning in London, published its **Draft New London Plan** for consultation in December 2017.[5] This document sets out a proposed strategic framework for the city's development over the period to 2041, detailing how the Mayor suggests that London can accommodate the GLA's forecast annual population projections of 70,000 people per year. (See Appendix 1 for a comparison between the GLA forecasts and our own.)

While a major focus of the Draft Plan is on housing, Chapter 6 sets out the Mayor's proposed approach to enhance the London's economy. In particular, Policy E1 Offices seeks *"improvements to the competitiveness and quality of office space of different sizes"*, as the London's office market goes through a period of restructuring, resulting from *"changing work styles supported by advances in technology, and new forms of accommodation such as flexible and co-working space"*. This policy also states that the *"unique agglomerations and dynamic clusters of world city businesses and other specialist functions"* across nationally-significant locations should be developed and promoted. Since this includes the Royal Docks Enterprise Zones and Stratford, it is clearly very important to Local London.

[2] https://www.legislation.gov.uk/ukpga/2016/1/introduction

[3] http://researchbriefings.parliament.uk/ResearchBriefing/Summary/SN07029

[4] Local London, *Driving growth through devolution: A Leaders' and Mayors' discussion document* (London: Local London, 2015).

[5] Greater London Authority, *The London Plan: The Spatial Development Strategy for Greater London, Draft for Public consultation* (London: Greater London Authority, 2017).

A key issue in terms of plausibility is therefore whether these improvements in office competitiveness and in clustering and economic growth will actually happen. The Draft Plan does not include mechanisms for guaranteeing such outcomes, and nor indeed could it – but if for whatever reason outcomes disappoint in this area, then that would clearly affect, among other things, the ability to provide both homes and jobs for the 70,000 a year additional Londoners.

Policy E1 **Offices** in the Draft Plan also seeks to support and retain viable office floorspace across London, by encouraging boroughs to remove permitted development rights 'where appropriate'. This could be of potential importance across much of Local London, if it both increases opportunities for developments but also creates challenges in terms of the quality of local built environments.

In addition, Policy E2 **Low-Cost Business Space** introduces a specific policy on commercial affordability, seeking *"provision, and where appropriate, protection of a range of low-cost B1 business space"* to meet the needs of smaller enterprises and start-ups. Again, this will be an important issue in Local London, as well as across the rest of the capital.

The Draft Plan takes a new approach in supporting industrial land which places more emphasis than the existing Plan on retaining existing employment land. Whereas the existing London Plan sets out an approach to managing the release of industrial land (Policy 4.4) equivalent to permitting 37 additional hectares a year, Policy E4 **Land for Industry, Logistics and Services to Support London's Economic Function** sets out a *"principle of no net loss"* of floorspace capacity for Strategic Industrial Locations (SIL), and for Locally Significant Industrial Sites (LSIS) across the city. It sets out proposals for the management of industrial floorspace capacity along three categories. the implications for the eight boroughs in local London are presented in 4 below.

Fig. 4. Management of Industrial Floorspace Capacity, Local London Boroughs

Geography	Categorisations
Barking & Dagenham	Limited release
Bexley	Retain capacity
Enfield	Provide capacity
Greenwich	Retain capacity
Havering	Limited release
Newham	Limited release
Redbridge	Retain capacity
Waltham Forest	Retain capacity

Source: Greater London Authority Draft London Plan p.237

In order to support the principle of no net loss, Policy E7 **Intensification, Co-location and Substitution of Land for Industry, Logistics and Services to Support London's Economic Function** provides an indication of how boroughs may explore the potential to intensify industrial activities.

This policy also states that Development Plans and planning frameworks should *"be proactive and consider, in collaboration with the Mayor, whether certain logistics, industrial and related functions in selected parts of SILs could be intensified"* through consolidation and supporting the delivery of residential

and other uses. However, a set of criteria are proposed to ensure that this process does not *"undermine or compromise the integrity or effectiveness of the SIL in accommodating industrial-type activities"*. Boroughs are told that they should introduce Article 5 Directions where appropriate to ensure that sufficient industrial and logistics capacity should *"not [be] undermined by permitted development rights"*. For some boroughs within Local London with demanding targets for new homes, this could represent a significant challenge, and there may be a case for examining and if necessary challenging whether or not the aspirations on employment land and housing land are consistent – and just as important, whether the Mayor is being realistic or not with respect to employment land needs.

Policy E8 **Sector Growth Opportunities and Clusters** is also potentially of great importance to Local London. It seeks to promote and support *"the development of business growth and sector-specific opportunities"*. It encourages boroughs to collaborate with the Mayor to promote the development of Strategic Outer London Development Centres (SOLDC). The Draft Plan argues that these centres should have one or more specialist economic functions *"of greater than sub-regional importance"* and should encourage local innovation to enhance these strengths, create a distinctive and attractive business offer, and bring forward development capacity. Participating boroughs within Local London will therefore need to consider to what extent they wish to champion this approach, based partly on an assessment of how effective it is likely to be.

2.2.2 Housing density

As we noted above, the Draft Plan is more focused on housing needs and associated transport infrastructure needs, than on London's economy itself. Clearly, however, these are inter-related.

A key element of the Draft Plan's approach to housing is a more permissive attitude than in the old plan to densification, not least in Outer London. The mechanism for increasing density is set out in policy D6 **Optimising Housing Density**, which indicates plans to 'optimise' the density of housing. The previous London Plan set out a scale of development for housing based on a sustainable residential quality (SRQ) matrix, which set out the optimal density of development that varied by the number of habitable rooms per unit, the Public Transport Accessibility Level (PTAL)[6] and the setting.[7]

The existing optimal density of development increases in the existing plan with smaller units, denser settings (e.g. urban or central) and/or better PTAL scores. Although the site context is acknowledged as a factor for consideration in the new Policy D6, site-setting no longer contributes to the calculation of the

[6] PTAL is a metric which determines the relative transport accessibility to transport nodes across London. For a given point in the city is combines the walk times to different nodes in the transport network, while considering the frequency of services at these locations. The PTAL score ranges from 0 (the lowest) to 6 (the highest).

[7] The setting of an area provides an assessment of the existing context of a location. It ranges from suburban, an area with predominantly lower density development (e.g. detached and semi-detached houses, small building footprints), to central, characterised by very dense development in close proximity to town centres. Given the increasing density of development closer to the centre of the city, outer London boroughs tend to have proportionately more areas with a suburban setting.

optimal density of development. Instead the new guidelines state a range of densities based on PTAL alone; from 110 units per hectare for scores of 0 or 1, to 405 units per hectare for scores of 4 or above.

Further policy changes away from the current London Plan, and also intended to foster higher densities, are D2 **Delivering Good Design** and D6. The intention is that in areas that are mainly suburban in nature but with good connectivity, increases in density should occur where the developments meet high standards of design quality, and where there is scrutiny to mitigate against the negative aspects of high-density development. Further, while the existing London Plan states that developments that exceed 'optimal' density levels *"should be resisted"* (Policy 3.4), Policy D6 indicates that density should no longer be formally limited in policy.

2.2.3 Opportunity Areas & Growth Corridors

Policy GG2 sets out how the GLA will seek to *"create high-density, mixed-use places that make the best use of land"*. Development will be prioritised in **Opportunity Areas** (OAs). These are defined as *"distinct and significant locations"* that can support 2,500 new homes and/or 5,000 new jobs.

There are 47 Opportunity Areas in the document, a slight increase on the 38 included in the Former London Plan. The draft plan says that investment in infrastructure will be key to delivering development in these locations, and as such the Opportunity Areas are clustered into 'growth corridors' that align with major actual or proposed investments in transport infrastructure.

Several of these growth corridors are located within the Local London boroughs:

- **Elizabeth Line East**: the Elizabeth Line will significantly improve connectivity along its route when it opens in 2019. It is suggested in the Draft Plan that the **Ilford OA** and **Romford OA** will collectively support 11,000 new homes and 1,000 new jobs.
- **Thames Estuary**: the corridor either side of the Thames Estuary is identified as a priority for economic development and regeneration. This growth corridor represents the highest concentration of OAs across London, with the document identifying capacity for 250,000 new homes and 200,000 new jobs. A lack of river crossings in the area is cited as holding back development. The Mayor is consequently exploring a number of new schemes, including the Silvertown Tunnel, a new river crossing linking Rotherhithe and Canary Wharf, an extension of the DLR to Thamesmead, and a Barking Riverside to Abbey Wood London Overground crossing.
- **Crossrail 2**: this is a proposed new railway through central London that will connect with the West Anglia Mainline. If it goes ahead, this new line will reduce journey times, increase capacity and reduce crowding across the rest of the transport network, and it is hoped that it will support 200,000 new homes and 200,000 new jobs across the city. The **Lee Valley OA**, located in the London-Stansted-Cambridge-Peterborough growth corridor, is assigned a target of 21,000 new homes and 13,000 new jobs.

A summary of the net housing and jobs targets associated with the Opportunity Areas up to 2041 across the Local London boroughs is presented below. Local London is planned to support 43 percent of the homes target, and 29 percent of jobs, across London's Opportunity Areas.

Fig. 5. Opportunity Areas in the Local London boroughs

Opportunity Area	Borough(s)	Homes target	Jobs target
Lee Valley OA	Enfield, Waltham Forest	21,000	13,000
Poplar Riverside OA	Newham	9,000	3,000
Royal Docks and Beckton Riverside OA	Newham	30,000	41,500
London Riverside OA	Barking & Dagenham, Havering	44,000	29,000
Greenwich Peninsula OA	Greenwich	17,000	15,000
Charlton Riverside OA	Greenwich	8,000	1,000
Woolwich OA	Greenwich	5,000	2,500
Thamesmead and Abbey Wood OA	Bexley, Greenwich	8,000	4,000
Bexley Riverside OA	Bexley	6,000	19,000
Olympic Legacy OA	Newham, Waltham Forest	39,000	65,000
Ilford OA	Redbridge	6,000	500
Romford OA	Havering	5,000	500
Local London Total[8]	**-**	**198,000**	**194,000**
London Total	**-**	**464,100**	**676,400**

Source: Greater London Authority Draft London Plan p.36-50

2.2.4 Overall housing delivery targets

The homes targets for OAs feed into overall targets for housing delivery across the boroughs. As set out in Fig. 6 below, the overall ten-year housing target across London has increased from 423,900 to 649,400 (or by 53 percent), equivalent to an average increase of 22,500 homes a year on top of the existing target.[9]

However, the concentration of new homes is greater across the Local London boroughs than elsewhere; the ten-year housing target of 180,900 homes equates to a 75 percent increase on the previous target (103,100 homes) and 28 percent of the London total.

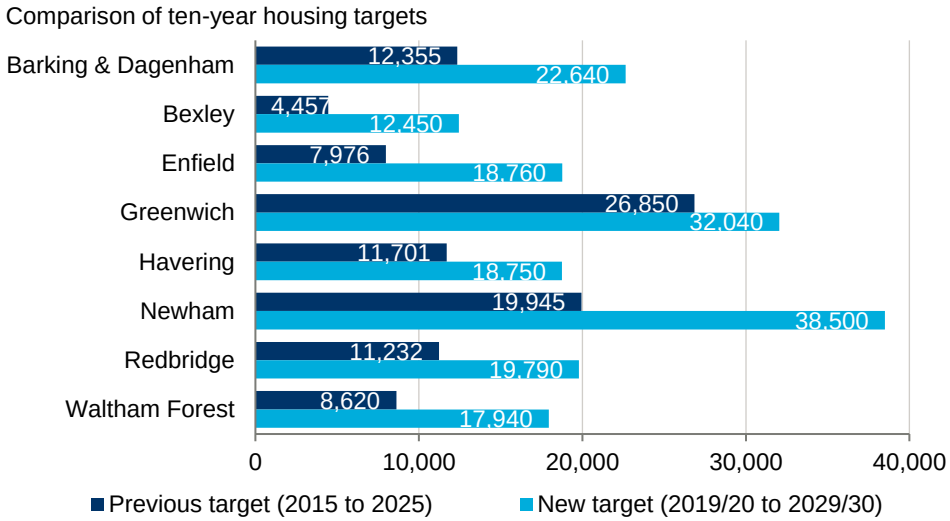
In absolute terms, the increase is greatest in Newham, where the new target is 18,600 homes (or almost double) higher than previously, while the new figure for Bexley (12,500 homes) though much smaller in absolute terms, is almost three-times the previous target.

These targets are higher than both the GLA and Oxford Economics household projections (see Appendix 1 for further detail).

[8] This falls to 159,000 homes and 129,000 jobs (or 34 percent and 19 percent of the London total respectively) when excluding the Olympic Legacy OA, where development will only be partially located in the Local London boroughs.

[9] Each iteration of the London Plan presents borough-level housing targets over a ten-year horizon. As the existing London Plan was published in 2015, it considers a ten-year horizon to 2025, while the Draft London Plan, which is due to be finalised in 2019, considers the ten-year housing target from this point onwards.

Fig. 6. Change in Ten Year Housing Targets, Local London Boroughs



Source: GLA

2.2.5 Devolution & funding

The Draft Plan recognises the ambitious nature of these housing targets, and of the economic growth needed to support them, and concludes that *"the level of growth anticipated in the Plan will require significant investment from both the public and the private sector"*.

However, it also acknowledges the significant funding gap between the public-sector spending required to achieve these goals, and the amount currently committed.

As a result, the Mayor is seeking *"further devolution of fiscal powers"* in line with the recommendations of the London Finance Commission, alongside exploring other sources of funding, such as land value capture, to bridge this gap.

Further discussion on the impact of devolution on local economic performance, and the implications for Local London, is presented in Appendix 3.

2.3 REGIONAL POLICY: OTHER DOCUMENTS

2.3.1 Draft Economic Development Strategy for London

The Mayor's Draft Economic Development Strategy for London was published in December 2017, following the Draft New London Plan, and provides some of the more economically-focused material that is not present in the Draft Plan.[10] It is organised around three main goals:

- **Opening up-opportunities**: ensuring a *"fairer, more inclusive economy"* which provides opportunities for all Londoners;

[10] Greater London Authority, *The Mayor's Economic Development Strategy for London: Draft for Consultation* (London: Greater London Authority, 2017)

- **Growth**: ensuring the London economy continues to thrive through remaining open for business; and
- **Innovation**: helping London become a world leader in technology and a centre for new ideas and creativity.

In sympathy with the aspirations of Local London, this document seeks to create a *"fairer, more inclusive economy"*. It places particular focus on the wellbeing, health and happiness of Londoners, arguing that doing so is the only way to support sustainable growth.

To achieve this aim, the Mayor proposes to:

- Work with education and skills providers to ensure *"a world class education system"* that is *"globally competitive"*.
- Reduce barriers to employment and promote well-paid, stable jobs. The Mayor seeks to eradicate exploitative practices and ensure that workplaces are safe, and that opportunities for employment are based on talent and effort. Initiatives such as the *Good Work Standard* and increasing the take-up of the *London Living Wage* aim to achieve these goals, while seeking to overcome London's relatively high rates of unemployment and economic inactivity. Particular focus is placed on groups who are more likely to be excluded from the labour market, such as disabled people, carers, women with children and some ethnic minority communities.
- Reduce the costs of living, through increasing the supply *of "genuinely affordable homes"* and ensuring access to affordable public transport.
- Promote inclusive and safe communities through investing in community, social and cultural infrastructure, alongside addressing health inequalities across the city.

To achieve these goals, the Mayor acknowledges the need to *"[create] the conditions for growth",* but this receives much less attention than issues of equity. This is likely to reflect an assumption that strong and sustainable growth in the capital is likely to persist over the longer term – an assumption that we examine in Section 4 below.

To enable adequate space for businesses to grow, the Mayor acknowledges a need to balance competing demands for land use, ensuring that a sufficient supply of affordable office, retail and industrial space is available to meet London's growth. Investment in infrastructure, including to reduce capacity constraints on the transport network, is also identified as a key requirement to unlock growth, as will a focus on investing in digital technologies. And the Mayor highlights the role of entrepreneurship in driving new business growth, which he says is reliant on the continued excellence of London's *"universities, specialist colleges, and research institutions"* to supply the city with a highly skilled and creative workforce.

2.3.2 The Mayor's Draft Transport Strategy

A draft version of the **Mayor's Transport Strategy** was published for consultation in June 2017.[11] It sets out the policies and proposals that the Mayor proposes should shape transport across London over the next 25 years. Three themes are placed at the heart of the strategy:

- **Healthy streets and healthy people**: the strategy seeks to crease *"streets and street networks that encourage walking, cycling and public transport use"*. It is hoped that this in turn will reduce car dependency and the associated health problems it creates. Key proposals to support this theme include the pedestrianisation of Oxford Street; introducing and expanding the Ultra Low Emission Zone; and developing a city-wide network of cycle routes.
- **A good public transport experience**: public transport *is "the most efficient way for people to travel over distances that are too long to walk or cycle"*. The Strategy aims to enable a shift from private car journeys to public transport. To support this theme, the Mayor seeks to upgrade and extend the Tube network; build Crossrail 2; increase bus priority; and improve station and vehicular accessibility.
- **New homes and jobs**: transport is identified in this document as a key means to unlock growth in new areas across the city. Key proposals directly or indirectly relevant to Local London include a new pedestrian and cycle crossing between Rotherhithe and Canary Wharf; developing a new river crossing in east London; the extension of the Bakerloo Line to Lewisham and beyond; and building new homes on Transport for London (TfL) owned land.

It is striking that none of these three themes is primarily about economic growth. Here too, therefore, it seems that there is an implicit assumption that the London economy can be relied upon to deliver growth at the rates that Londoners have become accustomed to.

2.3.3 Skills for Londoners

The GLA published **Skills for Londoners**, a draft skills and adult education strategy, for consultation in November 2017.[12] It sets out the vision of *"making sure Londoners, employers and businesses get the skills they need to succeed in a fair, inclusive and thriving economy".* To meet this vision, the strategy states a need to:

- *"Empower all Londoners to access the education and skills to participate in society and progress in education and in work."* It seeks to achieve this through creating an all-age careers offer that reduces the barriers to participation in lifelong learning; increased targeted

[11] Greater London Authority, *Mayor's Transport Strategy Draft for Public Consultation* (London: Greater London Authority, 2017)
[12] Greater London Authority, *Skills for Londoners: A Draft Skills and Adult Education Strategy for London* (London: Greater London Authority, 2017)

support to the most vulnerable groups; and increases in the number and diversity of adult learners.

- *"Meet the needs of London's economy and employers, now and in the future."* The Mayor seeks to promote productivity by supporting employers to develop the skills of their current and future workforce. This involves working with employers to ensure the devolved Adult Education Budget (AEB), and ensuring that the wider education system delivers for the London economy. There is also an aim to increase employer engagement, to improve the relevance and quality of training in some of the city's key sectors and occupations.
- *"Deliver a strategic city-wide technical skills and adult education offer."* This document seeks to achieve this through improving access to information to support learners and employers to make informed decisions over additional skills training; improving progression pathways into intermediate and higher-level skills; and raising the quality of facilities in London's further education sector.

These priorities, while not radical in nature, are broadly supportive of economic growth, and inclusive growth in particular.

2.3.4 Draft London Environment Strategy

The draft **London Environment Strategy** sets out the GLA's strategy to improve London's environment.[13] The document identifies a number of existing environmental challenges that the city faces. In suggests that in many locations, air quality is dangerously, and in some instances illegally, poor. It states that the consequence of damaging pollutants is responsible for 9,000 premature deaths in the city each year, while a quarter of primary schools are located in areas that breach legal air pollution limits. Similarly, more than half of Londoners are described as having poor access to parks. Future concerns also relate to waste – where landfill capacity is forecast to run out by 2026 – while demand for water is forecast to outstrip supply by 10 percent in 2025.

In order to tackle London's long-term environmental problems, and support good health and quality of life, the strategy sets out the following principles:

- "Improving lives and reducing inequalities – action is required across different policy areas to provide solutions to environmental challenges. This strategy makes connections with other Mayoral strategies to prioritise fairness in the access and use of the environment.
- Leading by example – the Mayor and wider GLA group should lead by example. Organisations like Transport for London (TfL), as well as organisations the Mayor has oversight of, such as the Metropolitan Police, can set examples and use new technologies.
- Avoiding negative impacts on other policy areas – a single focus on one policy concern shouldn't lead to a negative impact on another.

[13] Greater London Authority, *London Environment Strategy: Draft for Public Consultation* (London: Greater London Authority, 2017)

- Learning from international best practice – London should be a global leader on the environment. This will require collaboration with leading climate change and environmental institutions and other world cities, sharing ideas and learning from best practice; and
- Moving beyond business as usual – rather than just minimising the worst impacts of future change, this strategy aims to protect and improve London's environment."

These principles are supportive of sustainable growth; there is no suggestion within them of either seeking to restrict or increase the overall rate of economic growth.

2.3.5 Draft London Housing Strategy

The GLA's draft **London Housing Strategy** is closely related to the Draft New London plan, discussed above. It states that providing *"all Londoners with a decent and affordable home is the greatest challenge facing our city today"*.[14] The document sets out five priorities that it hopes will achieve this aim:

- *"Building homes for Londoners"* seeks to identify and bring forward more land for housing, invest in homes and infrastructure, diversify the homebuilding industry while improving its the skills, capability and building methods.
- *"Delivering genuinely affordable homes"* requires ensuring that all homes are *"genuinely affordable"*, with a target of half of new homes to be built to meet this requirement. The Mayor also aims to protect London's existing affordable homes.
- *"High quality homes and inclusive neighbourhoods"* aims to provide well-designed, safe, good quality and environmentally sustainable homes in order to meet the city's diverse housing needs. It argues that Londoners should also be involved in homebuilding, for instance through community-led schemes.
- *"A fairer deal for private renters and leaseholders"* sets out how the Mayor wishes to improve the quality of private renting. Proposals include reforming leasehold arrangements with the aim of ensuring a more secure, stable and affordable private rented sector.
- *"Tacking homelessness and helping rough sleepers"*. The Mayor is targeting homelessness prevention and helping homeless Londoners into accommodation, including through the 'No Nights Sleeping Rough' taskforce, an initiative to help rough sleepers off the streets.

Again, these policies are largely neutral with respect to the pace of economic growth, while implicitly seeking to ensure that growth is more inclusive going forward than it has been in recent decades.

[14] Greater London Authority, *London Housing Strategy: Draft for Public Consultation* (London: Greater London Authority, 2017)

2.3.6 London-Stansted-Cambridge Corridor Growth Commission

Amongst other strategies at the plan-London level, the **London-Stansted-Cambridge Corridor (LSCC) Growth Commission** is of particular relevance to Local London. The commission, which was established to *"provide independent analysis and advice to boost the global economic potential"* of the corridor, published a findings and recommendations report in 2016.[15] It stresses the *"unique opportunity"* the corridor has in enabling knowledge-based industries and high productivity to *"fuel rapid growth"*.

A number of challenges to future growth and prosperity along the corridor are identified. In particular, the report notes that other regions have aspirations to build successful knowledge-based economies, and suggests that skill shortages, are a real a concern. High housing costs and worsening affordability are identified as hindering the Corridor's ability to attract new workers, compounded (the report says) by poor infrastructure capacity.

The document nevertheless sets out a 20-year ambition to extend the globally competitive technology and life sciences sector in Cambridge to across the sub-region. Building on an existing competitive advantage, and seeking to encourage talented workers into the area by offering a high quality of life, the Growth Commission believes will be important in unlocking growth.

Five priorities are set out which the strategy suggests are needed to achieve this ambition:

- *"New powers and financial vehicles for infrastructure, housing and place-making."* The Commission believes that "high-growth economies" such as the LSCC have the potential to successfully use private finance vehicles to support and develop infrastructure investment, particularly to the transport system.
- *"Place-making for tech and life sciences*." The Commission argue that these *"industries thrive in high quality places and well connected, vibrant communities"* and that place-making and improving the quality of location will ensure international competitiveness, and support the overall development and regeneration opportunities along the Corridor.
- *"Building talent and ensuring everyone can benefit."* The report suggests that long travel times limit the potential pool of available labour, which in turn adversely affects the recruitment opportunities for businesses. Through improving connectivity, and developing the local workforce, the Commission hopes to ensure that all communities will benefit from growth in these industries.
- *"London Stansted Airport as a dynamic source of growth and development."* The airport is identified as a *"valuable asset"* in driving economic development. Its potential to expand, both in terms of

[15] London-Stansted-Cambridge Corridor Growth Commission, *Findings and Recommendations of the London-Stansted-Cambridge Corridor Growth Commission* (London-Stansted-Cambridge Corridor Growth Commission, 2016)

number of passengers and destinations served, is described as a support for growth and local business performance.

- *"Deepening the partnership with London."* The Commission believe that the Corridor should position itself to benefit from London's growth prospects, both in terms of business and labour market opportunities.

Alongside these ambitions, the Commission sets out five risks that it says need to be addressed for the Corridor to achieve its potential:

- *"A deteriorating location offer."* Failure to develop *"high quality business locations"* and *"attractive new communities"* will, the report suggests, result in a poorer locational offer, which could in turn reduce the Corridor's existing productivity premium.
- *"Labour market shortages, which reduce business investment."* A continuation of existing skills shortage could restrict business performance, in turn reducing the attractiveness and viability of the Corridor to investors.
- *"Increased housing pressures could reduce skills supply."* A key component of this risk is identified as a failure *"to invest in measures to boost housebuilding, such as road and rail transport improvements"*, which will increase house prices and reduce affordability.
- *"Continued polarisation of the workforce and communities."* The Commission argues that a failure to *"invest in measures to increase access to jobs and opportunities for all residents"* will result in continued polarisation, resulting in increased *"detachment and disaffection from the changing economy"* for many who are unable to engage in employment, education or relevant training.
- *"Growth in London exerts greater challenges on localities within the Corridor."* The Commission believes that, while growth will undoubtedly occur in London, it will not achieve its full potential without sufficiently planning outside of the city, reflecting how surrounding areas can support development.

2.3.7 Thames Estuary Production Corridor

In 2017, in conjunction with the South East Local Enterprise Partnership, the Mayor published the Thames Estuary Production Corridor document, *"an industrial vision to create a world-class location for the creative industries"*.

This vision argues that the Thames Estuary, *"once at the heart of Britain's trading and manufacturing industries"*, has seen a recent revival, and is poised to become a *"globally competitive Production Corridor"*. The document also suggests that creative industries are one of the UK's biggest growth sectors, stating that the sector is 25 percent more productive than the rest of the economy, generating *"£8.8m per hour"*, while *"87 percent of highly creative workers are at low to no risk of automation"*. And the report states that there are 1.3 million people who work in the creative economy in the South East alone, while the former UK Commission for Employment and Skills predicted that *"1.2 million new workers will be needed in the sector over the decade"*.

This vision document suggests that there are six core benefits of growing creative industries along the Thames Estuary:

- **Untapped potential**. Forthcoming investments in large-scale production centres, such as at the Royal Docks, will, it says, *"support growth, create jobs and unleash the region's potential"*.
- **Excellent connectivity**. The document argues that significant transport infrastructure investments, such as new DLR links, High Speed 1 and the expansion of major ports have already opened-up export markets and supported thousands of new jobs. Forthcoming improvements such as the opening of the Elizabeth Line, proposed new river crossings, and the provision of ultrafast broadband, are all expected to drive continuing economic growth.
- **World class clusters**. The document says that creative clusters have helped to *"transform"* East London over recent decades, with *"a new Creative Enterprise Zone pathfinder being tested in London"*. In addition, higher education institutions are said to have become centres for *"digital, creative and cultural research that will support business development to ensure the sector is ready for growth"*.
- **A local talent pool**. The region's manufacturing legacy is described as presenting a *"unique opportunity"* for new industries to grow, with a readily available skilled local workforce. Core to this vision is *"the creation of pathways into long-term employment through schools, further and higher education, skills training, apprenticeships and careers advice"*.
- **Placemaking**. While the document claims that recent culture-led regeneration projects have improved the economic diversification of the region, it also argues that continued efforts are needed to build on the profile of the Thames Estuary to maintain its competitive advantage, such as inward investment to improve the quality of the physical environment.
- **Driving growth**. The report suggests that the Thames Estuary has the potential for 290,000 new homes to be built by 2050, including a new Garden City at Ebbsfleet. It says that Economic infrastructure could be manufactured locally, through the proposed 'Production Corridor'.

2.4 LOCAL POLICY

2.4.1 Local London Partnership

In 2015, Local London published **Driving Growth Through Devolution**, a discussion document that sets out the views of council Leaders and Mayors on devolution.[16] The document discusses the challenges faced delivering public services, while outlining *a "vision for a new approach to decision-making and service delivery which unleashes the potential"* of the area. It argues that, despite the growth potential of the Local London area, both residents and the

[16] Local London Partnership, *Driving Growth Through Devolution* (London: Local London Partnership, 2015).

local economy are held back by *"avoidable bureaucratic challenge[s]"*. The document discusses many of the "complex and significant" challenges faced by the Local London boroughs, including lower "*household incomes, skill levels, employment rates and health incomes"* than the national averages.

The report states the view that *"devolving further power to the Capital through groupings of London boroughs we can join up services and resources more effectively"*. It identifies a set of principles of devolution, which argue that powers should only be shared where the business case for doing so clearly demonstrates improved efficiency, while ensuring that powers are held at the lowest appropriate level to *"increase accountability to the electorate and maximise the value of local knowledge"*. Similarly, it argues that while boroughs should retain current powers, they should not be forced to take on greater responsibilities, which should come from central government rather than a redistribution of existing devolved powers at a London-level. Finally, the document argues that reforms should not *"add to the layers of governance and function"* of the delivery of local services.

2.4.2 Barking & Dagenham

The **London Borough of Barking & Dagenham (LBBD) Core Strategy** was adopted in July 2010.[17] It sets out the *"overarching spatial vision and the spatial objectives and core policies to deliver that vision"* over the period to 2025. Development will be focussed across four Key Regeneration Sites: Barking Riverside, Dagenham Dock, South Dagenham and Barking Town Centre. The Council's overarching aim is to use the development of these large brownfield sites to stimulate regenerative activity across the borough. Collectively it is hoped that these areas can support over 60,000 new residents by 2025, and at least 12,000 new jobs.

Detail on the nature of future growth is also provided by the Barking and **Dagenham Independent Growth Commission**, which in 2016 published a report that examined the growth options for the borough.[18] The Commission proposes a number of *"major transformations"* the borough should seek to undertake, which include attempts for the renewal of civic culture through community-based activities, the development of a *"more and better affordable sub-market stock"* of housing, supporting a *"vibrant local business base"* and committing to support all persons to *"fulfil their potential"*. Opportunities such as those arising from the Dagenham East studios may support a number of high-value jobs, with hopes for positive spillovers to encourage business activity across the local area.[19]

[17] London Borough of Barking and Dagenham, *Core Strategy: Planning for the future of Barking and Dagenham* (London: London Borough of Barking & Dagenham, 2010).
[18] London Borough of Barking and Dagenham Independent Growth Commission, *No-one left behind: in pursuit of growth for the benefit of everyone* (London: London Borough of Barking and Dagenham Independent Growth Commission, 2016).
[19] https://www.lbbd.gov.uk/news/barking-dagenham-set-londons-largest-film-studio/

2.4.3 Bexley

The **London Borough of Bexley (LBB) Growth Strategy**, published in December 2017, sets out the Council's broad strategy for economic development across the borough.[20] The document is structured around three main parts. First, it sets out how the Council seek to provide a *"positively managed"* approach to growth, through seeking to positively manage housing and economic growth to support new and existing *"strong, stable, cohesive and prosperous"* communities. The document seeks to ensure the sustainability of developments across the borough through instigating strict urban design principles. Finally, the document draws together a strategy for meeting the borough's housing and employment needs, placing particular emphasis on the role of major transport infrastructure in enabling much of the borough's development. It acknowledges a desire to respect the existing context of the borough in development plans to retain its character and identity.

2.4.4 Enfield

The London Borough of Enfield published the **consultation document for its new Local Plan** in November 2015.[21] It states that the borough will need to support an additional 25,000 to 35,000 households over the plan period to 2032, despite an identified supply of just 800 homes per year. The document identifies the need to accommodate this increase in households as a key challenge over the plan period, with an *"intensify and infill"* approach unlikely to meet future needs. Alongside this, the document identifies a need to provide a suitable amount of additional jobs and infrastructure to support the increased local population. New transport infrastructure is being planned which the Council believes will influence the scale and location of development that the borough can support, particularly the potential four-tracking of the West Anglia Mainline as a precursor to Crossrail 2. In combination with the intensification of industrial land, this project may trigger significant development along the Upper Lea Valley Opportunity Area, regenerating one of the most deprived areas of London.

2.4.5 Greenwich

The **Royal Borough of Greenwich Core Strategy** was published in July 2014.[22] It establishes a vision of development across the Borough to 2028. Woolwich town centre, along with Woolwich Arsenal, would be a major focus of development, with the target of achieving Metropolitan Centre classification by the end of the plan period, and town centre growth would also be targeted in Eltham and Thamesmead. The creation of a new mixed-use quarter at Charlton Riverside was identified as incorporating up to 5,000 new homes and involve an intensification of existing employment uses, while redevelopments on the Greenwich Peninsula and at Kidbrooke would also contribute to meeting the borough's housing target.

[20] London Borough of Bexley, *Bexley Growth Strategy* (London: London Borough of Bexley, 2017).

[21] London Borough of Enfield, *Consultation on a New Plan for Enfield 2017-2032* (London: London Borough of Enfield, 2015).

[22] Royal Borough of Greenwich, *Royal Greenwich Local Plan: Core Strategy with Detailed Policies* (London: Royal Borough of Greenwich, 2014).

The royal borough is currently working on an Economic Development Strategy, with the aim of adopting it in 2018.

2.4.6 Havering

The **London Borough of Havering (LBH) Local Plan Proposed Submission Version**, published in 2017, provides an indication of the future form of development across the borough.[23] It sets out how the Borough will support an additional 50,000 residents by 2032, with the aim to plan in a positive and proactive manner while retaining the local characteristics.

The overarching stated aims of the Council's emerging plan include enabling vibrant and inclusive communities, providing opportunities for businesses and local people to thrive, creating successful high-quality places to live, work and spend time in, and to enhance the physical and digital communications between places and communities. The borough also seeks to take advantage of the increased accessibility to central London afforded by the borough's three Crossrail stations.

In terms of the spatial distribution, the document anticipates that the borough's two key areas – at Romford Town Centre and on underutilised employment land at Rainham & Beam Park, subject to the provision of a new rail station – will accommodate most development, supplemented by small-scale development and enhancement across the borough's other district centres and employment areas.

2.4.7 Newham

The proposed submission draft of the **London Borough of Newham (LBN) Local Plan Review** sets out the spatial vision for development across the Borough.[24] It sets out the vision for development to continue to support the most diverse and youngest population in the country. Building on the regeneration of Stratford and the Queen Elizabeth Olympic Park, and future plans for educational and cultural institutions to locate in the area, can continue to encourage investment across the borough. To reflect this, 492ha of land has been allocated for development. The economy will also benefit from growth across a range of sectors, which the Plan suggests will include digital and creative, focussed on the Royal Docks Enterprise Zone. In terms of the spatial strategy, focus is placed on what are deemed the major developments located within the 'Arc of Opportunity', which ranges from Stratford to Canning Town and the Royal Docks, covering 30.5km of riverfront and dockside locations. The Borough will seek to create *"new and rejuvenated communities"* across these locations, with investment providing *"improved access to jobs, business opportunities, homes and services"*.

[23] London Borough of Havering, *Local Plan Proposed Submission Version* (London: London Borough of Havering, 2017).
[24] London Borough of Newham, *Local Plan Review Proposed Submission Draft* (London: London Borough of Newham, 2018).

2.4.8 Redbridge

The **London Borough of Redbridge (LBR) Pre-Submission Draft Local Plan** provides an indication of the future scale and location of development in the borough up to 2030.[25] The borough has identified five Investment and Growth Areas – Ilford, the Crossrail Corridor, Gants Hill, South Woodford and Barkingside – where new development, including new infrastructure, homes, shops, leisure facilities will be directed. The Council also express the requirement that development must respect the borough's local character and heritage. The implementation and delivery of the Ilford Housing Zone is hoped to also be significant source of housing growth, with a target of 4,000 new homes by 2025.

2.4.9 Waltham Forest

The **London Borough of Waltham Forest (LBWF)** published its **New Local Plan Direction of Travel** document in 2017.[26] It sets out the Council's view of the key challenges and opportunities which the borough will face over the next 15 years. It identifies opportunities arising from increased housing delivery to address the issues of affordability, an *"improving and growing economy"* and improving transport links that it is hoped will contribute to supporting the Council's identified wish for sustainable development, which retains the borough's *"distinctive cultural and creative identity"*.

The borough's **Economic Growth Strategy**[27] sets out a framework for assessing the economic development of the borough from 2016 to 2020. The Council proposes a targeted approach to *"keep, seed and grow businesses in the borough",* while supporting and promoting retail, leisure and other uses in its existing town centres. Particular focus is also placed on improving the access of local people to skills training, allowing them to access high-quality employment both within the borough and elsewhere across London.

2.4.10 Summary of local opportunities & challenges

Fig. 7 summarises the challenges and opportunities identified by each borough within the documents listed above. In Section 5 below we provide some additional thoughts on what the major challenges might be.

[25] London Borough of Redbridge, *Redbridge Local Plan 2015-2030: Pre-Submission Draft Core Strategy* (London: London Borough of Redbridge, 2016).
[26] London Borough of Waltham Forest, *Shaping the Borough: New Local Plan Direction of Travel* (London: London Borough of Waltham Forest, 2017).
[27] London Borough of Waltham Forest, *Economic Growth Strategy 2016-2020* (London: London Borough of Waltham Forest, 2016).

Fig. 7. Opportunities and Challenges, Local London Boroughs

Borough	Opportunities	Challenges
Barking & Dagenham	• Development opportunities associated with the Key Regeneration Sites. • Improvements to public transport, such as Crossrail, the DLR extension, a new river crossing and improvement to current rail services.	• A shortage of good quality affordable housing and poor quality of existing stock. • Weak household incomes and relative deprivation, including health concerns such as low life expectancy and high prevalence of cancer and heart disease.
Bexley	• Location at the heart of the Thames Gateway provides opportunities to enhance the Borough's future housing and employment growth ambitions. • Attractive town centres with a largely suburban character and good provision of open spaces.	• Relatively low level of education and skills in the working population. • Poor north-south transport links in and around the Borough, resulting in congestion on existing orbital routes.
Enfield	• Opportunities for development associated with transport infrastructure (e.g. Crossrail 2/West Anglia Main Line upgrades). • Location within the London-Stansted-Cambridge Corridor, and potential to capture industrial activity displaced from elsewhere in London.	• Overcrowding and poor housing stock, particularly in the rented sector. • Significant investment in social infrastructure required to support the growing population, particularly in schools. • Limited available brownfield land for development without displacing existing uses.
Greenwich	• Large scale opportunities for regeneration, particularly on the Greenwich Peninsula and at Charlton Riverside. • Additional public transport services, such as Crossrail services at Woolwich and Abbey Wood and potential new river crossings. • A rich historic heritage and an abundance of open spaces.	• Pockets of deprivation, particularly in the north of the Borough. • Ambitious growth plans reliant on the delivery of critical infrastructure.
Havering	• Opportunities for successful regeneration of the Council's key sites, providing affordable housing, employment opportunities and improved social infrastructure. • Strong existing transport links by road and rail, enhanced by Crossrail.	• Skills gap in the local population, reflected by relatively low household incomes. • Pockets of deprivation with significantly shorter life expectancy and poor health.
Newham	• New regeneration schemes focussed along the 'Arc of Opportunity'. • Good existing transport links, including London City Airport. • The youngest population in the UK will result in a 'demographic dividend' resulting from a growing working age population.	• Deindustrialisation has led to the impression of dereliction in many areas. • High levels of churn in residency, with poor and often overcrowded housing stock. • High levels of deprivation, with low skills and persistent worklessness and a reliance on the public sector.
Redbridge	• Strong road and rail links with central London and Stansted Airport/Cambridge. • Good provision of local services, including some of the highest performing schools nationally. • A network of attractive open spaces and a number of attractive and historic neighbourhoods.	• Overcrowding and reliance on the private rented sector are prevalent. • Access to employment has been hindered by the contraction of the Borough's industrial base, alongside an oversupply of poor quality office stock, resulting in a reliance on the public sector.
Waltham Forest	• Regeneration opportunities associated with the Olympic Park and town centres. • Good rail and road links. • An abundance of parks and green spaces.	• The smallest economy of all boroughs, with low employment, a large share of lower value jobs and dependency on the public sector. • High levels of deprivation, especially towards the centre and south of the Borough, resulting in a number of poor health outcomes.

Source: Oxford Economics, based on the documents described above.

3. GLOBAL, UK & LONDON ECONOMIES

KEY POINTS

Globally, the major economies have moved beyond the anxieties that existed a year ago, with strong performance across emerging markets driving a recovery in global trade. The positive outlook is driven by strong trade growth, muted inflation that has kept monetary policy accommodative, robust performance in the emerging markets, and a degree of resilience to political uncertainty.

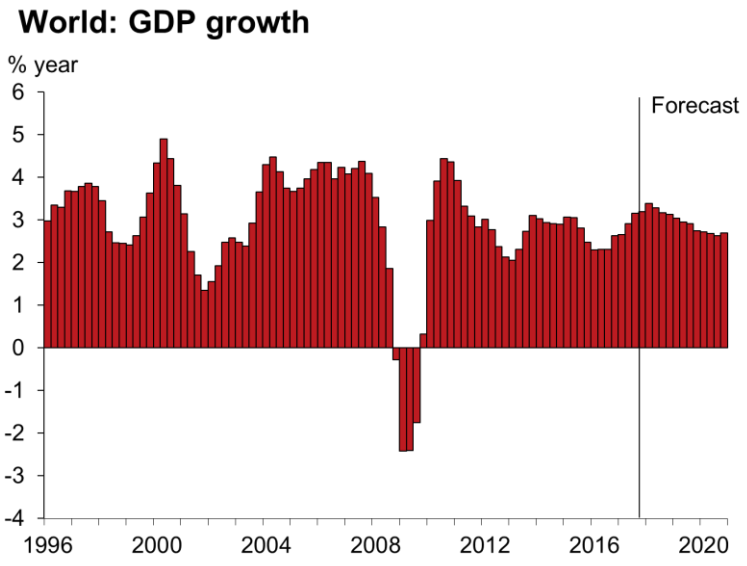
While benefitting from stronger growth internationally, the UK economic outlook is more cautious. Relatively weak business and consumer confidence are holding back investment and consumption respectively, partly reflecting both uncertainty associated with Brexit and little growth in real household incomes.

We expect London to help drive UK growth given the high concentrations of fast growing high value-added export orientated services. Despite Brexit-related downside risks for the capital, Finally, we forecast continued population growth, being driven mainly by natural increase.

3.1 GLOBAL OUTLOOK

The world economy continues to grow, with anxieties that existed a year ago about the prospects for 2017 having been proved to be largely unfounded – at least so far. The latest trade volume data for the major economies are strong, with emerging markets (EMs) making a large contribution to a global trade recovery. Another factor that should be helpful going forward is the slippage in the US dollar this year, since dollar strength tends to be bad for world trade.

Fig. 8. Global GDP growth



Source: Oxford Economics

The recovery in demand in the Eurozone has also been a largely unexpected help, and a likely fiscal stimulus in the US adds to the positive constellation of factors supporting world growth going forward.

Global Gross Domestic Product (GDP) grew by 3 percent in 2017, and we expect it to continue to accelerate throughout 2018. If so, our January 2018 forecasts indicate that it will be the best global performance since the financial crisis. The positive outlook is driven by strong trade growth, muted inflation that has kept monetary policy accommodative, robust performance in the emerging markets, and a degree of resilience to political uncertainty.

Thereafter we forecast growth to moderate in subsequent years to a little less than 3%. The main near-term downside risks come from Asia, even though China's growth remains surprisingly strong, from global financial markets, which recently suffered a degree of 'correction', and from protectionism (a small risk of a very negative development). Globally as in the UK, productivity growth currently fails to match historical trends, and demographic trends are generally unfavourable except in the poorest countries – not a good balance – but that is why we forecast lower growth in the global economy than in the post-Second World War 'golden age', rather than a complete absence of growth going forward.

Fig. 9. GDP growth in selected economies, January 2018

	% change on previous year						
	2016	2017	2018	2019	2020	2021	2016-2021
US	1.5	2.3	2.8	2.0	1.5	1.5	1.9
Japan	0.9	1.8	1.7	0.9	0.0	0.9	1.0
Eurozone	1.8	2.5	2.2	1.8	1.5	1.2	1.8
of which:							
Germany	1.9	2.5	2.4	1.8	1.3	0.9	1.8
France	1.1	1.9	2.1	1.9	1.8	1.5	1.7
Italy	1.1	1.6	1.4	1.1	0.9	0.8	1.1
UK	1.9	1.8	1.8	1.6	1.9	1.9	1.8
China	6.7	6.9	6.4	6.0	5.7	5.4	6.2
India	7.9	6.2	7.5	7.0	6.9	6.6	7.0
Other Asia	4.4	4.2	4.3	4.2	4.1	4.1	4.2
Mexico	2.7	2.3	2.3	2.4	2.4	2.3	2.4
Brazil	-3.5	1.1	2.5	3.3	3.2	2.7	1.5
Other Latin America	-0.4	0.7	2.2	3.0	3.2	3.2	2.0
Eastern Europe	1.4	3.1	2.9	2.4	2.2	2.2	2.3
MENA	2.8	2.8	3.2	3.5	3.7	3.8	3.3
Advanced economies	**1.6**	**2.3**	**2.4**	**1.8**	**1.5**	**1.5**	**1.9**
Emerging economies	**3.6**	**4.5**	**4.7**	**4.6**	**4.5**	**4.4**	**4.4**
of which **BRICs**	**4.5**	**5.4**	**5.5**	**5.3**	**5.1**	**4.9**	**5.1**
World	**2.4**	**3.0**	**3.2**	**2.9**	**2.7**	**2.7**	**2.8**

Source: Oxford Economics

3.2 UK OUTLOOK

At home we expect the UK to record GDP growth of 1.8 percent in 2018, matching the growth experienced in 2017. The economy is currently sharing in the proceeds of the stronger global growth mentioned above. In particular, the manufacturing sector has shown strong results in both the official series and across a range of business surveys, helped by a boost to competitiveness from the 2016 depreciation of sterling.

However we estimate that UK growth will slow to 1.6 percent in 2019 and then pick up, but that it will remain stubbornly below 2%. The drivers of this are

familiar – weak business and consumer confidence, which are holding back investment and consumption respectfully, with the latter partly reflecting Brexit and the former reflecting the reality of little growth (or even declines) in real earnings. Further discussion of the impact of Brexit on Local London is provided in Appendix 4. Productivity performance is also poor, and that is a major reason for weak earnings growth, as well as being another factor behind poor investment performance. The 'killer' here is that low rates of investment feed-back to low productivity growth.

The key drivers of our UK forecast are:

- **The squeeze on household spending eases only gradually.** Inflation has risen above the Bank of England's 2 percent target due to the impact of rising oil prices and the pass-through of the post-referendum depreciation of sterling. With nominal wage growth remaining subdued, consumers have endured a severe squeeze on their spending power. We forecast that the recovery in household spending power will be constrained by the government's welfare reforms and softer employment growth. And with the savings ratio already very low, we see little scope for households to continue to lean against soft income growth by borrowing more.
- **The boost to net exports fades as sterling continues to strengthen.** The combination of a weaker pound and a pick-up in world trade has strengthened export demand and we estimate that net trade lifted GDP growth in 2017. We expect this to continue to boost GDP growth in the early part of 2018 but the support is then likely to fade, with sterling continuing to rally and eroding some of the recent gains in competitiveness.
- **Brexit uncertainty will weighs on business investment.** Over the past two years business investment has grown by just 1% percent a year, having risen by almost 5 percent a year from 2010-15. Corporate profitability remains firm but investment intentions are subdued, with Brexit-related uncertainty weighing. This will persist until the UK's future trading relationship with the EU becomes clearer. So, we expect growth in business investment to remain relatively subdued.
- **Tight fiscal stance.** The squeeze on welfare spending, along with other cuts to current spending and tax rises, means that fiscal policy will exert a drag on growth over the next few years. The government has reduced the scale of austerity a little, but forecasts from the Office for Budget Responsibility imply that fiscal tightening will drag on GDP growth in each year between 2018/19 and 2022/23.

It is worth noting that Brexit represents a significant risk to the UK's economic outlook over both the short and long term. In the short term, there is a risk that the negative impact on confidence may be larger than expected, while in the long run there remains a sizeable risk that negotiations breakdown and that the UK is forced to trade with the EU according to World Trade Organisation (WTO) rules from March 2019. This would be the most economically damaging outcome. Conversely, we assume that the UK pursues 'populist' policies in areas such as curbing immigration; if it were to opt for more liberal policies in

relation to immigration, then it could achieve a stronger outcome for GDP growth over the longer term.

Productivity also remains a key concern for the UK economy. Performance since the global financial crisis has been dismal, although we expect some improvement in the coming years, particularly as the labour market becomes tighter. Despite this, we do not expect productivity growth to return to the pre-crisis rates over the coming years. There remains a risk that productivity growth may regress again, particularly if Brexit results in less openness and much lower inflows of Foreign Direct Investment (FDI).

An additional risk to growth is associated with further austerity. The government has consistently fallen short of its fiscal targets since the global financial crisis. Though the Chancellor has some margin of error against the latest set of fiscal rules, if borrowing exceeds the Office for Budget Responsibility's forecasts then the government may opt for further austerity measures to commence around the turn of the decade.

Despite these factors, and although in the long term the UK is likely to grow at a slower pace than achieved prior to the global financial crisis, we forecast it to outperform many of its peers. This is due in part to continued growth in the labour supply. Although immigration levels are expected to be much lower than in the recent past, the working-age population will still expand through natural increases and further rises in the stage pension age. In addition, the UK economy is expected to retain its position as a global leader in the provision of several service sectors, namely financial and business services.

3.3 LONDON OUTLOOK

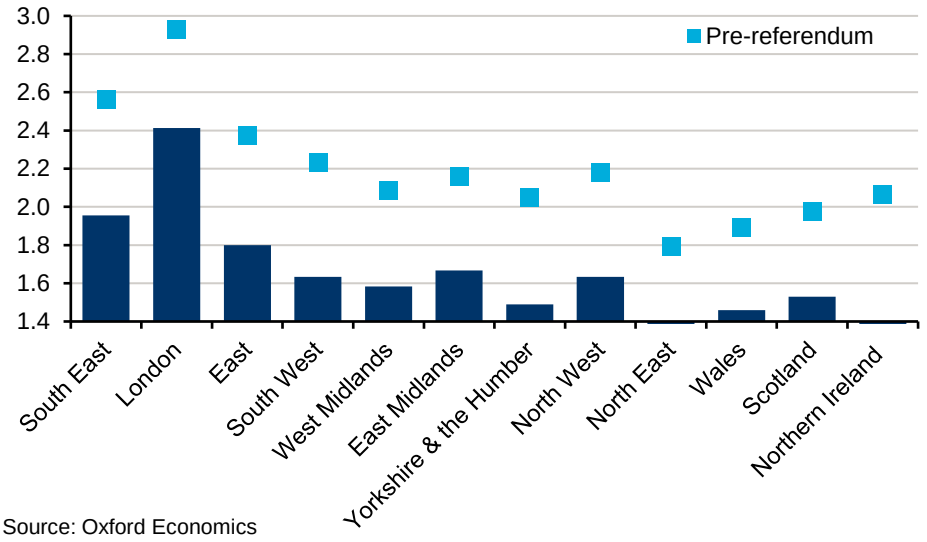
London has led GVA growth across the UK over the past twenty years. In the decade 2007 to 2017 London grew by 1.9 percent per year, 0.5 percentage points faster than the next fastest region. In the decade 1997 to 2007 the gap was larger still at 1.7 percentage points, with London growing at 4.7 percent per year.

More recently, however, and despite London's dominance, the capital's GVA growth has fallen behind a number of other UK regions. Brexit is a major reason for this, although the high cost of both living and doing business in London continues to generate a shift in competitiveness towards cities such as Manchester and Birmingham.

Looking forward we expect GVA growth in London to pick up over the next three years. Indeed, we expect it to continue to set the pace with growth of 2.4 percent a year up to 2030. However, this is slower than our pre-referendum estimates.

GVA growth in London will boosted by strong performance in professional services and information & communication services, both of which are forecast to grow at 3.0% per year between 2017 and 2030. Those parts of London which are attractive towards these sectors will find it easier to grow than those which are not.

Fig. 10. Regional GVA growth, 2017 to 2030



Source: Oxford Economics

In employment terms, London is also forecast to outperform the rest of the UK with annual average growth of 0.9 percent per year to 2030 (758,000 new jobs). This is nearly twice as fast as the South East and East, the next best performing regions.

Fig. 11. Regional employment, regions of the UK, 2017 to 2030

	2017	2030	Change
London	5,834,700	6,592,600	757,900
South East	4,999,500	5,334,700	335,200
East	3,168,600	3,382,000	213,400
North West	3,686,000	3,824,100	138,100
East Midlands	2,438,900	2,553,600	114,700
South West	2,957,200	3,054,200	97,000
West Midlands	2,967,000	3,049,700	82,700
Scotland	2,845,800	2,912,800	67,000
Yorkshire & the Humber	2,671,800	2,726,800	55,000
Wales	1,505,100	1,531,400	26,300
North East	1,171,800	1,177,300	5,500
Northern Ireland	873,900	878,900	5,000
UK	**35,120,300**	**37,017,800**	**1,897,500**

Source: Oxford Economics

Underpinning London's growth over the next decade will be strong performance in both professional services and administrative & support. These sectors are forecast to increase by nearly 330,100 jobs by 2030, accounting for more than 44 percent of the total employment increase in the region. A consistent decline in the total number employed in manufacturing each year leaves that sector with 21,000 fewer employees by 2030 – a challenge for parts of London in which manufacturing is relatively important. Public administration employment is forecast to contract by 10,100 jobs by 2030 due to government cuts.

London's population is forecast to grow on average by 1.1 percent per year between 2017 and 2030, slightly less than that recorded over the past decade. This will see the number of people living in the capital reach nearly 10 million

by 2028, an increase on current levels of nearly 1.1 million. Growth over this period is expected to remain faster than the UK as a whole (0.5 percent per year). (For comparisons between our population forecasts and those in the Mayor's Draft New Plan, see Appendix 1.)

This population growth will be primarily driven by natural change. Of the nearly 930,000 increase over the forecast period, just over 892,000 are forecast to be through natural change, with 36,000 supplied by net migration.

4. LOCAL LONDON'S ECONOMY

KEY POINTS

Local London comprises long-established residential areas, most characterised by high levels of commuting, and some of London's most important Opportunity Areas. Unemployment is low, but so are qualifications, wages and productivity, while there are high levels of deprivation in some areas.

Local London is forecast to record amongst the fastest growth in population, employment and GVA of comparable areas, reflecting both its existing assets and transformational projects. However, the area has few major private sector employees, or ones exporting beyond this area. It also has low shares of high growth, high value-added sectors such as information & communication and professional services. As a result, the productivity gap is forecast to grow.

4.1 KEY COMPARISONS

In this section we consider how Local London has been performing, and is likely to perform, going forward. We compare Local London's economy against twelve other groups of local authorities, that are either other London sub-regional partnerships, or that have achieved additional devolution through Combined Authorities (CAs) or City Region status.[28]

On that basis, a summary table of future annual growth rates for population, employment and GVA, for the period 2017-2030, is presented below.

Fig. 12. Summary of growth rates, Local London and comparator areas, 2017 to 2030

Sector	Population (%, y/y)	Employment (%, y/y)	GVA (%, y/y)
Local London	**0.7**	**0.9**	**2.2**
Central London Forward	0.7	1.0	2.5
South London Partnership	0.6	0.8	2.2
West London Alliance	0.6	0.8	2.2
Cambridge & Peterborough	0.5	0.5	1.9
Greater Manchester	0.3	0.6	1.9
Liverpool City Region	0.0	0.1	1.4
North East	0.1	0.0	1.4
Sheffield City Region	0.2	0.2	1.4
Tees Valley	0.0	0.0	1.2
West Midlands	0.3	0.3	1.7
West of England	0.4	0.5	1.9
West Yorkshire	0.2	0.1	1.6

Source: Oxford Economics

A quick glance shows that Local London is forecast to record amongst the fastest growth in population, employment and GVA. Importantly, these growth rates are based on baseline / policy-neutral conditions, and therefore do not

[28] These are: Central London Forward, South London Partnership, West London Alliance, Cambridge & Peterborough CA, Greater Manchester CA, Liverpool City Region, North East CA, Sheffield City Region, Tees Valley CA, West Midlands CA, West of England CA and West Yorkshire CA.

take into account any planned transformational projects, or potentially faster growth that Local London could achieve if given greater devolution of spending. (Equally though, they make no assumptions about other places experiencing similar 'above baseline' transformations.)

In the rest of this section we look at the factors behind these forecasts, and also at the range of other factors that need to be considered, in order to understand Local London's past and future performance from a rather broader perspective.

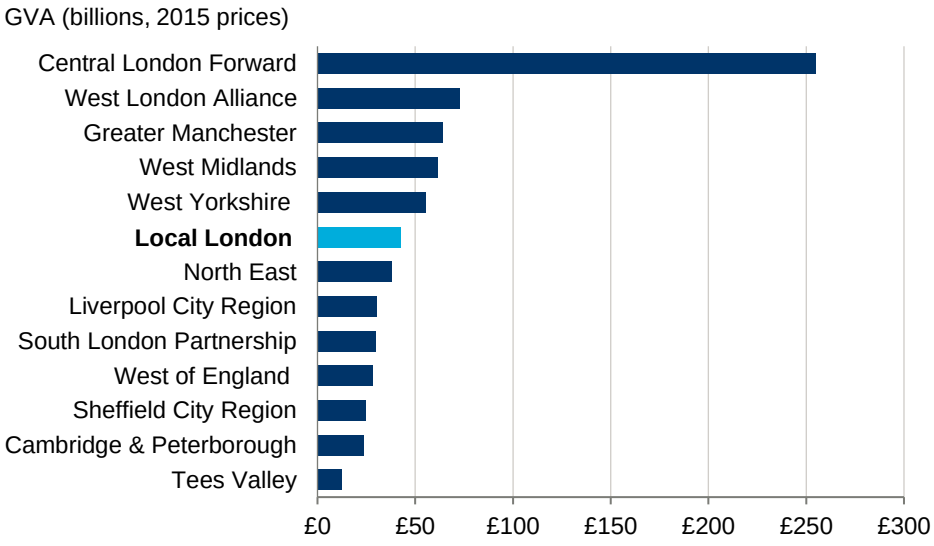
4.2 OUTPUT, EMPLOYMENT & PRODUCTIVITY

4.2.1 Output in 2017

Gross Value Added (or GVA) measures the value of output in an economy. It is closely akin to Gross Domestic Product (GDP). In 2017 the Local London economy's GVA was £42.8 billion (in 2015 prices), which was approximately 10 percent of the overall London total.

As Fig. 13 shows, Local London's economy is larger than the South London Partnership (£30 billion), although smaller than the West London Alliance (£73 billion) and just under one sixth of the size of Central London Forward (£255 billion). In terms of the combined authorities, Local London also ranks below Greater Manchester (£64 billion), West Midlands (£62 billion) and West Yorkshire (£55 billion).

Fig. 13. GVA, Local London and comparator areas, 2017

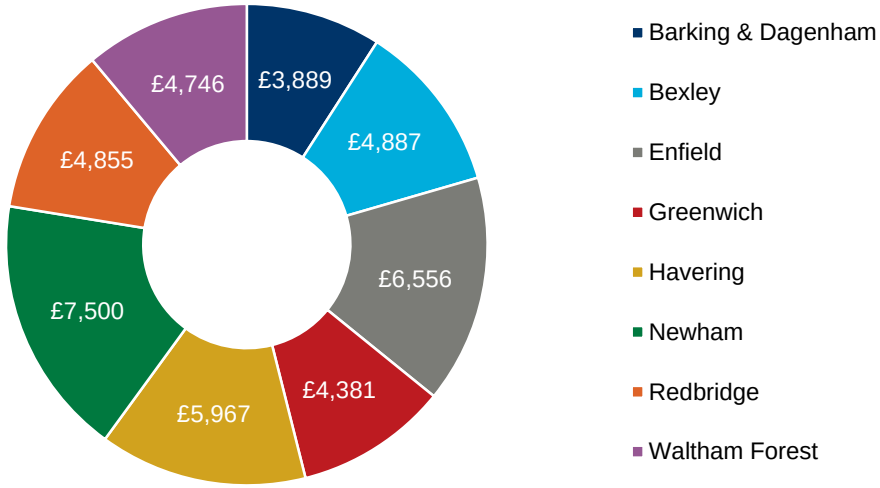


Source: Oxford Economics

Of the eight Local London boroughs, output in 2017 was highest in Newham, at £8.5 billion (or 17.5 percent of the Local London total), followed by Enfield (£6.6 billion, or 15.3 percent) and Havering (£6.0 billion, or 13.9 percent). (See Fig. 14). Barking & Dagenham had the smallest output, at £3.9 billion (9.1 percent).

Fig. 14. GVA, Local London boroughs, 2017

GVA (millions, 2015 prices)



Source: Oxford Economics

4.2.2 Workplace employment in 2017

In 2017 employment in Local London was a little over three-quarters of a million people: 798,000. This comprised a mix of local residents working locally and residents from outside commuting-in (see box). Amongst our comparator areas, Local London's employment level was the seventh largest, supporting more jobs than either the Liverpool City Region (690,000) or Sheffield City Region (626,000 jobs), but fewer than West Yorkshire (3.29 million), Central London Forward (3.27 million), West Midlands (1.43 million), West London Alliance (1.26 million) and the North East (884,200).

WORKPLACE & RESIDENT EMPLOYMENT (AND JOBS)

Workplace employment identifies those people employed according to the geographical location of their work, whereas resident employment categorises workers by the geographical location of their home. An individual who both works and resides the same location will appear in both counts. These employment totals are not adjusted for either part-time working or double-jobbing.

This 2017 followed a mixed performance in the 2000s, but much stronger performance after 2012. Workplace employment increased from 651,000 in 2012 to 798,000 in 2017, a 13.9 percent increase.

At 2.6 percent per year, this growth rate was the third-fastest of our comparator areas, ahead of London as a whole (2.5 percent) although behind Central London Forward (2.9 percent) and Cambridge & Peterborough (2.8 percent).

Within Local London, employment growth was strongest in Newham, where workplace employment increased by 29 percent over this five-year period to 2017, resulting in 30,100 additional jobs. Indeed, Newham contributed nearly a third (31 percent) of employment across Local London over this period.

Fig. 15. Employment growth, Local London boroughs, 2012 to 2017

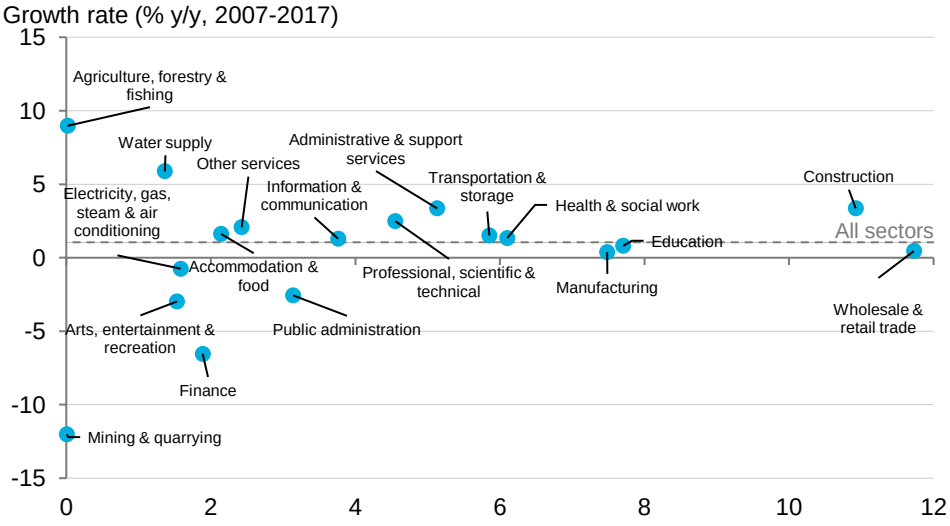
	Employment change	Employment growth (%, y/y)
Barking & Dagenham	4,000	1.3%
Bexley	10,300	2.5%
Enfield	5,500	0.9%
Greenwich	13,700	3.0%
Havering	11,200	2.4%
Newham	30,100	5.2%
Redbridge	7,000	1.5%
Waltham Forest	15,500	3.6%
Local London	**97,300**	**2.6%**

Source: Oxford Economics

4.2.3 Output by sector

Overall growth in both output (GVA) and workforce in the 2012-17 period was, of course, driven by growth in individual sectors. No single sector dominated that growth, especially for output growth. Nevertheless, of the seven largest sectors, taken to be those that contributed over 5 percent of Local London's output in 2017, five grew at an annual rate faster than the overall economy over this period, thus increasing their relative sizes.[29]

Fig. 16. Share of GVA and historic growth by sector, Local London, 2007 to 2017



Source: Oxford Economics

Of these, the best performing were construction and administrative & support services (both 3.4 percent growth in GVA per year), followed by real estate (1.9 percent per year) and transportation & storage (1.5 percent per year). By contrast, manufacturing (0.4 percent per year), wholesale & retail (0.5 percent per year) and education (0.8 percent per year) all underperformed the overall economy, thus contracting as a share of overall GVA over this ten-year period.

[29] Note that real estate activities have been excluded from this analysis as its GVA figures are distorted by house price growth.

4.2.4 Employment by sector

Wholesale & retail is the sector with the largest contribution to employment in Local London. In 2017 it supported 122,000 jobs, equivalent to 15.3 percent of the total. While this rate was in excess of the London and UK equivalents (10.9 and 14.3 percent respectively), employment in this sector had remained relatively static historically; over the decade to 2017, it added just 4,800 jobs, equivalent to 0.4 percent annual growth and representing just 3.3 percent of additional jobs across Local London over this period.

Fig. 17. Share of employment, Local London, London and the UK, 2017

Sector	Local London	London	UK
Agriculture, forestry & fishing	0.1%	0.0%	1.3%
Mining & quarrying	0.0%	0.1%	0.2%
Manufacturing	5.0%	2.4%	7.6%
Electricity, gas, steam & air conditioning	0.2%	0.2%	0.4%
Water supply	0.8%	0.3%	0.6%
Construction	9.9%	5.4%	6.6%
Wholesale & retail	15.3%	10.9%	14.3%
Transportation & storage	7.3%	5.3%	5.1%
Accommodation & food	6.0%	7.4%	6.9%
Information & communication	3.2%	7.7%	4.2%
Finance	1.3%	6.8%	3.2%
Real estate	1.5%	2.2%	1.6%
Professional, scientific & technical	5.7%	14.2%	8.7%
Administrative & support services	9.5%	10.1%	8.7%
Public administration	3.9%	3.9%	4.2%
Education	10.9%	7.1%	8.4%
Health & social work	13.2%	9.7%	12.4%
Arts, entertainment & recreation	3.1%	3.3%	2.8%
Other services	3.0%	3.1%	2.9%

Source: Oxford Economics

Sectors that typically employ more public-sector workers, such as health & social work and education, are relatively well represented in Local London; they each represented 13.2 and 10.9 percent of jobs respectively in 2017, (compared to 9.7 percent and 7.1 percent across London, and 12.4 and 8.4 percent across the UK). Local London also has a disproportionately high share of jobs in the construction sector, which represents 9.9 percent of the total, a share 4.5 and 3.3 percentage points higher than across London and the UK respectively, and reflecting the importance of regeneration areas to Local London (discussed below).

Owing in part to the legacy of its historically key role in the production of motor vehicles, manufacturing retains a relatively high share of employment (5.0 percent) in Local London, compared to the rate for London (2.4 percent). However, this is 2.6 percentage points below the UK average. Despite supporting nearly 40,000 jobs in 2017, historic performance has been relatively poor, losing 3,000 jobs (or a 7.1 percent contraction) over the decade to 2017.

Transport & storage also support a relatively high share of jobs in Local London. At 7.3 percent, equivalent to 59,000 jobs, this sector is the fourth largest employer in the Local London area, with a share of jobs 2.0 and 2.2 percentage points higher than London and the UK respectively.

This is in part due to the presence of London City Airport and associated aviation-related activities along the local supply chain; Newham alone supports 11,800 jobs, or 20 percent of the collective total, in this sector, although some of these will be associated with other transport activities (e.g. the Jubilee Line depot at Burford Road). In addition, Local London is home to a number of key industrial locations which provide a key role in supporting business activity across the city, such as providing 'last mile' logistics functions.

By contrast, there are a number of sectors which underperform the London total. Professional, scientific & technical services represent just 5.7 percent of employment in Local London, a rate 8.4 percentage points lower than the London equivalent, and also lower than the UK rate (8.7 percent).The share of employment across boroughs in this sector varies markedly; Redbridge has the highest share, 16.7 percent of the Local London total, despite representing just 11.8 percent of total employment, while conversely Barking & Dagenham contributes just 4.2 percent of Local London's jobs in this sector (despite providing 7.8 percent of all jobs).

Local London also has a relatively small share of jobs in the financial sector, 5.5 and 1.9 percentage points below the London and UK averages (6.8 and 3.2 percent) respectively. In the key sector of information & communication, employment (3.2 percent of the total) is 4.5 percentage points below the London rate.

4.2.5 Forecast growth in output

2.2 percent

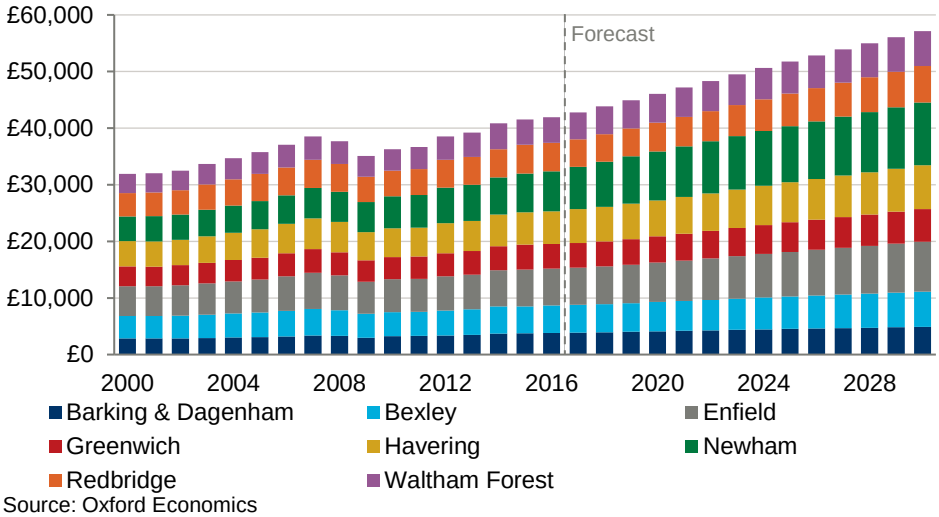
GVA growth from 2017-2030.

An increase from 1.0 percent over the period 2007-2017.

Our forecasts indicate that both GVA and employment will continue to grow across the Local London boroughs up to 2030. We forecast Local London's GVA to grow to £57 billion by 2030 (in 2015 prices), at an annual growth rate of 2.2 percent. This is over twice the rate of the preceding decade (1.0 percent). And although it is 0.2 percentage points below the rate across London (2.4 percent per year), of our comparator areas, Local London's GVA growth rate ranks second, behind Central London Forward (2.5 percent per year).

In terms of the distribution of growth across the boroughs, there are stark differences. We forecast that Newham will continue to be the strongest performing. GVA is forecast to increase by £3.6 billion (or 48 percent) over the period 2017-2030. While representing just 17.5 percent of Local London's GVA in 2017, Newham contributes a quarter (25.1 percent) of GVA growth over the period 2017-2030, so 9.5 percentage points higher than the second largest borough, Enfield.

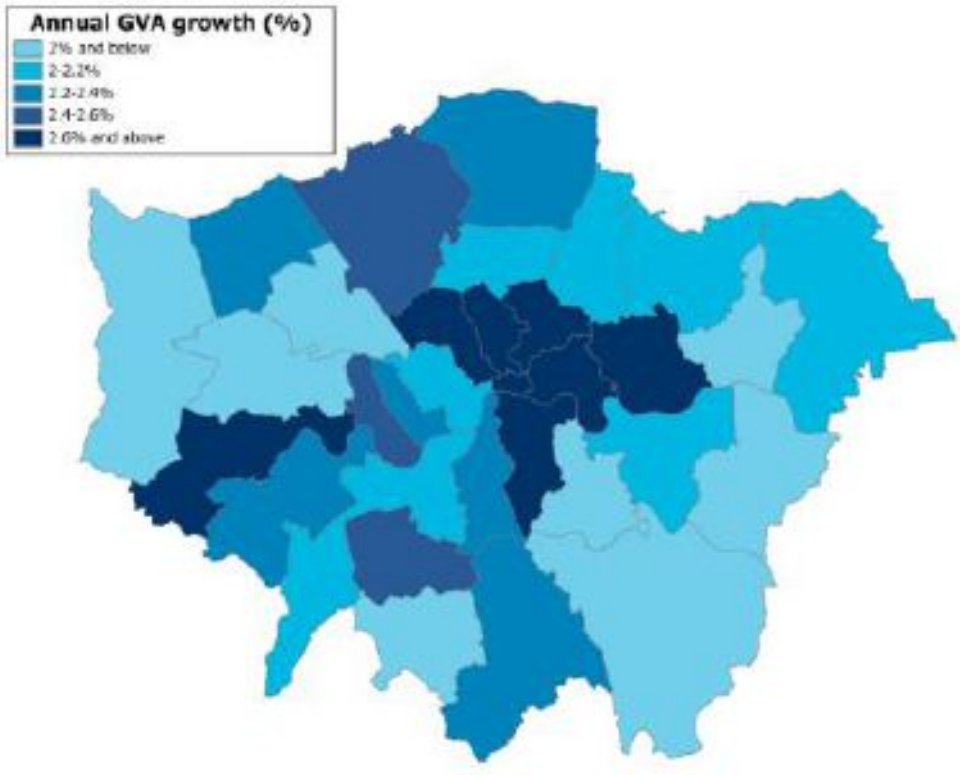
Fig. 18. GVA, Local London boroughs, 2000 to 2030



Source: Oxford Economics

Indeed, Newham's GVA forecast compares well with the rest of London. Its growth rate of 2.3 percent per year is the highest of all boroughs, 0.1 percentage points higher than the next highest, neighbouring Tower Hamlets. By contrast, forecast growth of just 1.4 percent per year in Barking & Dagenham makes it the worst performing of all London boroughs.

Fig. 19. GVA growth, London boroughs, 2017 to 2030

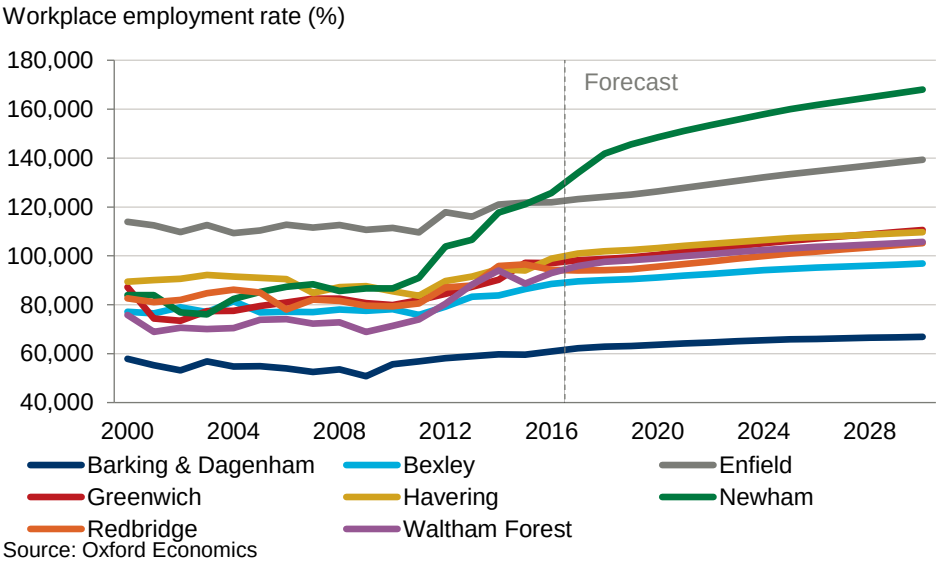


Source: Oxford Economics

4.2.6 Forecast growth in workplace employment

Over the period 2017-2030, our forecast indicates that Local London's workforce will grow by 104,000 to 902,000 jobs. The rate of growth, 0.9 percent per year, compares well with our comparator areas, and is second only to Central London Forward (1.0 percent) and in line with London overall. In absolute terms, the increase in jobs out-performs both Greater Manchester and the West Midlands (100,000 and 64,000 respectively), despite these areas having a far greater number of jobs currently. As GVA growth (2.2 percent per year) outweighs that of employment over this period, we forecast an improvement in the productivity of the Local London workforce (measured as the average output per worker). We return to this in Section 0 below.

Fig. 20. Workplace employment, Local London boroughs, 2000 to 2030



Source: Oxford Economics

Newham will play an even greater role in generating employment growth than GVA growth, across Local London. Workplace employment in this borough is forecast to grow by 25 percent over the period 2017 to 2030, equivalent to 34,000 additional jobs, which represents a third (33 percent) of future jobs that will be created across Local London.

Fig. 21. Employment growth, Local London boroughs, 2017 to 2030

	Employment change	Employment growth (%, y/y)
Barking & Dagenham	4,700	0.6%
Bexley	7,300	0.6%
Enfield	16,100	0.9%
Greenwich	12,400	0.9%
Havering	8,700	0.6%
Newham	34,000	1.8%
Redbridge	11,100	0.9%
Waltham Forest	9,800	0.8%
Local London	**104,100**	**0.9%**

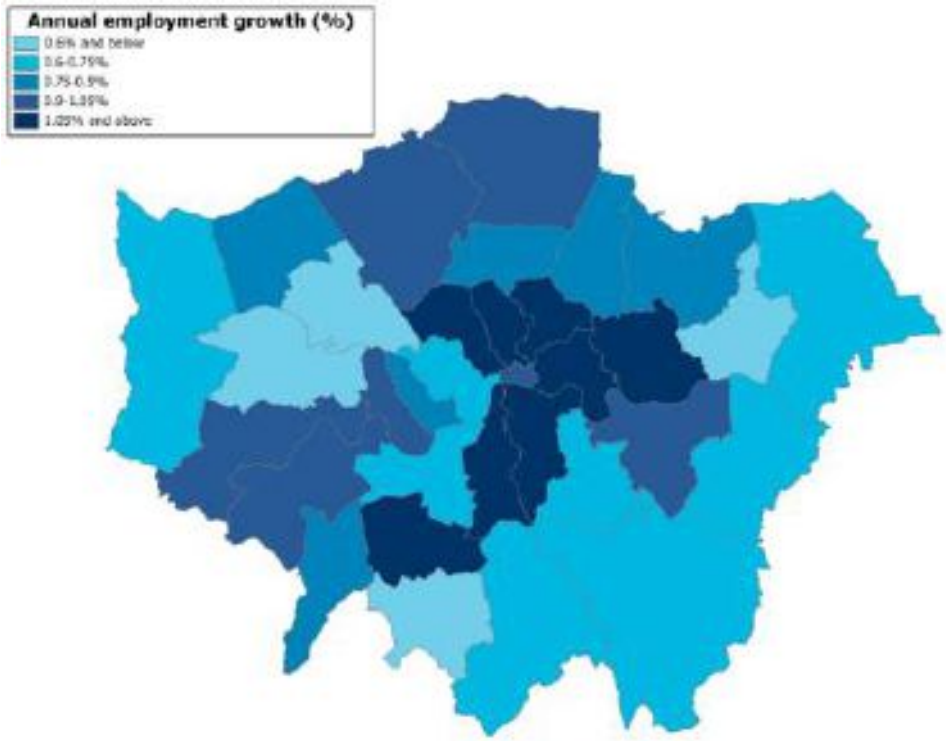
Source: Oxford Economics

Newham's annual rate of employment growth (1.8 percent per year) over the period 2017-2030 is the fastest across London. Each of the five next fastest

growing boroughs are all located in Central London Forward. At 0.9 percent per year, Enfield also out-performs the London total.

However, Local London is also home to some of the slowest growing boroughs; employment growth in Barking & Dagenham and Bexley (both 0.5 percent per year) is forecast to rank fourth and fifth slowest respectively across London boroughs.

Fig. 22. Employment growth, London boroughs, 2017 to 2030



Source: Oxford Economics

4.2.7 Sector forecasts

Our forecasts also indicate a realignment of Local London's sectors towards the profile of the overall London economy.

Fig. 23. Employment growth by sector, Local London, 2017 to 2030

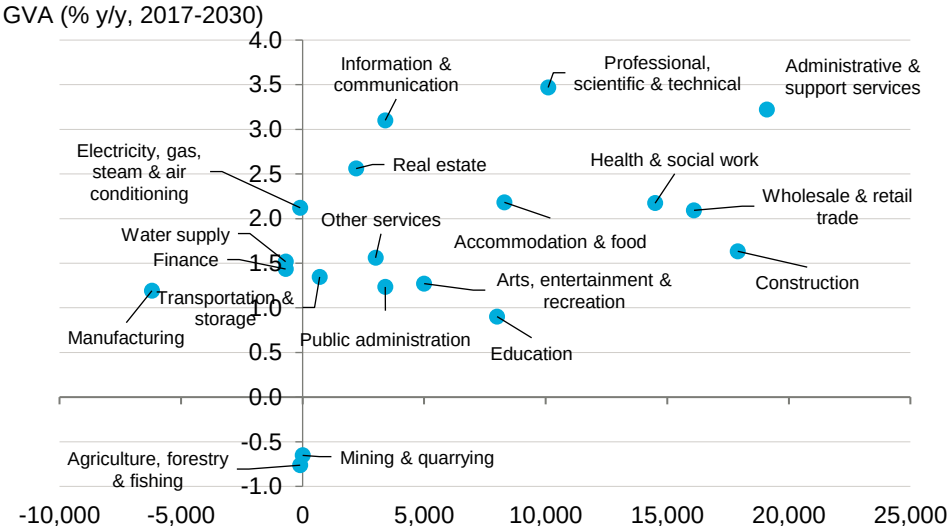
Sector	Employment change		Employment growth (%, y/y)	
	Local London	London	Local London	London
Agriculture, forestry & fishing	-100	-300	-1.7	-1.7
Mining & quarrying	0	-1,100	-3.0	-2.9
Manufacturing	-6,200	-16,800	-1.3	-1.2
Electricity, gas, steam & air conditioning	-100	-500	-0.5	-0.5
Water supply	-700	-1,600	-0.8	-0.8
Construction	17,900	49,500	1.6	1.5
Wholesale & retail	16,100	49,700	1.0	0.9
Transportation & storage	700	4,300	0.1	0.1
Accommodation & food	8,300	46,800	1.2	1.1
Information & communication	3,400	50,200	1.0	1.1
Finance	-700	300	-0.5	-0.1
Real estate	2,200	16,900	1.3	1.1
Professional, scientific & technical	10,100	137,600	1.5	1.5
Administrative & support services	19,100	116,200	1.7	1.7
Public administration	3,400	-7,900	0.8	-0.4
Education	8,000	23,800	0.7	0.6
Health & social work	14,500	60,700	1.0	0.9
Arts, entertainment & recreation	5,000	35,400	1.4	1.5
Other services	3,000	19,300	0.9	1.0

Source: Oxford Economics

The growing population will continue to require expanding public service provision. Employment in sectors that are mainly dominated by the public sector, such as **health and education**, will therefore continue to grow, at rates of 1.0 and 0.7 percent per year respectively over the period 2017-2030. In addition, employment in **public administration** is forecast to grow over this period, at 0.8 percent per year, despite a historic contraction of 2.6 percent per year over the preceding decade to 2017. This reflects a mix of demographic pressure and some easing in the intensity of the austerity squeeze on spending.

The changing number of jobs and GVA growth rates are presented across each sector in Fig. 24 below.

Fig. 24. Additional employment and GVA growth rate by sector, Local London, 2017 to 2030



Source: Oxford Economics

Performance in terms of both GVA and jobs growth is notable in professional, scientific & technical activities. At 3.5 percent per year, GVA growth from 2017-2030 will exceed that observed historically, making this the fastest growing of Local London's sectors. This is reflected in a growing workforce, with 10,100 additional jobs in this sector up to 2030 representing a 22 percent increase on 2017 levels.

Taken together, the **professional, scientific & technical and information & communication sectors** in Local London are forecast to see employment growth of 19 percent over the 2017-30 period. This will be an increase of just over 13,500, and will closely match the percentage rise at the London level. However, as Fig. 25 shows, the starting point is a disappointingly low share of the London total – less than 6 percent. If that percentage could be increased, then the resultant change to the structure of the Local London economy would be transformative.

Amongst the possibilities here is stronger growth than we are forecasting in the film, music & television production sub-sector, thanks to the possible location of a major new film studio in Barking & Dagenham (and the possibility of a smaller one in Greenwich) and faster growth in a range of digital-related activities, particularly in the Queen Elizabeth Olympic Park, and nearby. In several traditional office-based sectors we forecast slightly weaker growth than across London as a whole, which essentially reflects the fact that locations that are already very successful tend to become more so – and Local London has a gap that it needs to close. If that can be done, then our forecasts in these hugely important sectors may prove to be much too cautious.

Fig. 25. Employment in the Information & Communications and Professional, Scientific & Technical sub-sectors, London, 2017 to 2030

IT/Professional services	Employment, 2017				% share of London, 2017	% change, 2017-2030	
	Local London	Central London	South London	West London	Local London	Local London	London
Publishing	1,100	52,700	4,800	5,200	1.7	0.5	6.0
Film, music & television production	2,900	53,200	2,900	16,000	3.8	8.9	11.7
Programing & broadcasting	200	14,100	400	15,700	0.5	13.2	18.6
Telecommunications	3,200	24,800	2,900	8,400	8.0	0.6	6.2
Computer programming	17,900	133,400	18,000	36,100	8.5	17.3	21.5
Information services	600	26,000	1,500	2,400	1.9	8.2	14.3
Legal & accountancy	10,500	171,900	8,800	17,900	4.9	12.3	17.5
Head offices & management consultancy	14,700	191,200	17,800	43,000	5.5	27.9	26.3
Architecture & engineering	8,300	71,000	12,800	15,100	7.6	25.1	26.0
Scientific research & development	500	19,600	2,700	5,600	1.9	30.6	23.0
Advertising & market research	1,900	86,100	4,100	13,900	1.8	14.7	17.1
Other professional	8,900	61,900	8,400	16,300	9.2	21.8	21.1
Veterinary activities	800	900	500	500	29.1	28.4	26.8
Total	**71,500**	**906,900**	**85,600**	**196,100**	**5.6**	**19.0**	**19.8**

Source: Oxford Economics

Alongside this, **administrative & support services** are forecast to grow. GVA is forecast to grow (by 3.2 percent per year from 2017-2030), albeit at a slower rate than observed historically (3.4 percent over the decade to 2017). This sector is the fifth largest employer in 2017, supporting 76,000 jobs, and its contribution of 19,000 additional jobs from 2017-2030 is the largest of all sectors. It is likely that many parts of Local London will play an increasing role in providing support jobs for London as a whole.

The largest sub-sector within administrative & support services is building services, with employment of over 32,000 people in 2017. This is forecast to grow by just under 24 percent over the period to 2030 compared with just over 24 percent for London as a whole. However, this sub-sector could in principle do better than that, thanks to the generous Opportunity Areas that Local London boasts, together with enhanced transport links such as the Elizabeth Line, that will make it possible for companies in several parts of Local London to service the London office market much more effectively than at present.

Fig. 26. Employment in the administrative & support services sub-sectors, London, 2017 to 2030

Support services	Employment, 2017				% share of London, 2017	% change, 2017-2030	
	Local London	Central London	South London	West London	Local London	Local London	London
Rental & leasing activities	2,600	4,100	1,800	5,200	18.6	24.5	21.8
Employment activities	15,000	118,500	22,600	41,000	7.5	27.7	25.1
Travel agency & reservation services	1,600	20,900	3,400	5,600	4.9	22.8	20.3
Security & investigation activities	13,200	28,700	5,900	14,300	21.3	22.8	21.6
Building & landscape services	32,500	90,300	21,600	32,200	17.8	23.6	24.1
Office support	11,000	62,500	8,500	18,000	10.9	29.8	30.1
Total	**75,900**	**325,000**	**63,800**	**116,200**	**12.8**	**25.2**	**24.9**

Source: Oxford Economics

This same remark applies to most of the other sub-sectors, while the two which operate mainly via the Internet – rental & leasing and travel agency and reservations – can in principle locate anywhere where broadband speeds are sufficient (a topic which we cover in Section 4.8 below). Local London has not yet established a strong presence in the online-reservations sub-sector, and that may indicate an opportunity for significant growth, above the already strong 23 percent increase to 2030 that we are forecasting.

The other sub-sector where Local London is under-represented is employment activities – essentially recruitment agencies, 'umbrella' companies, and the like. These tend to be located in central London while drawing on workers from across the capital, reflecting the perceived need to be central for interviewing purposes.

We forecast that the **construction** sector will add 18,000 jobs over the period 2017-2030, reflecting in part the numerous regeneration opportunities across the Local London area. This represents the second largest increase in absolute terms, and the largest percentage increase (22.6 percent) across all of Local London's sectors. Construction output is also forecast to grow, at 1.6 percent per year, although at a rate under half of historic growth over the period 2007-2017 (3.4 percent per year).

Sectors associated with **the visitor economy** – arts, entertainment & recreation and accommodation & food – are also forecast to experience relatively strong growth. Accommodation & food GVA growth, at 2.2 percent per year from 2017-2030, represents a slight increase on the previous decade (1.6 per year), and will result in 8,000 additional jobs in this sector, a 17.3 percent increase. The arts, entertainment & recreation sector is forecast to grow at 1.3 percent over this period, reversing a historic contraction of 3.0 percent per year from 2007-2017, adding 5,000 additional jobs, a 20.1 percent increase on 2017 levels. This is consistent with the new cultural and sporting assets in Local London, and with Waltham Forest winning the London Borough of Culture status for 2019.

Financial & insurance activates are expected to see a rise in output (1.4 percent per year) up to 2030, although this will be entirely driven by productivity improvements, with employment due to contract by 700 jobs (or 6.5 percent).

Manufacturing is likely to under-perform the Local London economy, with output growth of just 1.2 percent a year in the 2017-2030 period. That is nevertheless an improvement on the 0.4 percent a year in the decade to 2017, and indeed the possibility of stronger performance than in our forecast cannot be dismissed. The manufacturing sector is experiencing rapid technological change thanks to robotics and the emergence of new materials and manufacturing processes, and there may be more opportunities to be grasped than seemed likely a decade ago.

Nevertheless, our baseline forecast shows a decline of over 5,000, or over 15 percent, in manufacturing employment in Local London by 2030. This is spread across all of manufacturing's sub-sectors, although two hold up relatively well. One is food production, which is also one of the largest sub-sectors in terms of the level of employment. Production for the local or regional market is important in this sub-sector, and with London's growing population, and a growing

tendency for smaller-scale production, this sub-sector may offer opportunities that are stronger than in our baseline forecast.

Fig. 27. Employment in the manufacturing sub-sectors, London, 2017 to 2030

Manufacturing	Employment, 2017				% share of London, 2017	% change, 2017-2030	
	Local London	Central London	South London	West London	Local London	Local London	London
Food	6,900	2,800	700	16,400	25.5	-3.2	-4.9
Drink	1,000	700	200	800	37.2	-23.4	-21.6
Textiles & clothing	2,500	6,400	500	1,100	23.4	-16.0	-13.7
Leather & wood	600	700	200	500	28.6	-19.0	-20.0
Paper & printing	3,500	5,100	1,800	2,700	26.3	-24.7	-24.0
Chemicals & pharmaceuticals	800	1,000	500	1,200	20.9	-21.9	-23.9
Rubber, plastics etc.	3,300	1,500	1,700	4,400	29.6	-16.2	-16.6
Metals	5,800	3,600	2,400	5,400	32.3	-15.3	-15.4
Computers	1,100	1,300	800	2,300	18.4	-21.9	-22.3
Machinery, electrical etc.	2,200	1,300	1,100	2,600	29.1	-22.3	-20.5
Motor vehicles	4,000	600	400	900	68.4	-21.7	-22.0
Other transport equipment	600	1,200	100	700	21.0	-8.8	-8.3
Furniture	1,500	900	200	1,200	38.8	-10.8	-10.7
Other goods	1,200	2,900	1,000	1,300	18.6	-14.0	-14.4
Total	**35,000**	**30,100**	**11,600**	**41,700**	**28.9**	**-15.5**	**-15.0**

Source: Oxford Economics

The other sub-sector that shows less in the way of employment declines is 'other transport equipment', which includes items used across a range of non-automotive vehicles, such as ships and aircraft. This is not, however, a sector in which Local London currently has a strong specialism, and the number of people currently working in such activities is less than 600.

However, there may be scope for synergies with a sub-sector in which Local London is clearly very strong: **motor vehicles**. Over 4,000 people are employed in this sub-sector, or over 68 percent of the London total. Much of this is of course accounted for by the Ford engine plant at Dagenham, but there are also emerging specialisms in autonomous vehicles in both Newham and Greenwich. Those are currently on a very small scale, but given London's extremely high academic strengths in engineering and STEM subjects generally, and the proximity of the Ford research & development facility in Essex, there may be scope for creating something of a vehicles cluster in Local London.

That said, the prospect of large new land-hungry manufacturing assembly operations being created in Local London are not high. So, if the area is to experience more of a revival in manufacturing output than we are projecting, this will need to come mainly via ideas-intensive activities, mainly employing highly-skilled professional specialists, rather than large numbers of middle- and lower-skilled workers, of the type who once dominated within manufacturing.

£53,600

Output per worker in Local London (2015 prices).

Compared with £69,900 across London.

4.2.8 Productivity

Productivity, measured as output per person employed, is the key measure of economic performance. Strong productivity results in workers receiving higher wages, which in turn improve living standards, and companies receiving higher

profits, which provide the opportunity to reinvest in the economy, to increase future output (and hence employment).

Productivity in Local London in 2017 equates to £53,600 per worker (in 2015 prices). By national standards, Local London performs relatively well by this measure, exceeding all other comparator areas outside of London, including larger economies such as Greater Manchester (£48,500), the West Midlands (£43,200) and West Yorkshire (£16,800).

23.3 percent

Productivity gap with London.

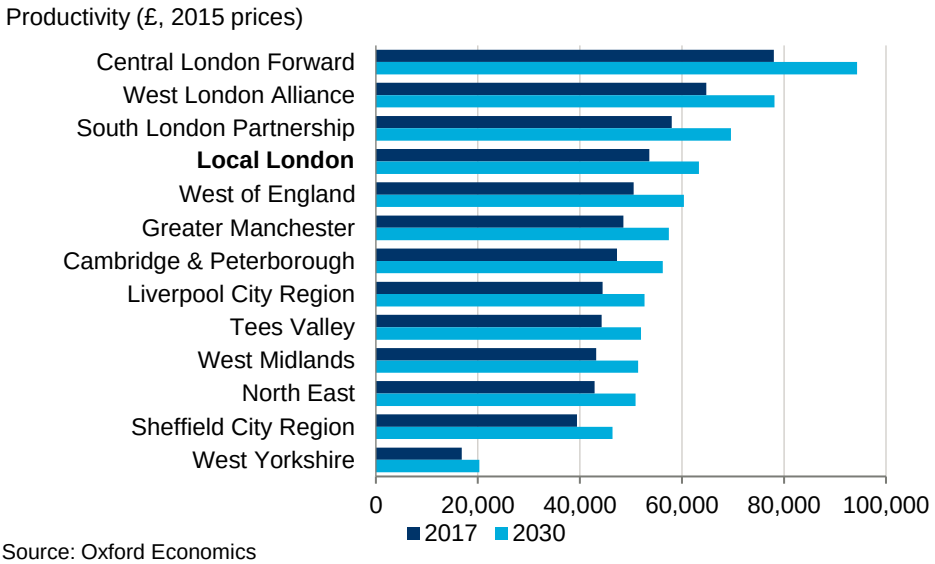
Equivalent to £16,300 per worker.

However, productivity lags below the city's three other sub-regions. Productivity in Central London Forward (£78,000 per worker) is £24,400 (or 31 percent) higher than Local London, alongside differences for West London Alliance (£11,200 per worker, or 17 percent) and South London Partnership (£4,400, or 8 percent higher). Overall, productivity across London is £69,900, which is 23 percent £16,300 higher than in the Local London area.

Furthermore, while our forecast shows increasing productivity across all geographies by 2030, in absolute terms, the productivity gap with other London sub-regions is forecast to grow.

We forecast that productivity in Central London Forward will be £31,100 (or 33 percent) higher than the Local London level (£63,300) by 2030, while the gaps for West London Alliance (£14,800, or 19 percent) and South London Partnership (£6,300, or 9 percent) will also grow. The productivity gap with London will rise to 25 percent, or £21,100 per worker.

Fig. 28. Productivity, Local London and comparator areas, 2017 to 2030



Source: Oxford Economics

2025

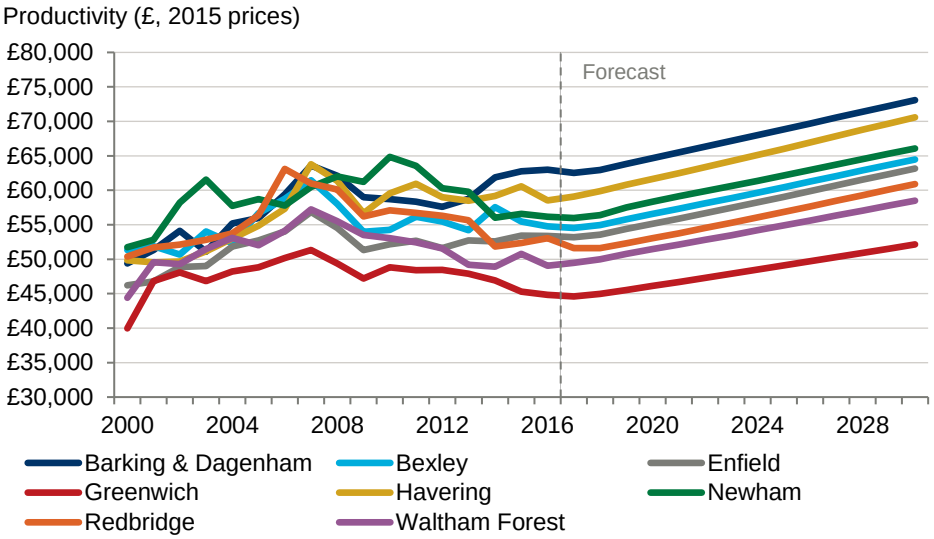
The date at which productivity will return to its historic high.

£59,200 in 2007 (2015 prices).

The historic profile of productivity shows a broadly consistent pattern across the Local London boroughs, with steady increases in the early to mid-2000s followed by a contraction from this point onwards. According to our forecast, it will take until 2025 for productivity levels across Local London to return to their historic peak from 2007 (£59,200 in 2015 prices). Barking & Dagenham has the highest productivity of Local London boroughs, at £62,500 in 2017, which is reflected in part by the relatively high workplace earnings in the borough, while

Greenwich has the lowest level of productivity, at £44,600 in 2017, despite the third-highest workplace earnings.

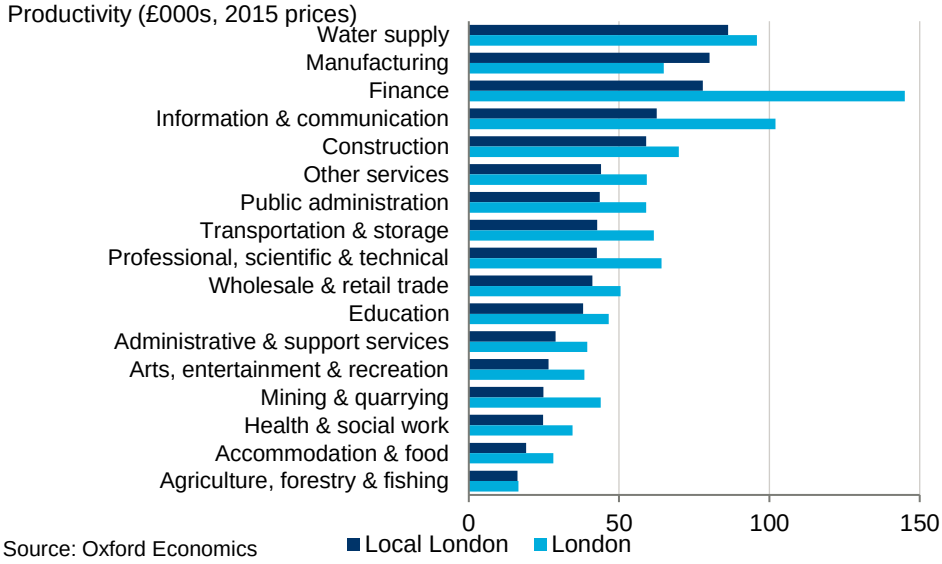
Fig. 29. Productivity, Local London boroughs, 2000 to 2030



Source: Oxford Economics

Local London's overall productivity gap compared to London as a whole is partly the result of having more jobs in a few low-productivity sectors, and partly, with the exception of manufacturing, due to workers in Local London are less productive than their London counterparts in every sector of the economy.

Fig. 30. Productivity, Local London and London, 2017[30]



Source: Oxford Economics

The extent to which the employment structure of each borough contributes to the overall productivity gap is presented in Fig. 31. The difference is largest,

[30] Note that GVA data for the real estate and electricity, gas, steam & air conditioning sectors has been excluded. Real estate GVA data includes imputed rents, while electricity, gas, steam & air conditioning is a very capital-intensive sector and therefore does not provide a useful measure of the output of workers.

both in absolute and relative terms, in Havering, where applying London's employment structure would result in an increase in productivity equivalent to £31,500 per worker (in 2015 prices), or 53 percent on actual levels. The difference is similarly high in Barking & Dagenham (£18,500 per worker, or 30 percent) and Greenwich (£13,500 per worker, or 30 percent).

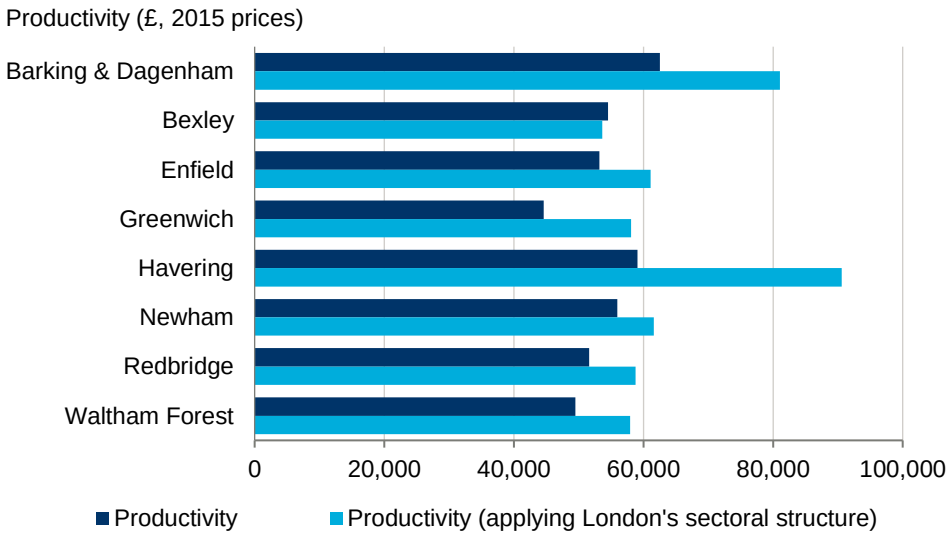
The exception to this pattern is Bexley, where applying the London sectoral structure would result in productivity falling by £900 per worker, or a 1.7 percent decreasing on actual levels. This indicates that Bexley has a greater tendency for sectors which are relatively more productive to locate in the borough than is observed across the overall London economy.

13.2 percentage points

The productivity gap attributable to the sectoral structure of the economy.

The remaining 10.1 percentage points is attributed to local factors.

Fig. 31. Actual productivity and productivity with London's sectoral structure, Local London boroughs, 2017



Source: Oxford Economics

Across Local London, applying London's sectoral structure would result in a productivity level of £64,600 per worker (in 2015 prices), an increase equivalent to £11,000 per worker on actual levels. The relative concentration of less productive sectors, and by extension relative lack of higher value sectors, explains 57 percent of the overall productivity gap (or 13.2 percentage points), while local-specific factors explain the remaining 43 percent.

4.3 RESIDENTS

4.3.1 Employment rates

65 percent

Resident employment rate.

Increase from 55 percent in 2000.

An alternative measure of economic performance is to look at the proportion of those who are of working age or above, who are in work.[31] The evidence on this for Local London is mixed.

The good news is that in recent years the resident employment rate for Local London has increased, from 55 percent in 2000 to 66 percent in 2017. The rate of growth has been strongest in Newham, which went from having the lowest

[31] Note that alternative measures of resident employment considers the working-age population only, which in turn leads to higher overall rates.

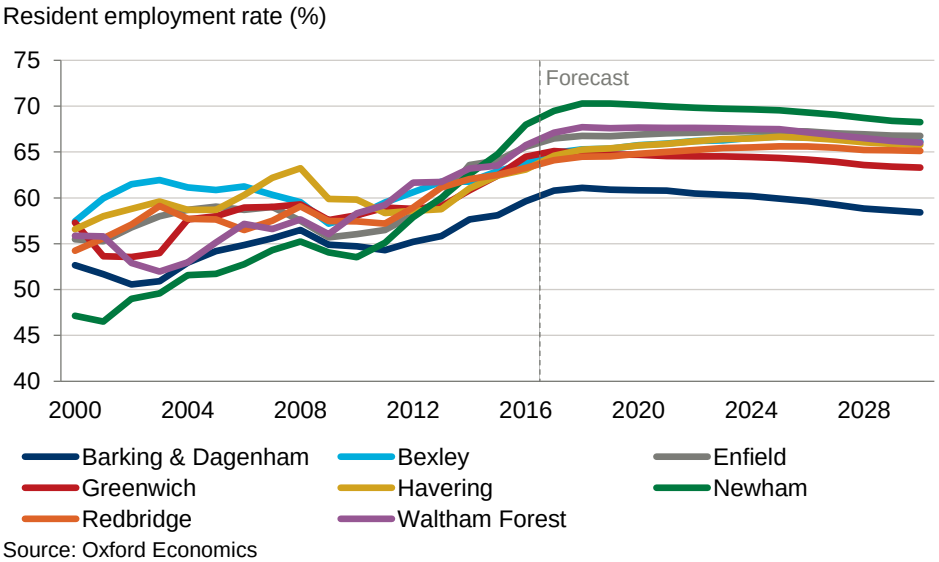
rate across each year from 2000 to 2011, to the highest rate in 2017 (70 percent). Our forecast indicates that the resident employment rate across Local London will now remain broadly stable to 2030.

INCLUSIVE GROWTH

The Local London Partnership seeks to ensure inclusive growth, so that all residents benefit from the transformational change occurring across the sub-region. But what does that mean? There is no agreed answer to this, but the definition that we use is the following:

Source: Oxford Economics

Fig. 32. Resident employment rate, Local London boroughs, 2000 to 2030

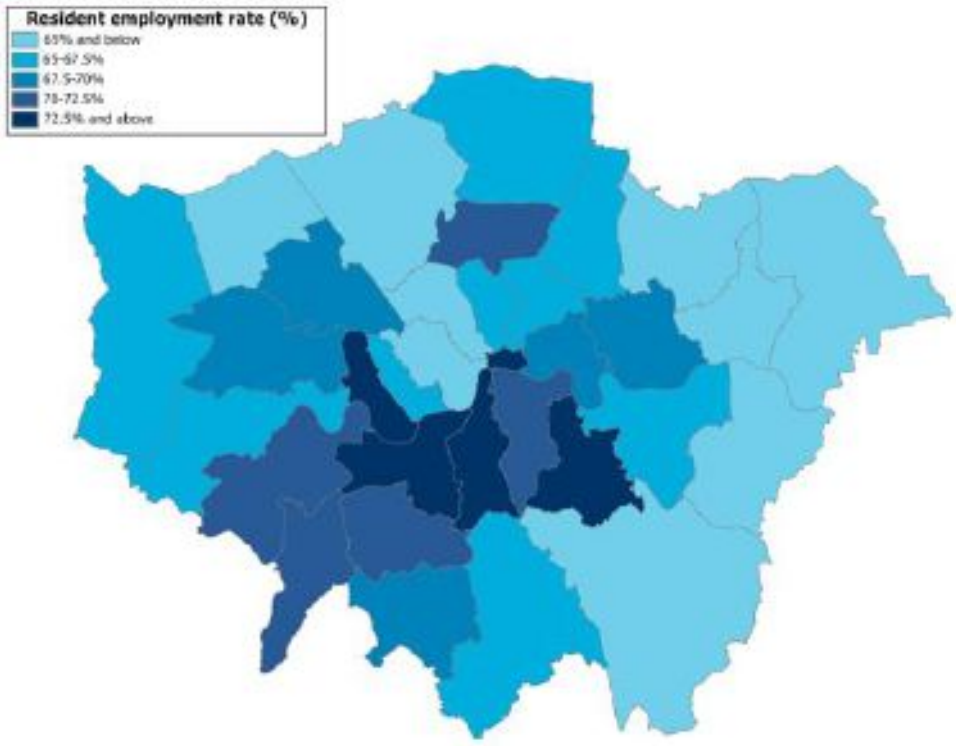


Source: Oxford Economics

It is also good news that when considered against the comparator areas, Local London's resident employment rate is relatively high, ranking fourth of all geographies. However, the employment rate is still lower than each of the three London sub-regions. Indeed, five of the eight Local London boroughs feature in the ten lowest resident employment rates across London, with Barking & Dagenham (61 percent) second only to Harrow (60 percent). Newham, the

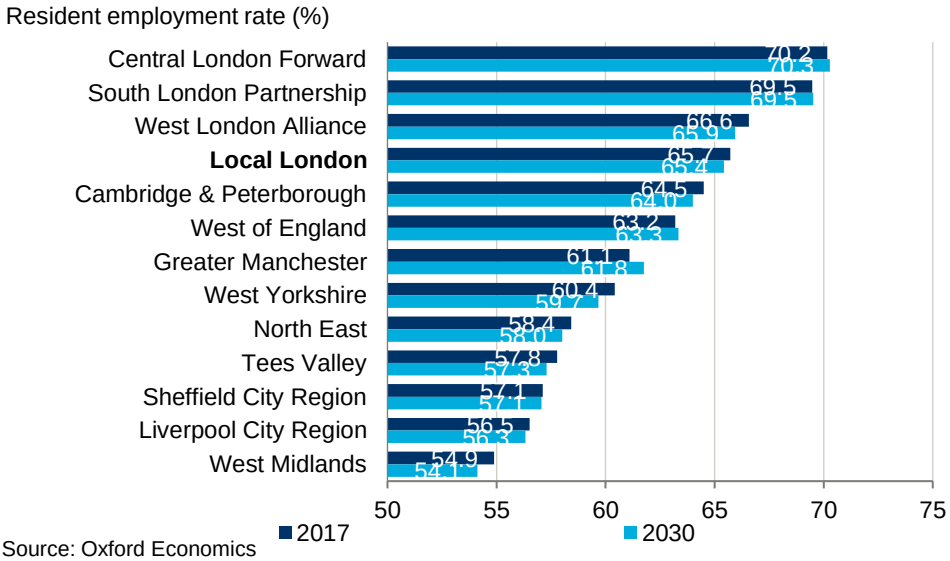
Local London borough with the highest resident employment rate (70 percent), ranks only twelfth of all boroughs.

Fig. 33. Resident employment rate, London boroughs, 2017



Source: Oxford Economics

Fig. 34. Resident employment rate, Local London and comparator areas, 2017 to 2030



Source: Oxford Economics

4.3.2 Commuting

Many Local London residents commute to work elsewhere. Their decisions are driven by a combination of job availability and location decisions. Some residents may decide (or feel obliged) to commute elsewhere to gain access to better quality jobs, while others who work elsewhere choose to locate in the Local London area because it best meets their needs. Regardless of the drivers that underpin these decisions, the outcomes are observed differences in a number of key indicators of job quality: occupations, qualification levels and wages.

57 percent

Residents in employment that work outside Local London.

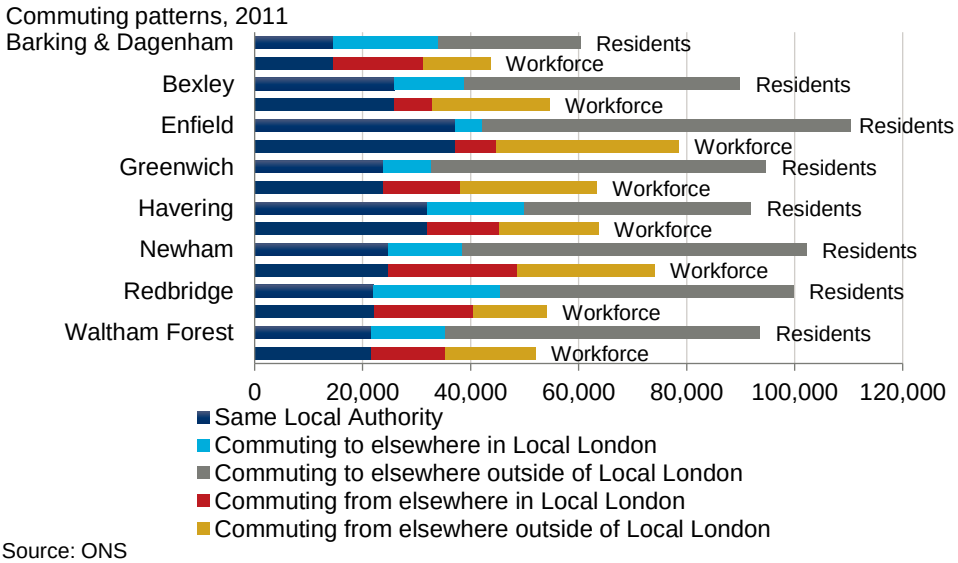
425,800 residents.

In 2011 (the most recent Census year) there were 316,600 people who both lived and worked in the Local London area. They represented nearly two-thirds (65 percent) of its workforce, but just 43 percent jobs taken up by residents.

Of the remaining 57 percent of residents (or 425,800) who worked outside of the Local London, the large majority (82 percent) commuted to other parts of London (352,100). Conversely, of the 167,500 jobs in Local London that were taken up by residents of elsewhere, only two-fifths (41 percent, or 68,800) also lived in London.

Barking & Dagenham (34,000 workers, or 56 percent) and Havering (49,900 workers, or 54 percent) was the only one of the eight Local London boroughs in which a majority of the workforce were also residents in the borough. Three-quarters of jobs in Redbridge were taken up by Local London residents, again the highest share.

Fig. 35. Resident and workforce commuting patterns, Local London boroughs, 2011



Source: ONS

370,000

Forecast net outflow of residents commuting to elsewhere in 2030.

A 14.2 percent increase on 2017 levels (323,000).

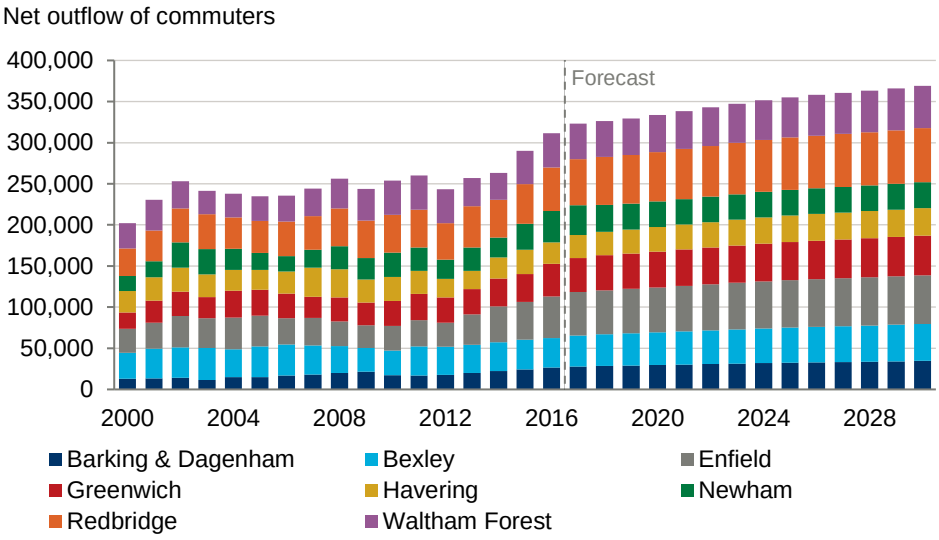
We have estimates of how commuting has changed since 2011, but only in terms of gross flows, and not their specific destinations. Since the 2011 Census, across Local London the net outflow of workers has increased by 63,000 commuters, or 24 percent, to 323,300 in 2017.

In absolute terms, Redbridge exports the most workers to elsewhere. In 2017 it had 56,000 (or 60 percent) more residents in employment than jobs available in

the borough (94,000 jobs). The net outflow of workers is similarly high in Enfield (53,000 workers, or 43 percent) and Waltham Forest (43,000 workers, or 45 percent).

Our forecasts show a continuation of the increasing outflow of workers across all of the Local London boroughs, albeit at a slower rate. By 2030 the outflow of workers will increase by an additional 46,000 (or 14.2 percent) to reach a level of 370,000, as the additional resident-based employment continues to outstrip workforce job creation.

Fig. 36. Net outflow of workers, Local London boroughs, 2000 to 2030



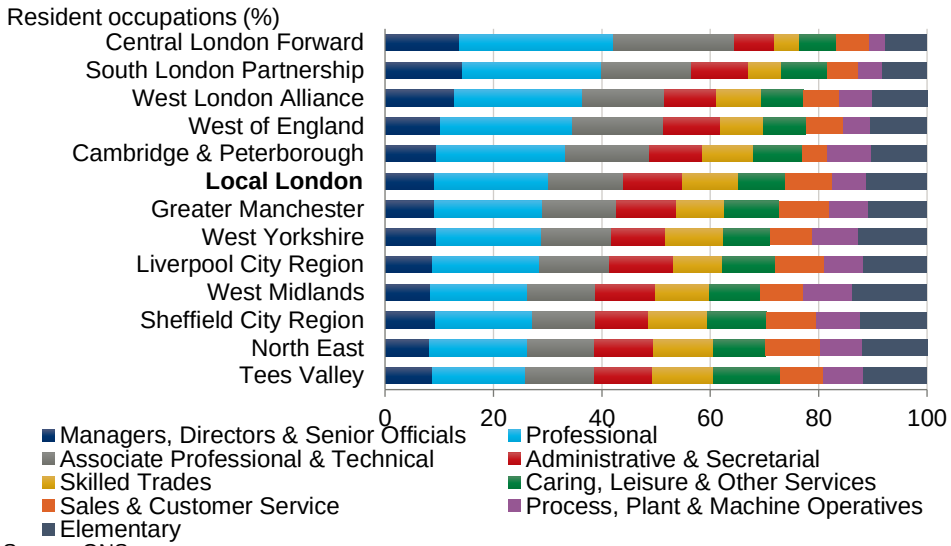
Source: Oxford Economics

4.3.3 Residents' occupations

Overall commuting out of Local London is partly the consequence of it having a large number of people who are employed in those occupations that require qualifications and that frequently command higher wages. Relative to our comparator areas, Local London's residents have a relatively high share of higher occupations[32] (44 percent), ranking sixth behind the other sub-regions in London, West of England (51 percent) and Cambridge & Peterborough (49 percent).

[32] Managers, Directors & Senior Officials, Professional and Associate Professional & Technical.

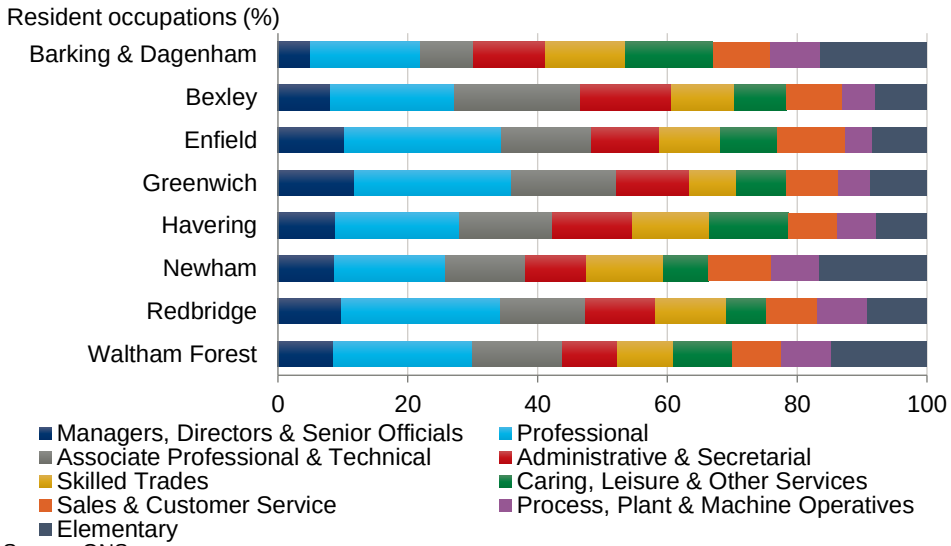
Fig. 37. Resident occupations, Local London and comparator areas, 2016



Source: ONS

Greenwich has the largest share of residents occupied in the top three occupation groups, and is the only borough to have a majority (52 percent) that do so. Enfield (48 percent), Redbridge (47 percent) and Bexley (47 percent) all similarly have large shares. By contrast, the proportion in Barking & Dagenham (30 percent) is 14 percentage points below the London average.

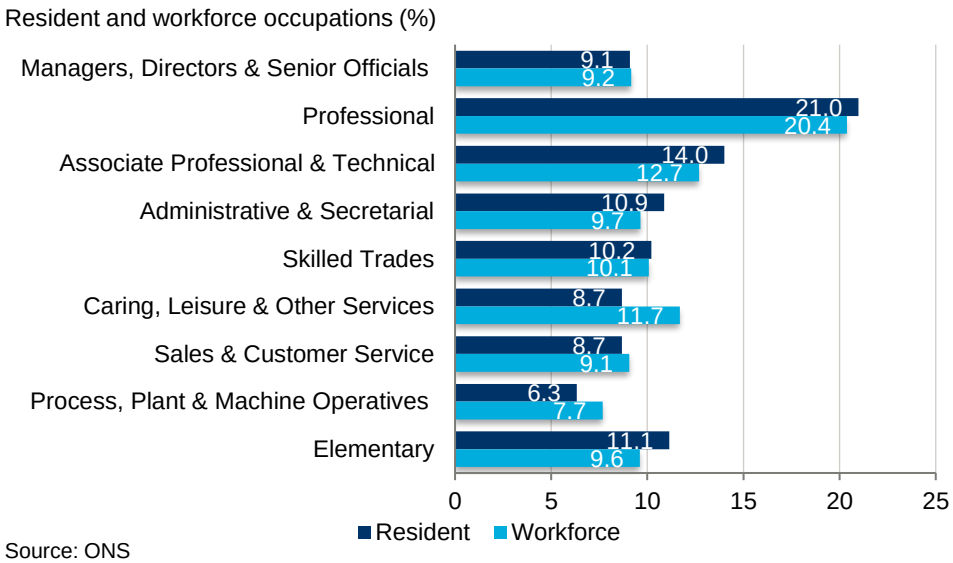
Fig. 38. Resident occupations, Local London boroughs, 2016



Source: ONS

Local London residents generally have a more highly-skilled occupational profile than that of people who work in Local London. The share of residents in the top three occupational groups is 1.8 percent higher than the workforce share of jobs (42.2 percent), although for managers, directors & senior officials more specifically, the workforce has a slightly higher share (9.2 percent) than residents (9.1 percent).

Fig. 39. Resident and workforce occupation comparison, Local London, 2016



Source: ONS

In contrast, and consistent with that, the Workforce shares of occupations such as catering, leisure & other services (11.7 percent), process, plant & machine operatives (7.7 percent) and sales & customer service (9.1 percent) are all higher than residents (by 3, 1.3 and 0.4 percentage points respectively). However, the share of elementary occupations (9.6 percent) is 1.5 percentage points below that for residents (11.1 percent).

4.3.4 Residents' qualifications

The qualifications profile tells a similar story, although the qualification levels of Local London residents are particularly striking. Local London has the fifth largest share of residents qualified to NVQ level 4+ (41.9 percent) of our comparator areas. Partly in consequence, the shares of NVQ levels 3 (further education) and 2 (GCSE equivalent), at 15.3 and 15.0, rank third and fourth lowest respectively.

10 percent

Share of adult residents with no qualifications in 2017.

Ranging from 6 percent in Greenwich to 15 percent in Barking & Dagenham.

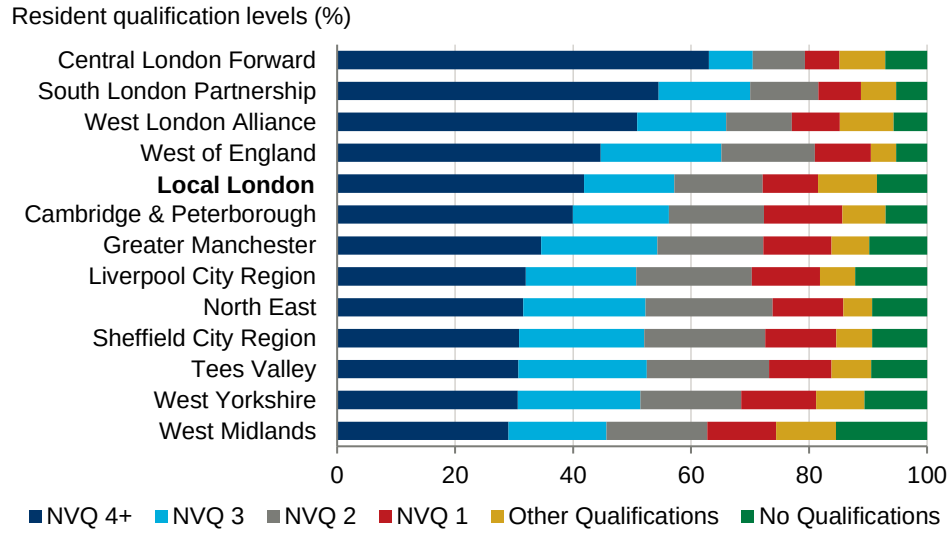
However, the share of the population with other qualifications (10.0 percent) is second only to the West Midlands CA (10.1 percent), which also has the lowest share of NVQ level 4+ qualified residents.

42 percent

Share of residents qualified to NVQ level 4+ in 2017.

The fourth highest of the comparator areas.

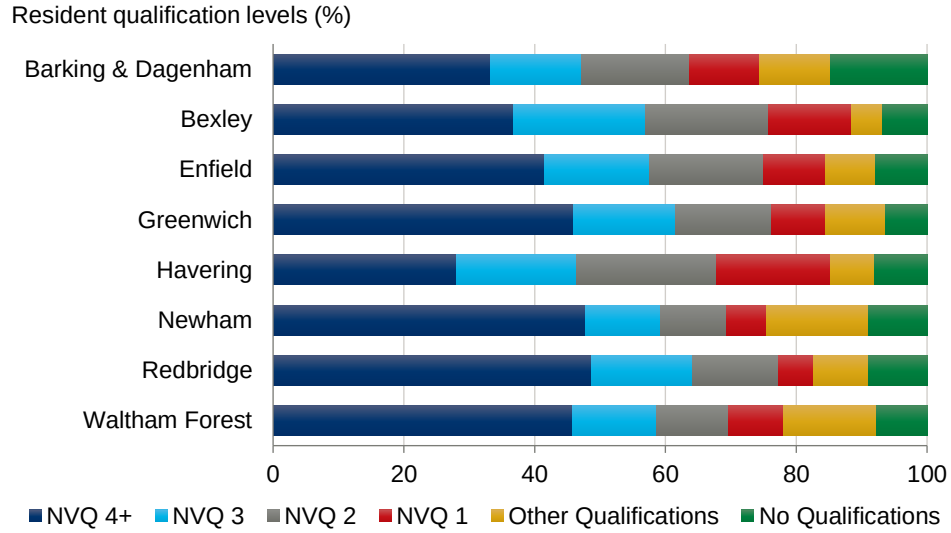
Fig. 40. Highest qualification levels, Local London and comparator areas, 2016



Source: ONS

Redbridge has the highest concentration of highly qualified residents. The proportion that are qualified to NVQ level 4+ (49 percent) is 7.4 percentage points above the Local London total (42 percent). Bexley has the highest concentration of residents qualified to NVQ level 3 (20 percent), while Havering has the second most (19 percent), partly resulting from it having the lowest share of NVQ level 4+ (28 percent).

Fig. 41. Highest qualification levels, Local London boroughs, 2016

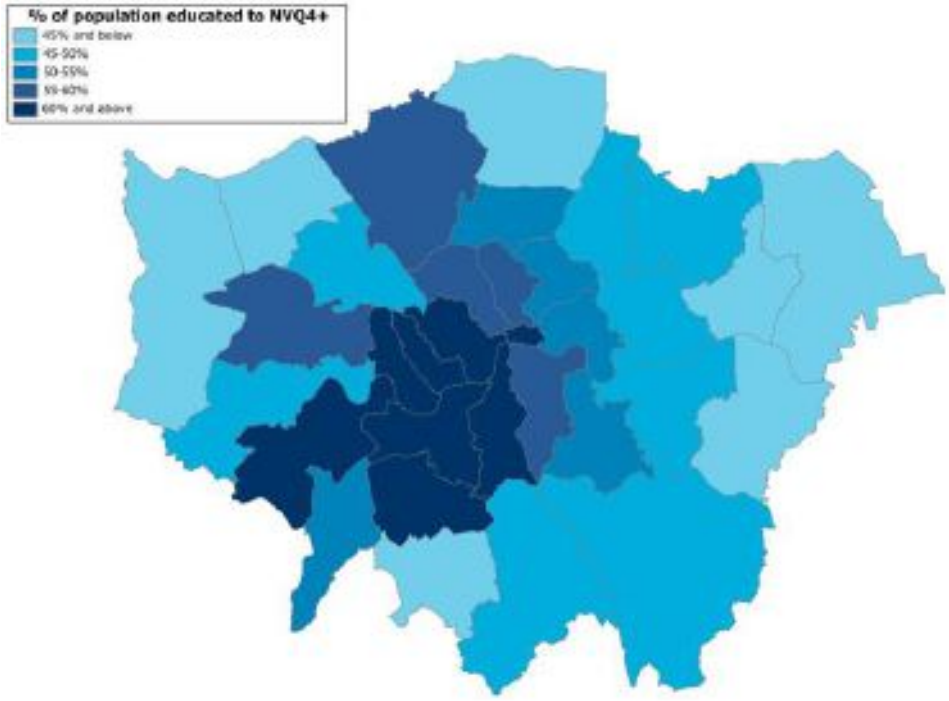


Source: ONS

When compared across London, four of the Local London boroughs – Havering (28 percent), Barking & Dagenham (33 percent), Bexley (37 percent) and Enfield (42 percent) – ranked fourth lowest for rates of residents qualified to NVQ level 4+ across London in 2016. Waltham Forest (46 percent) and Greenwich (46 percent) similarly rank ninth and tenth lowest. While having the

highest share across Local London (49 percent), the rate in Redbridge is 3 percentage points below the London average (52 percent).

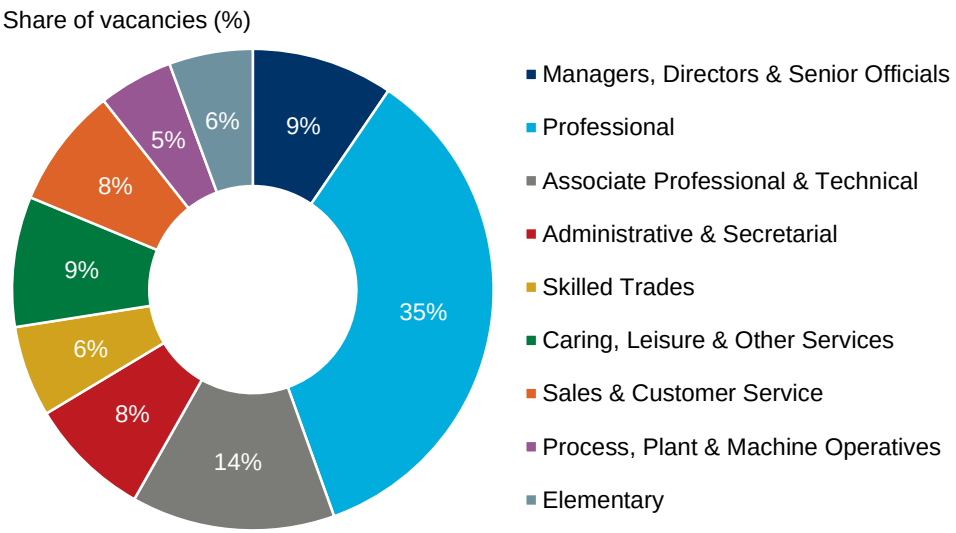
Fig. 42. Share of adult residents qualified to NVQ level 4+, London boroughs, 2016



Source: Oxford Economics

Data on the number of job vacancies in Local London forms an indication of the balance between the supply of and demand for certain occupations, which are in turn linked to local skill levels. In 2017, there were 45,400 job vacancies across Local London, forming a share (13 percent) of the London total (356,000 vacancies) that is slightly below with the proportion of London's jobs it supports (14 percent), reflecting low unemployment rates locally. However, the distribution of vacancies shows a shortfall in the supply of highly qualified workers who typically form a large share of the managerial, professional or technical occupations. Collectively, these occupations formed 26,400 vacancies, or 58 percent of the total across Local London, while professional occupations alone formed 15,900 vacancies (35 percent). However, this pattern is reflected across London more broadly, where managerial, professional and technical occupations form 66 percent of vacancies.

Fig. 43. Share of job vacancies by occupation, Local London, 2017



Source: Burning Glass Technologies

4.3.5 Residents' earnings

£65

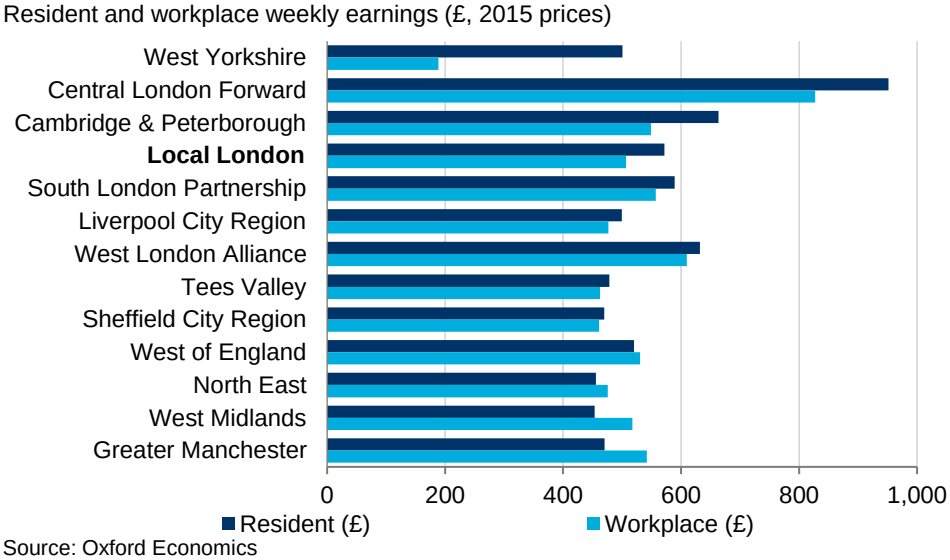
Weekly difference in resident (£572) and workforce (£507) earnings.

2015 prices.

Residents of Local London typically earn more than those who work in local London. The former earn on average £572 per week, £65 (or 13 percent) higher than average workplace earnings (£507 per week).

This wage differential is the fourth highest of our comparator areas, of which only four see workplace earnings that exceed those of residents. Local London has the fifth highest resident earnings, behind the three other London sub-regions and Cambridge & Peterborough (£644 per week), although workplace earnings rank sixth lowest.

Fig. 44. Resident and workforce earnings, Local London and comparator areas, 2017



Source: Oxford Economics

Across all but one of the Local London boroughs, residence-based wages exceed those of the workplace. The largest difference comes from Redbridge,

where resident earnings (£647), which are the second highest of Local London boroughs, exceed workplace earnings (£59), the lowest of all the Local London boroughs, by £188.

The exception is Barking & Dagenham, where workplace earnings (£559 per week) are £71 higher than resident earnings (£488 per week). This is a function of Barking & Dagenham having both the lowest resident wages, £21 per week lower than the next lowest, Newham, and the highest earnings, £23 above the second highest, which is again Newham.

Fig. 45. Resident and workforce earnings, Local London boroughs, 2017

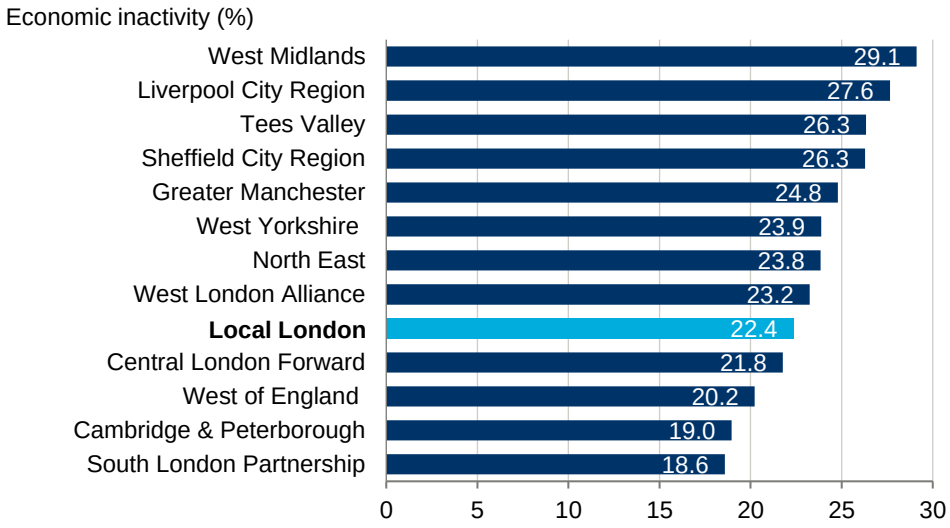
Source: Oxford Economics

4.3.6 Inactivity & unemployment

Economic inactivity rates measure the proportion of the working age population who do not participate in the labour market, either through employment or actively seeking work.

At 22.4 percent, Local London had the fifth lowest inactivity rate of all our comparator areas in 2016, including lower than West London Alliance (23.2 percent). This is a sign of success for the Local London area.

Fig. 46. Economic inactivity rate, Local London and comparator areas, 2016

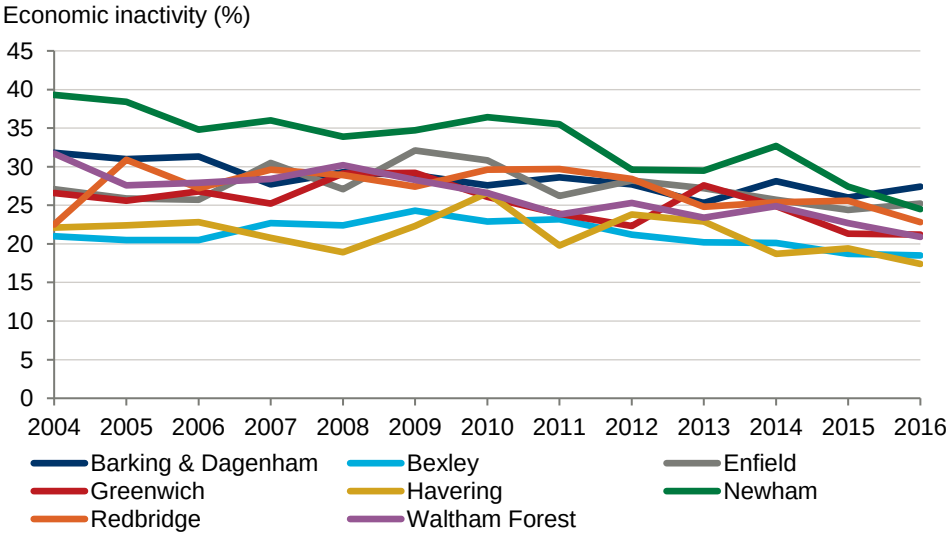


Source: ONS

Over the period 2004-2016 where data is available, the economic inactivity rate across Local London has contracted by 5.5 percentage points, the second largest fall in percentage point terms of the comparator areas behind Central London Forward (7.2 percentage points).

Furthermore, all but one of the Local London boroughs have seen inactivity rates fall over this period. The exception is Redbridge, where the rate in 2016 (22.8 percent) is 0.3 percentage points higher than in 2014. The greatest contraction over this period is observed for Newham, where inactivity rates fell by 14.8 percentage points from 2004 to 24.5 percent in 2016, followed by Waltham Forest (10.8 percentage point fall to 20.9 percent).

Fig. 47. Economic inactivity rate, Local London boroughs, 2004 to 2016



Source: ONS

Unemployment is also low in Local London, at 2.0 percent in 2017. This was the lowest rate across the sub-regions of London, 0.2 percentage points below

2 percent

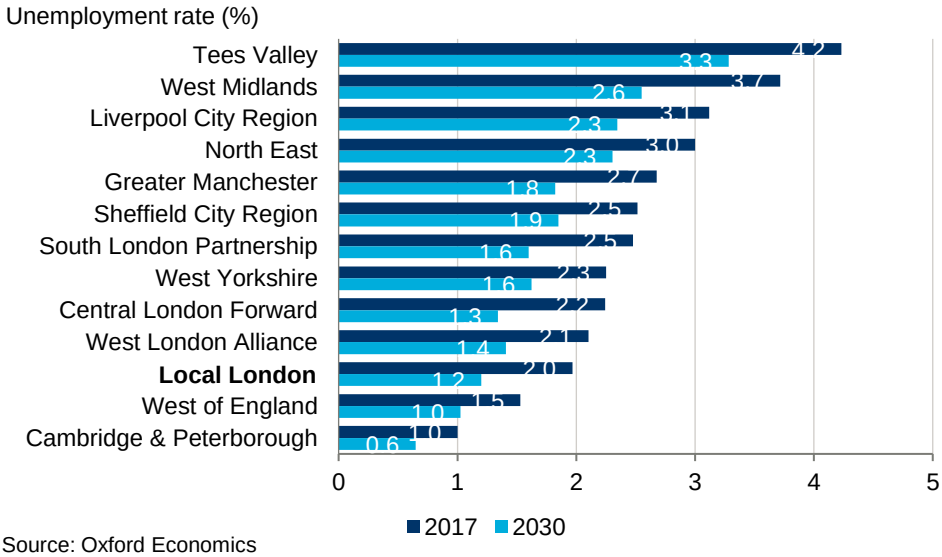
Unemployment across Local London in 2017.

Third lowest across the comparator areas, and lowest across London.

the London total, and above only Cambridge & Peterborough (1.0 percent) and the West of England (1.5 percent).

And while unemployment rates are forecast to fall across all comparator regions by 2030. Local London is expected to continue to perform particularly well by this measure; the unemployment rate of 1.2 percent in 2030 is again expected to be the third lowest across all comparator areas, and the lowest across London.

Fig. 48. Unemployment rate, Local London and comparator areas, 2017 to 2030

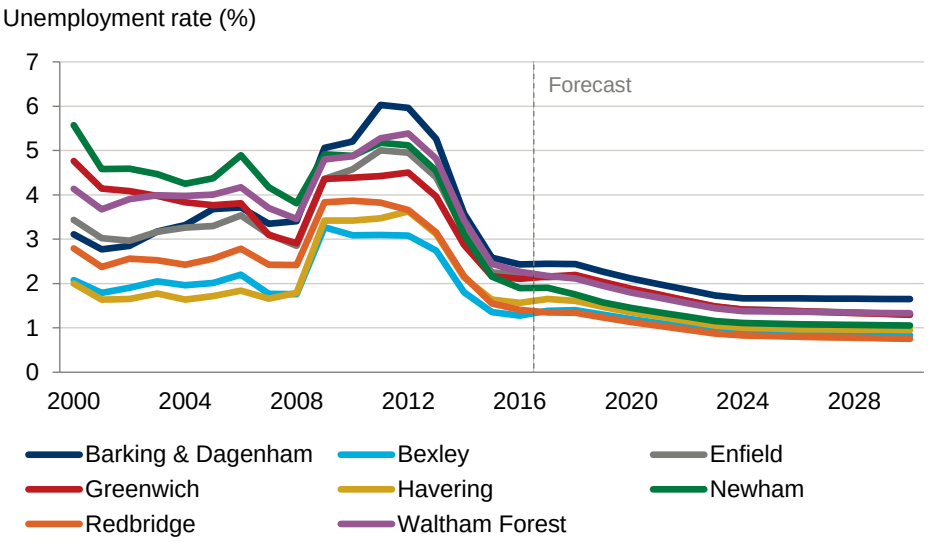


Source: Oxford Economics

The historic profile of unemployment rates across each of the boroughs has been broadly similar. The unemployment rate in 2017 ranges narrowly from lows of 1.3 percent in Redbridge and 1.4 percent in Bexley, to highs of 2.4 percent and 2.2 percent in Barking & Dagenham and Waltham Forest respectively.

Our forecast is for unemployment rates to fall gradually in the future, and at a broadly consistent pace across the boroughs. In level terms, we forecast that this falling rate will offset the growing population, meaning that the number of unemployed residents will fall to 18,800 by 2030.

Fig. 49. Unemployment rate, Local London boroughs, 2000 to 2030

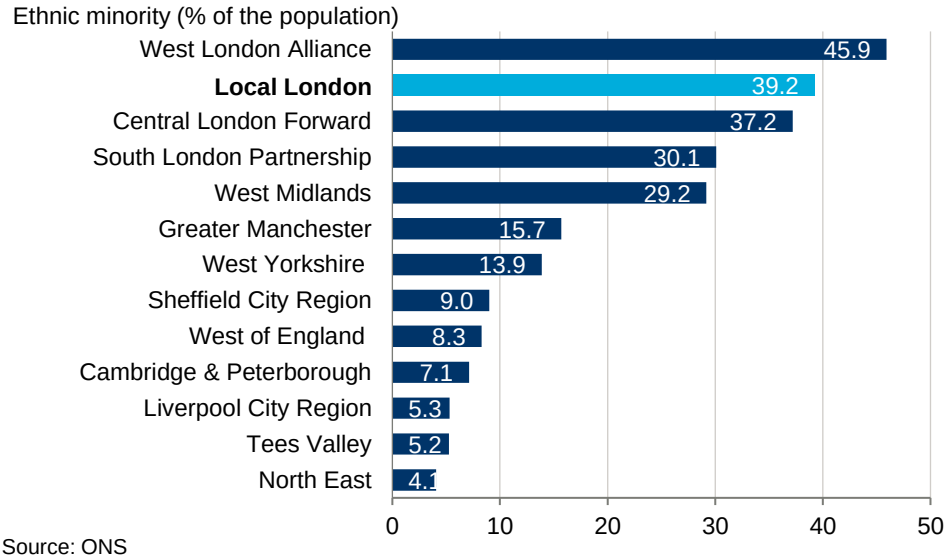


Source: Oxford Economics

4.3.7 Ethnicity

Local London has a relatively diverse population. According to ONS data, in 2016 39 percent of the population were of an ethnic minority, the second highest of the comparator areas behind West London Alliance (46 percent).

Fig. 50. Ethnic minorities, Local London and comparator areas, 2016



Source: ONS

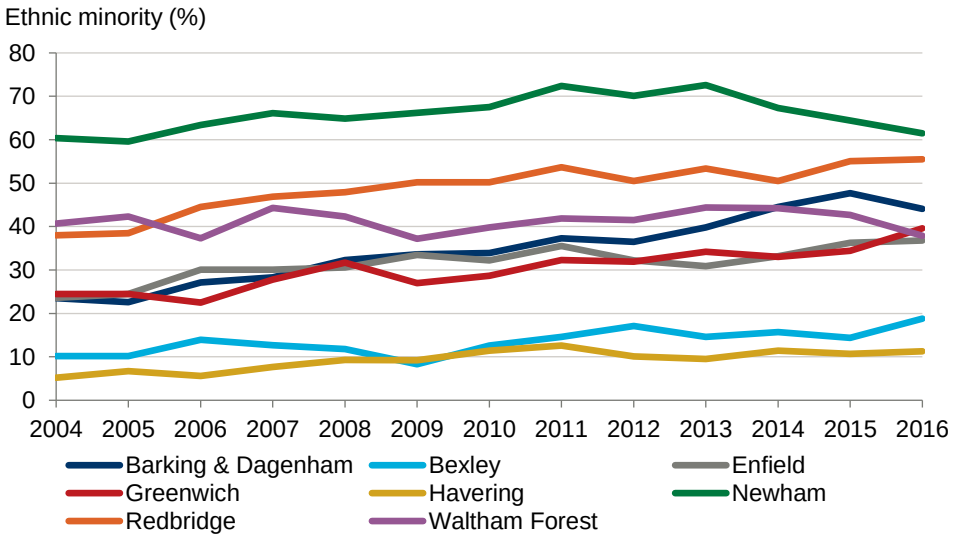
Over the period 2004 to 2016, the proportion of the population that are ethnic minorities has increased by 10 percentage points across Local London. This is largely reflective of the ethnically diverse composition of people moving into the area.

A similar pattern is observed across each of the Local London boroughs individually. In 2016 Newham had the highest ethnic minority share, at 62 percent. While this rate increased by just 1 percentage point from its 2004

equivalent, the rate has fallen by 11 percentage points since the peak of 73 percent in 2013.

The largest increases in the ethnic minority share are observed in Barking & Dagenham, where the share increased by nearly double (21 percentage points) to 44 percent over this period. Growth was similarly high in Redbridge (18 percentage points), the only other borough to have a majority of residents of ethnic minorities in 2016 (56 percent), and Greenwich (15 percentage points). By contrast, Waltham Forest is the only borough to see the ethnic minority share of the population fall over this period, by 3 percentage points to 38 percent in 2016.

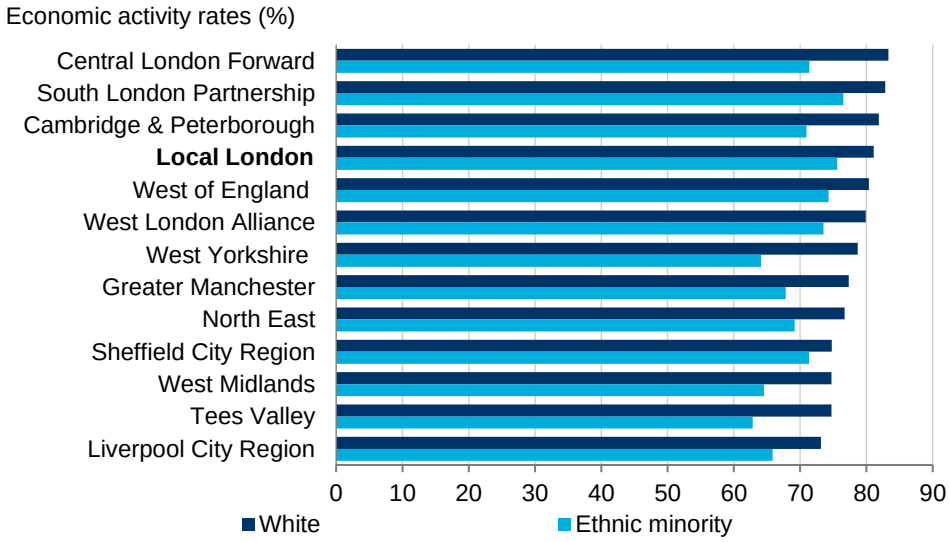
Fig. 51. Ethnic minorities, Local London boroughs, 2004 to 2016



Source: ONS

Economic activity indicates the differing levels of labour market participation by ethnicity. Across all comparator areas, in 2016 white working age residents were more likely to be economically active than their ethnic minority counterparts. Local London performs relatively well by both measures; the 75.6 percent participation rate for ethnic minority groups is the second highest of all comparator areas, 0.9 percentage points behind the South London Partnership, while participation rates in the white population (81.1 percent) are fourth highest across the comparator areas. In terms of the gap between groups, at 5.5 percentage points, Local London ranks second lowest behind Sheffield City Region (3.4 percentage points).

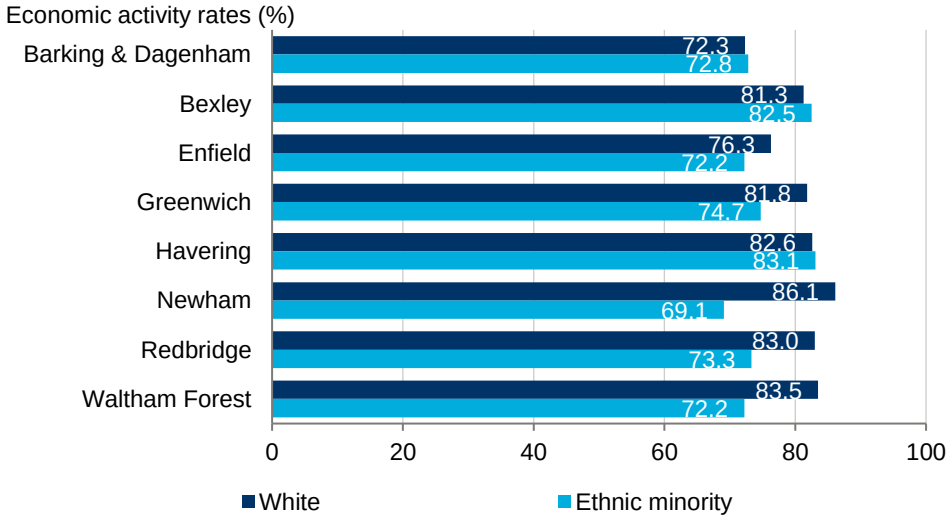
Fig. 52. Economic activity rates by ethnicity, Local London and comparator areas, 2016



Source: ONS

For three of the Local London boroughs, the pattern is reversed. In Bexley, Havering and Barking & Dagenham, ethnic minorities have higher economic participation rates than their white counterparts (by 1.2, 0.5 and 0.5 percentage points respectively. This is due in part to relatively high ethnic minority participation rates, which rank first and second highest in Havering and Bexley respectively (both 83 percent). By contrast, the economic activity gap is highest in Newham. While economic activity rates are highest for the white population at 86 percent, they are 17 percentage points above the equivalent for ethnic minorities (69 percent), which by contrast ranks lowest of all Local London boroughs. At 11 percentage points, the gap is similarly high in Waltham Forest, which has the second-highest and third-lowest ranking rates for the white and ethnic minority groups (84 percent and 72 percent) respectively.

Fig. 53. Economic activity rates by ethnicity, Local London boroughs, 2016



Source: ONS

4.3.8 Deprivation

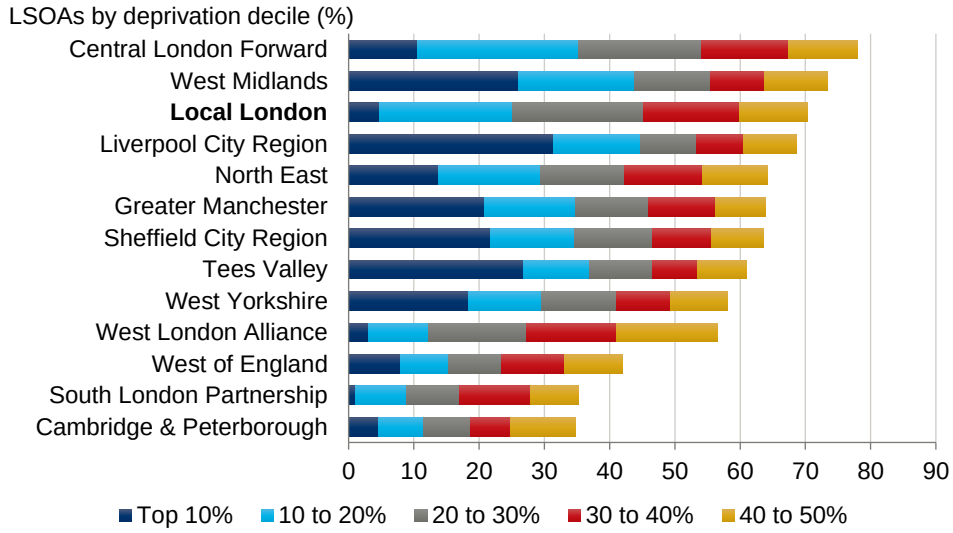
Low unemployment does not mean that social inclusion is not an issue in Local London. Indeed, 70 percent of Local London's local areas (LSOAs – see box) are more deprived than the England average, behind only Central London Forward (78 percent) and West Midlands CA (73 percent).

MEASURING DEPRIVATION

The English Indices of Deprivation, published by the Department for Housing, Communities and Local Government (DHCLG) in 2015, outline the extent and distribution of deprivation within local authorities.[33] They provides an assessment of deprivation across all Lower Layer Super Output Areas (LSOAs)[34] in England.

However, when considering the most acute deprivation, Local London performs relatively well; only 4.7 percent of LSOAs are in the top 10 percent most deprived across England, the third lowest of our comparative areas, while the share in the top 20 percent most deprived (25.1 percent), although above the national average, is fourth lowest.

Fig. 54. Overall deprivation by decile, Local London and comparator areas, 2015



Source: DHCLG

When comparing the individual boroughs, we observe that overall levels of deprivation are mixed across the Local London area. Despite relatively few LSOAs in the most acute deprivation category – only Enfield (10.9 percent) has a greater share than nationally – overall deprivation tends to be above the

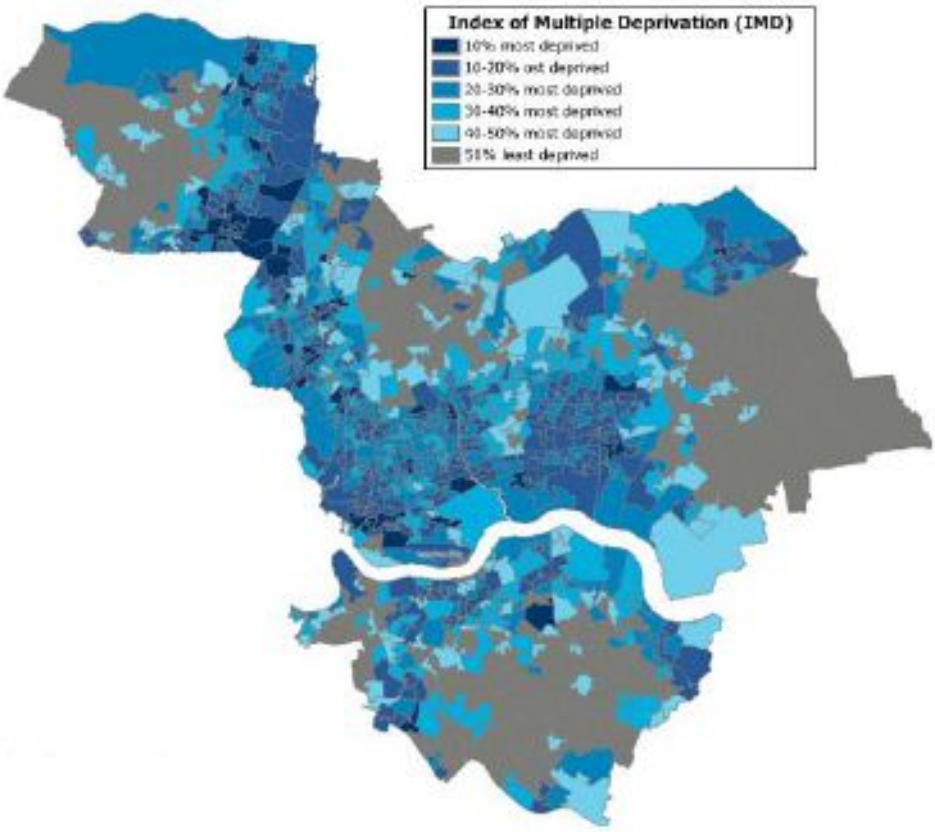
[33] Department for Communities and Local Government, *English Indices of Deprivation 2015* (London: Department for Communities and Local Government, 2015).

[34] A Census-based geography developed for the reporting of small area statistics. There were 32,844 LSOAs in England in the 2011 Census. LSOAs are designed to be of a similar population size to allow like-for-like comparisons, with an average size of approximately 1,500 residents, and are aligned to local authority boundaries.

England average; a majority of LSOAs are above the England average for seven of the boroughs, with Havering (41 percent) the only exception.

Deprivation is most notable across Barking & Dagenham, where nearly two-fifths (59 percent) of LSOAs are in the 20 percent most deprived nationally, while 85 percent are in the top 30. Similarly, 80 percent of Newham's LSOAs are in the top 30 percent deprived nationally, while 41 percent are in the top 20 percent. By contrast, these highest levels of deprivation are less prevalent across other boroughs. In Bexley, only 5.5 percent of LSOAs are in the top 20 percent nationally, followed by Redbridge (6.8 percent) and Havering (8.7 percent).[35]

Fig. 55. Overall deprivation by LSOA, Local London, 2015



Source: DHCLG

[35] The overall deprivation score is aggregated from a weighted index of seven component domains. While the overall index scores across the Local London area are mixed, this masks some of the more acute deprivation issues across the area. We may interrogate the domains of deprivation to understand the drivers behind the pockets of deprivation in these areas. Many of the factors driving the deprivation domains are related to the health of the local population. Health inequalities are a key consideration for driving inclusive growth, and are an important determinant for accessing employment. We provide analysis of some of the key indicators in Appendix 5 and Appendix 6.

4.4 HOUSING

4.4.1 Population growth & housing demand

460,000

Additional residents of Local London from 2000-2017.

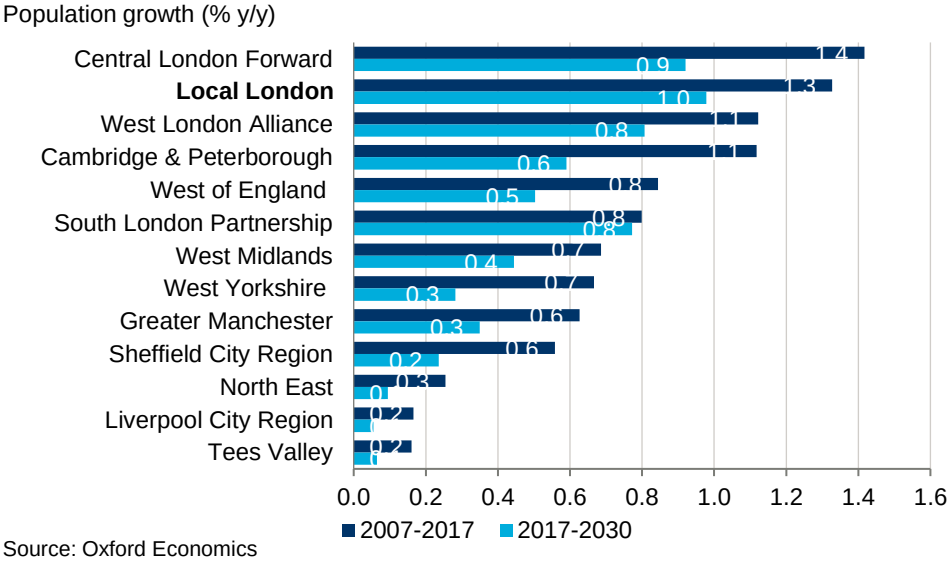
Equivalent to growth of 1.3 percent per year.

The population of the Local London area was 2.26 million in 2017, making it the fifth largest of our 13 comparator areas. It has experienced significant growth historically, increasing by 460,000 since 2000 at a rate of 1.3 percent per year, so above the London and UK rates (1.2 percent and 0.7 percent respectively) and in absolute terms second only to Central London Forward (647,000 additional residents). In percentage terms, the population of Local London increased by 25 percent over this period, the second highest of the comparator areas behind Central London Forward (27 percent), and over twice the UK rate (12 percent).

Across the Local London boroughs, population growth has historically been driven by Newham, which grew by 81,000 residents at an annual rate of 2.1 percent from 2000 to 2017, with Greenwich (47,000 residents, or 1.7 percent) and Waltham Forest (43,000 residents, or 1.4 percent per year) also contributing significantly to growth.

Looking ahead, our forecast suggests a more equal distribution of growth across the population, ranging from 1.2 percent per year in Newham and Greenwich to 0.8 percent per year across both Bexley and Enfield. Overall, over the period 2017-2030, the population is forecast to increase by 360,000 residents, to 2.56 million, or a rate of 1.0 percent per year. This is slightly above the London rate (0.9 percent), but over three-times that of the UK (0.3 percent per year). This is also the highest percentage growth rate of all comparator areas, and ranks the second highest absolute increase, behind only Central London Forward (385,200 additional residents).

Fig. 56. Population growth, Local London and comparator areas, 2007 to 2030

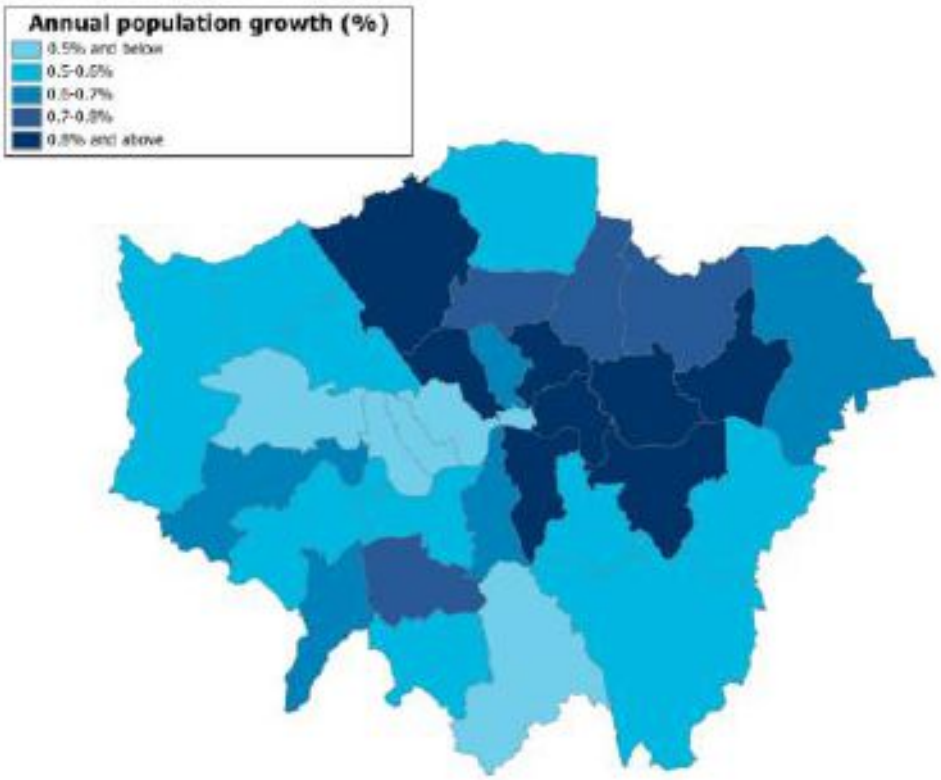


Source: Oxford Economics

Local London is home to some of the fastest growing populations in London. At 1.2 percent per year, the annual growth rate in Newham is second only to

Tower Hamlets (1.4 percent per year), while Greenwich 1.2 percent) and Barking & Dagenham (1.0 percent) rank third and sixth highest respectively.

Fig. 57. Annual population growth, London boroughs, 2017 to 2030



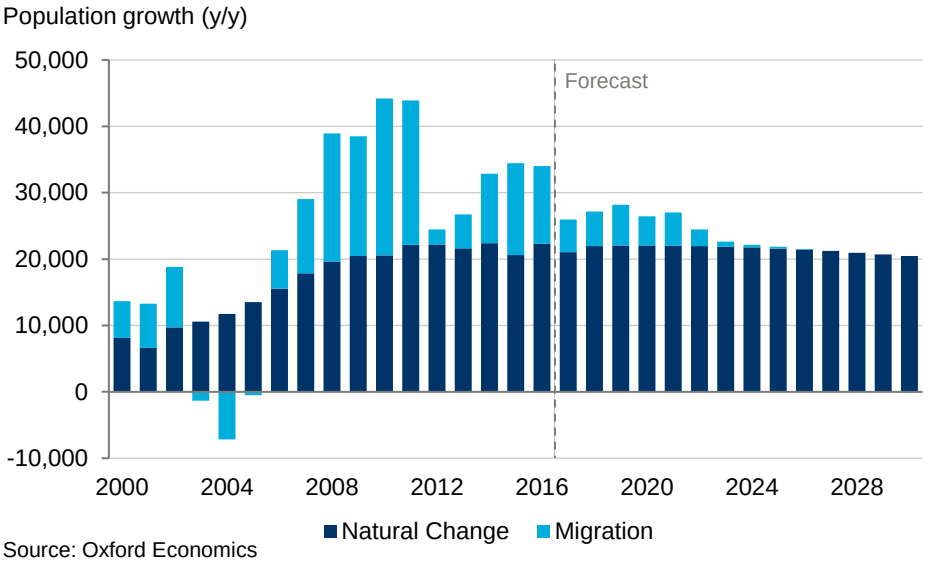
Source: Oxford Economics

This growth in population results from a combination of natural change, where the number of births in the existing population exceeds the number of deaths, and net inward migration. Over the period 2000-2016, net migration accounted for 34 percent of the increase in population across Local London, equivalent to 154,800 residents. This rate was 7.9 percentage points above the equivalent for London (26.3 percent).

However, our forecast indicates that migration is due to slow, partly because of Brexit but also representing closing economic differentials between London and the rest of the UK and the UK and Europe. Over the period 2017-2030 we forecast that just 8.0 percent of Local London's population growth will be due to migration, equivalent to 25,000 residents. While this rate is under a quarter of that observed historically, it nevertheless outperforms the equivalent for London (2.6 percent).

Migration will continue to be focussed in Newham, the only Local London borough where a majority (54 percent) of population growth will be due to in-migration from 2017-2030. Of the 25,000 additional migrants into Local London over this period, 17,000 (or 69 percent) of new residents will move to Newham.

Fig. 58. Components of population growth, Local London, 2000 to 2030



Source: Oxford Economics

4.4.2 The age of the population

Local London has a relatively young population. In 2017 it had 1.48 million residents of working age (defined as those aged 16 to 64). This represents a 65.4 percent share of the total population, the third-highest of the comparator areas.

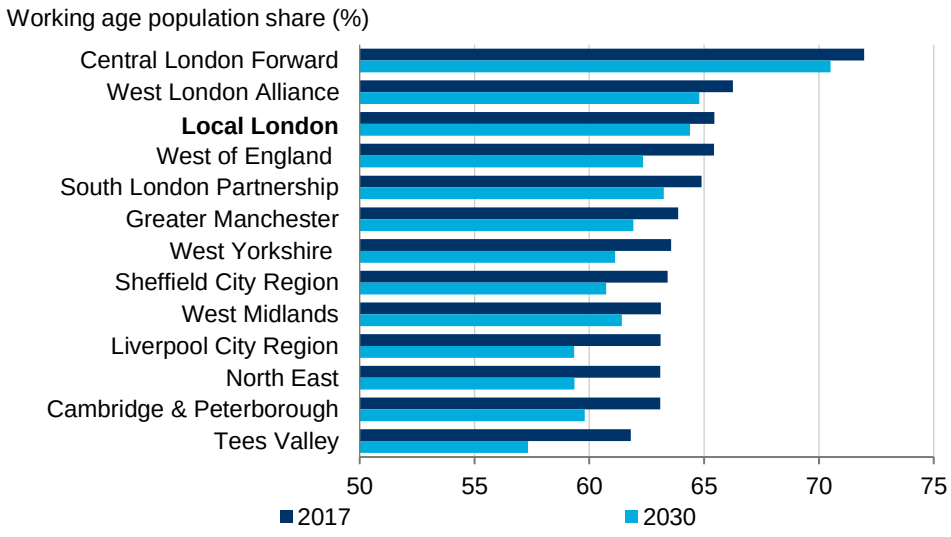
172,000

Additional working age residents from 2017 to 2030.

The fastest annual growth rate (0.9 percent).

Crucially, whereas the working age population is forecast to remain unchanged across the UK as a whole, in Local London it is projected to grow. The additional 172,000 working age residents up to 2030 constitute a growth rate of 0.9 percent per year, exceeding the London equivalent (0.7 percent per year). Among the comparator areas, Local London shows the highest growth rate in working age population, followed by Central London Forward (0.8 percent).

Fig. 59. Working age population share, Local London and comparator areas, 2017 to 2030



Source: Oxford Economics

Across the Local London boroughs, the working age share is nevertheless forecast to fall for all except Barking & Dagenham, where the share in 2017 (63 percent) is forecast to increase slightly by 2030. Newham has the highest share in 2017 (70 percent), and will continue to do so despite the second-largest decline of 1.5 percentage points, while Havering will continue to have the lowest share, falling by 2 percentage points to 59 percent in 2030.

Fig. 60. Population and working age population growth, Local London boroughs, 2017 to 2030

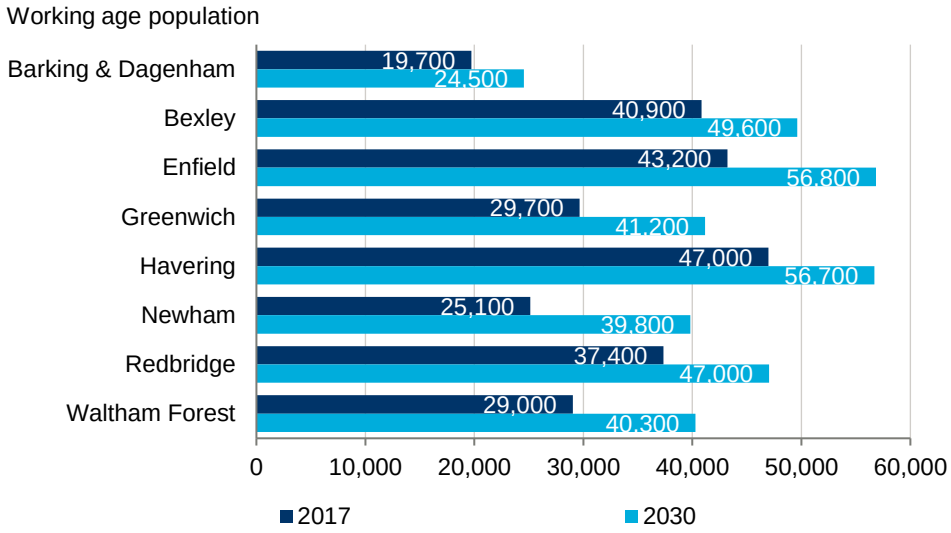
	Population change	Population growth (% y/y)	Working age population change	Working age population growth (% y/y)
Barking & Dagenham	30,400	1.1%	20,300	1.1%
Bexley	26,100	0.8%	11,600	0.6%
Enfield	35,600	0.8%	18,500	0.6%
Greenwich	46,300	1.2%	28,300	1.1%
Havering	31,300	0.9%	13,400	0.6%
Newham	59,100	1.2%	35,200	1.0%
Redbridge	38,400	0.9%	21,600	0.8%
Waltham Forest	37,400	1.0%	23,200	0.9%
Local London	**304,500**	**1.0%**	**172,200**	**0.9%**

Source: Oxford Economics

While growing, the declining share of the working age population is indicative of an aging population, which in turn places additional demands on the levels of service provision locally. Across Local London, the population that are 65 or over (272,000) represented 12 percent of the population in 2017. However, this population is forecast to grow by 84,000 or 31 percent up to 2030. At 2.1 percent per year, this rate is over twice that of the overall population (1 percent), accounting for 27.6 percent of population growth. The population of Local London is however aging slower than elsewhere. The comparative growth rates of the 65 and over population are higher in the three other London sub-regions. Across London, the 65 and over population represent 33 percent of forecast population growth to 2030, 5.4 percentage points higher than in Local London.

The 65 and over population is forecast to increase as a share of the total across all of the Local London boroughs. In 2017 Havering had the largest population aged 65 and over in both absolute and proportional terms, with the 47,000 residents representing 18.4 percent of the borough's total population. By contrast, Newham's 25,000 residents over this age represent a share of 7.2 percent of the population, two-fifths of that in Havering. Despite this, Newham is forecast to experience the highest growth in the 65 and over population, equivalent to 14,700 additional residents or 3.6 percent per year, although the 65 and over share (9.8 percent) will still remain the lowest across Local London by 2030. By contrast, the 10,000 additional residents in this age group in Havering constitutes growth of just 1.5 percent per year, the lowest of the Local London boroughs.

Fig. 61. Population aged 65 and over, Local London boroughs, 2017 to 2030



Source: Oxford Economics

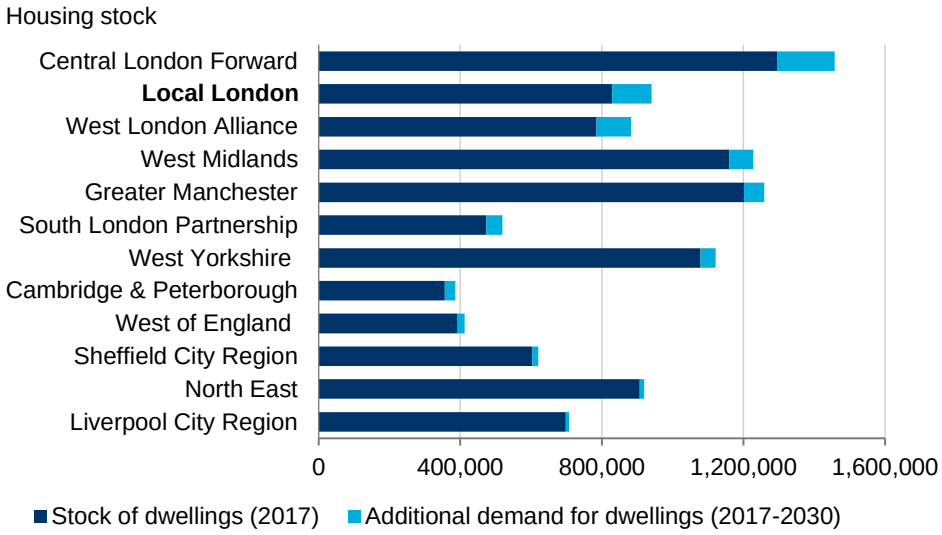
4.4.3 Housing supply

Across Local London there were 829,000 dwellings in 2017, the sixth most of the comparator areas. However, the growing population will clearly generate additional demand for housing.

The rate of growth of the housing stock has historically been broadly consistent across the eight Local London boroughs. In 2017, we forecast that Enfield had the largest demand (126,000 dwellings), while Barking & Dagenham had the smallest 75,000).

Over the period 2017-2030, our forecasts estimate an additional demand for 111,000 dwellings in Local London, a 13 percent increase on current levels, the highest rate of all comparator areas. In absolute terms, dwellings demand ranks second only to Central London Forward (163,000). Comparison with elsewhere highlights the concentration of demand in London; despite supporting just 30 percent of dwellings across the comparator areas in 2017, these three sub-regions alone account for a majority (55 percent) of additional demand from 2017-2030, which increases to 62 percent with the inclusion of the South London Partnership.

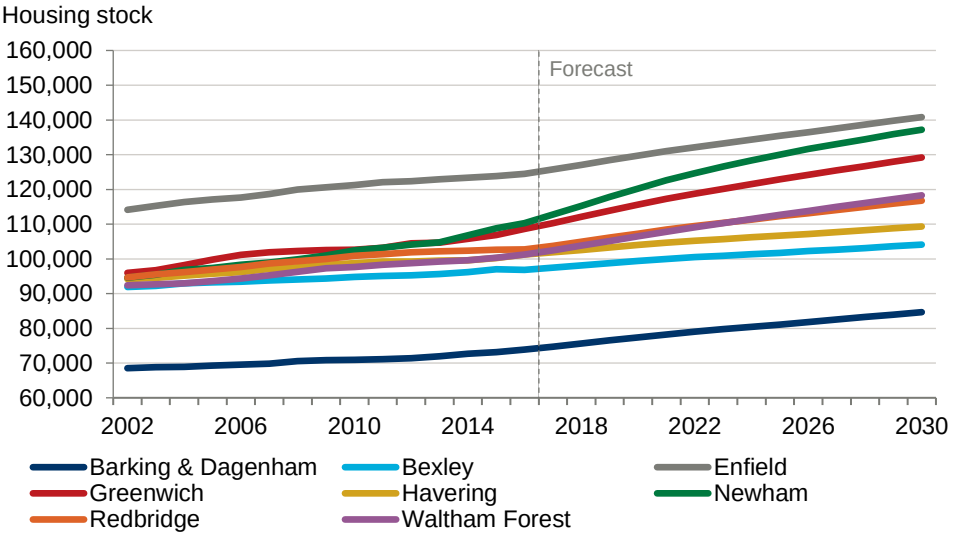
Fig. 62. Housing demand, Local London and comparator areas, 2017 to 2030



Source: Oxford Economics

At the borough level our forecast indicates some divergence. We forecast that Newham will add the largest number of dwellings, 24,000 or a 22 percent increase on current stock, while Greenwich (19,000 additional dwellings, or 17 percent increase) will also grow relatively strongly. However, the stock of dwellings across Havering and Bexley will equate to only a 7 percent increase, equivalent to 7,000 additional homes in each.

Fig. 63. Housing demand, Local London boroughs, 2002 to 2030



Source: Oxford Economics

These projections differ from those of the GLA, on which the Draft New London plan is based, as do our forecasts for population and employment. Appendix 1 compares the two and explains the differences in the methodologies.

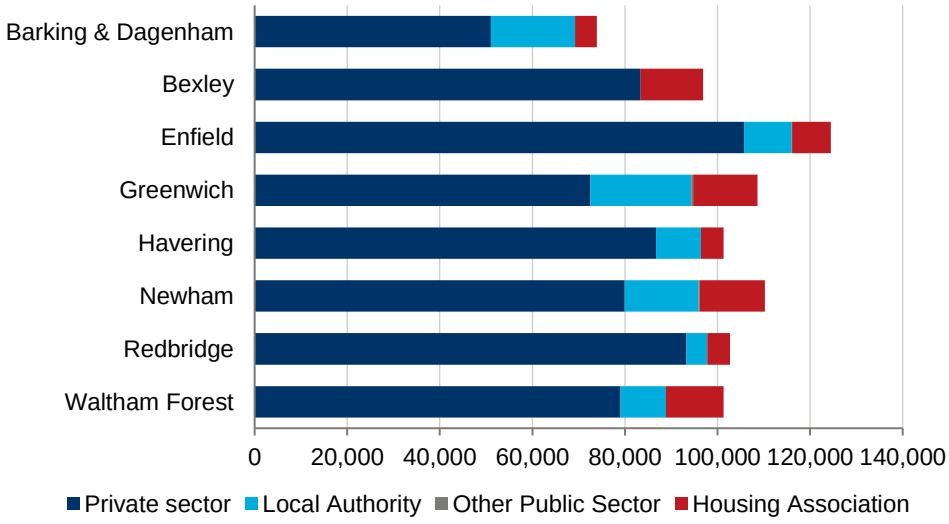
4.4.4 Tenure

The Local London housing market is dominated by the private sector, which in 2016 contributed 652,000 units, or 80 percent of the total, 3 percentage points higher than across London (77 percent).[36] Across Local London, the remaining tenures are generally divided between Local Authority (11 percent) and Housing Association (9 percent).

Owing partly to its large stock, Enfield has the most private sector dwellings (106,000) of the Local London boroughs, while the share is highest in Redbridge, where the 93,000 private dwellings form 91 percent of the total stock. In Greenwich, a third of housing is either Local Authority or Housing Association owned, equating to 36,000 units, while relatively high rates are also observed in Barking & Dagenham (31 percent, or 23,000 dwellings) and Newham (27 percent, or 30,000 dwellings).

Furthermore, private sector tenure is becoming increasingly prevalent across Local London. Of the 30,000 net additional dwellings built over the period 2010 to 2016, for which data on each of the boroughs is available, 28,000 (or 93 percent) were private. In Newham (106 percent) and Bexley (102 percent), the number of additional private dwellings exceeded the total stock, indicating that growth in this sector was offset by a loss of housing of other tenures.

Fig. 64. Housing tenure, Local London boroughs, 2016



Source: DCHLG

£378,000

Average house price in Local London in 2017.

£104,000 lower than across London but £156,000 higher than the UK.

4.4.5 House prices & affordability

Population and household growth have historically outstripped supply, which in turn has impacted on the affordability of properties across Local London. In 2017, the average house price in Local London was £378,000 (in 2015 prices), the fourth highest of the comparator areas behind the other London sub-

[36] The Department for Housing, Communities and Local Government (DCHLG) publishes annual data on the stock and tenure of housing by local authority.[36]

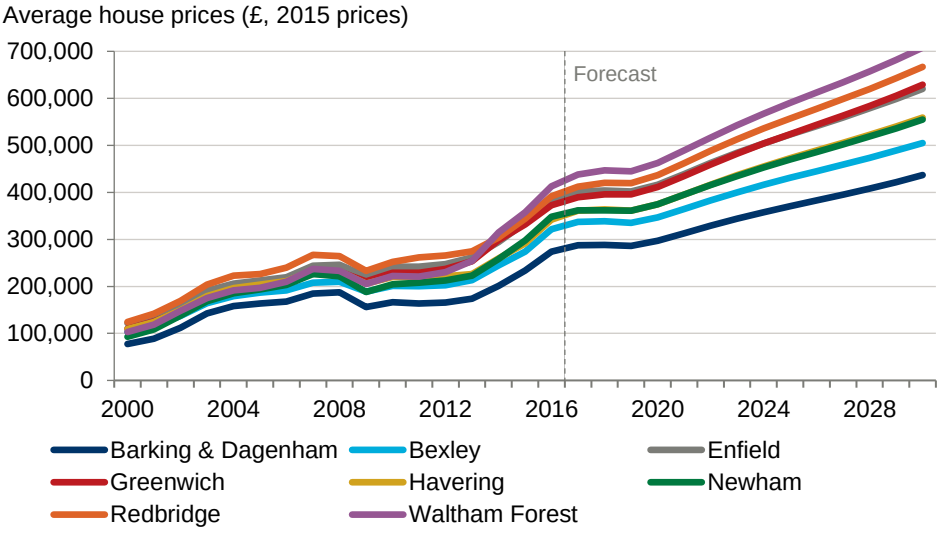
regions. House prices are on average £104,000 (or 22 percent) lower than across London, but £156,000 (or 70 percent) higher than the UK average.

Over the decade to 2017, house prices in Local London grew by £147,000, or 64 percent, at an annual rate of 5 percent, second only to Central London Forward (5.9 percent). Our forecast indicates that, while slowing, house prices will continue to outstrip population growth. By 2030 we estimate that average house prices will be £592,000, a £215,000 (or 57 percent) increase on 2017 levels, with growth equating to 3.5 percent per year.

The profile of historic house price growth across the Local London boroughs was broadly similar, with growth over the period 2000-2007, followed by a short contraction over the next couple of years before increasing the rate of growth up to 2017. Future house price growth is also broadly similar across the boroughs, with a fall over the period 2017-2019 followed by a return to growth.

At £438,000 Waltham Forest has the highest house prices in 2017, and is forecast to experience the highest growth. By 2030 average house prices are forecast to increase to £708,000, a 62 percent (or £270,000) increase on 2017 levels. The worst performing borough is Barking & Dagenham, where current average house prices (£287,000) are £90,000 (or 24 percent) lower than the Local London average. Prices are forecast to grow to £437,000 by 2030, an increase of £150,000 (or 52 percent).

Fig. 65. Average house prices, Local London boroughs, 2000 to 2030



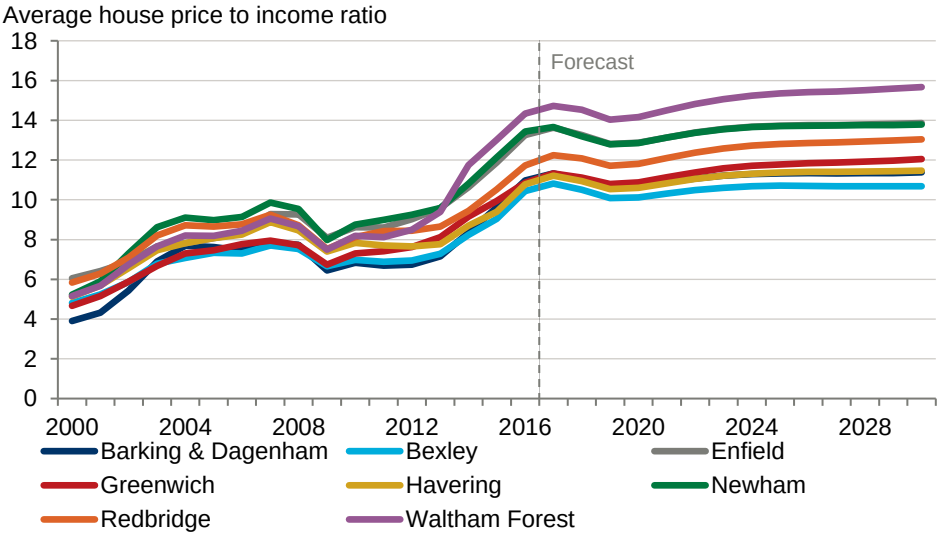
Source: Oxford Economics

Rising house prices are generating rising affordability issues across the Local London area. The average house price to income ratio in 2017 was 12.7 (2015 prices), the fourth highest of the comparator areas behind the three other London sub-areas.

Historically, the average house price to income ratio has reflected a broadly similar pattern to the lower quartile. In 2016, the ratio was higher for the lower quartile than the median in Greenwich (12.6 compared to 10.9). Our forecast shows that across the Local London area, the ratio will increase slightly to 13.1 by 2030. While the ratio will dip over the period to 2019, reflecting our forecast

for falling house prices, it will gradually recover to 2017 levels by 2023 and continue to grow. The ratio is due to increase for seven of the boroughs, most notably in Waltham Forest (by 0.9 to 15.7) and Redbridge (by 0.8 to 13.0), with Bexley the only borough seeing this ratio fall, by 0.1 to 10.7 in 2030.

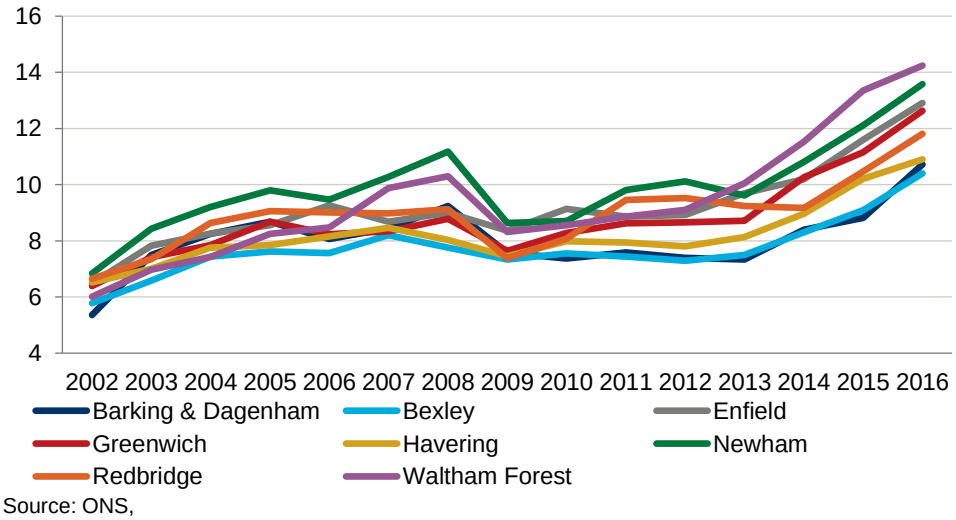
Fig. 66. Average house price to income ratio, Local London boroughs, 2000 to 2030



Source: Oxford Economics

Significantly, the ratio of lower quartile house prices and lower quartile incomes shows a drastic reduction in the relative affordability of housing. Across Local London, lower quartile house prices in 2016 were 12.2 times annual incomes, almost double the ratio from 2002 (6.3). The ratio was highest in Waltham Forest, at 14.2 times lower quartile incomes, an increase of 137 percent since 2002, while the ratio in Barking & Dagenham (10.7), although the second-lowest to Bexley (10.4), had also doubled over this period.

Fig. 67. Lower quartile house price to income ratio, Local London boroughs, 2002 to 2016



Source: ONS,

4.5 BUSINESSES

4.5.1 Businesses by sector

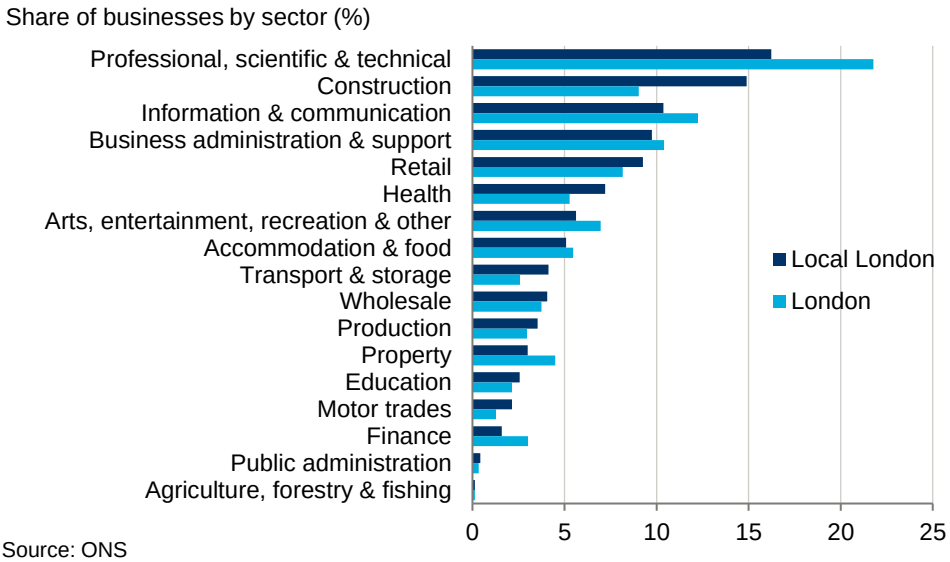
95,300

Businesses in Local London in 2017

16.8 percent of the London total.

In 2017 there were 95,300 businesses in the Local London area, or 16.8 percent of the London total of 567,000 businesses. While the 15,500 businesses in the professional, scientific & technical sector represents the largest share (16.3 percent) across Local London, this lags 5.5 percentage points behind the London equivalent. By contrast, the 14,200 businesses in the construction sector form 14.9 percent of the total, compared to just 9 percent across London overall.

Fig. 68. Businesses by sector, Local London and London, 2017



Source: ONS

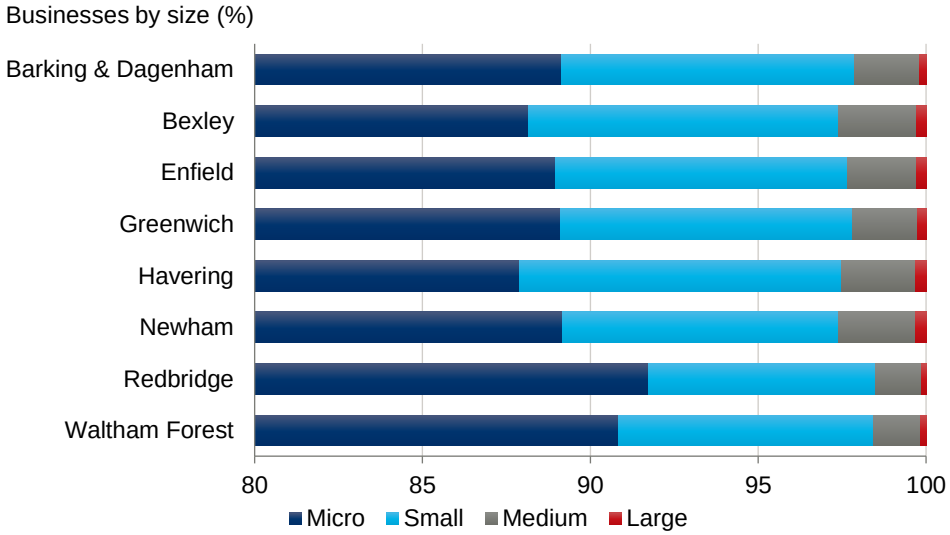
4.5.2 Businesses by size

Across the Local London area, a disproportionately high share of businesses are either small (10 to 49 employees) or medium-sized (50 to 249 employees). The 85,300 businesses, or 90 percent of the total, that are micro-sized (0 to 9 employees) represent a share that is 1.3 percentage points below the London rate. Similarly, the 235 businesses that are large (250 or more employees) are half as prevalent (0.2 percent of the total) as across London (0.4 percent), and forms the smallest share of total businesses across all of the comparator areas. This reflects an important feature of the Local London economy, that there are few very large private sector employers within the area, and with some important exceptions, few companies are primarily focussed on national and global markets. By contrast, the shares that are small or medium-sized (8.4 percent and 1.9 percent) are 1.0 and 0.5 percentage points higher than across London.

Overall, Redbridge has 15.6 percent of businesses in the Local London area (14,900), a rate 3.8 percentage points higher than the borough's share of employment (11.8 percent). Conversely, Newham's 13,700 businesses equate to 14.4 percent of the Local London total, 2.4 percentage points below the share of employment (16.8 percent).

As Redbridge supports a greater than expected number of businesses, this is reflected in their size profile. The borough's 11,700 businesses, 98.5 percent of the total, are either micro-sized or small (10 to 49 employees), the highest rate across the Local London boroughs, while the share that are micro-sized (91.7 percent) is also highest. By contrast, Newham's share that are medium (50 to 249 employees) or large (250 or above) is joint-highest across the boroughs with Bexley at 2.6 percent. Newham supports 17.2 percent of Local London's medium and large firms, and 19.1 percent of its large firms, despite an overall share of 14.4 percent of business.

Fig. 69. Businesses by size, Local London boroughs, 2017



Source: ONS

4.5.3 Business churn & survival

20 percent

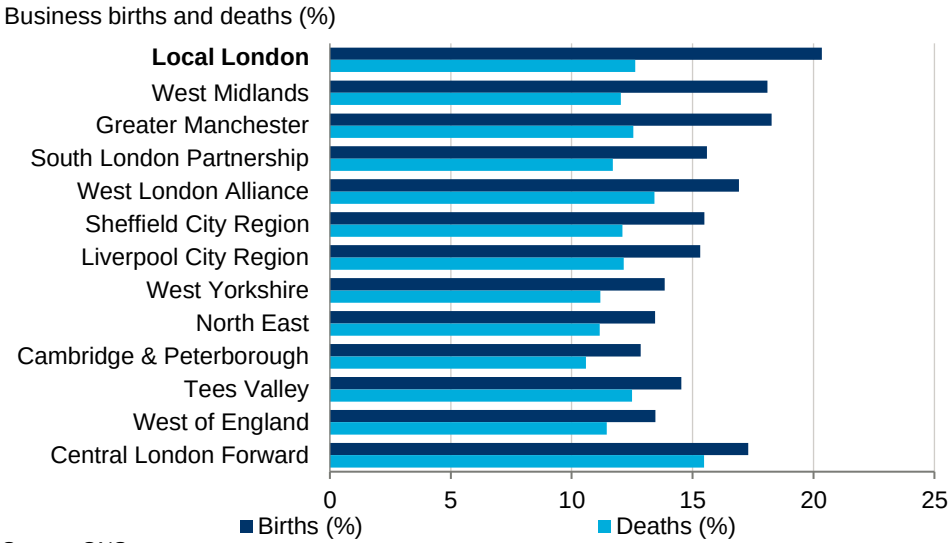
Share of businesses in Local London that were formed in the last year.

The highest rate across all comparator areas.

The rates of business churn and survival are important indicators of the entrepreneurial capabilities and challenges of different areas. However, the messages can be ambiguous. High levels of business births may indicate strong entrepreneurial characteristics of a local area, but it can also be indicative of high levels of 'churn'. Local London has a relatively high rate of business churn. While supporting just the fifth-highest number of businesses across the compactor areas, Local London saw the largest increase in 2016 of 7,500 additional businesses. The rate of new businesses starting was the highest across the comparator areas, equivalent to 20 percent of the total (or 19,700 new businesses), while the rate of business deaths (13 percent, or 12,300) was third-highest.

Newham supports a disproportionately high share of new businesses forming in Local London area. The 4,000 new businesses that formed in the borough in 2016 represent 20 percent of the Local London total, despite Newham supporting just 14 percent of the stock of existing businesses. As business deaths in Newham were only slightly above the Local London rate (14 percent), the borough alone was home to nearly a third (30 percent) of the net increase in businesses across Local London in 2016.

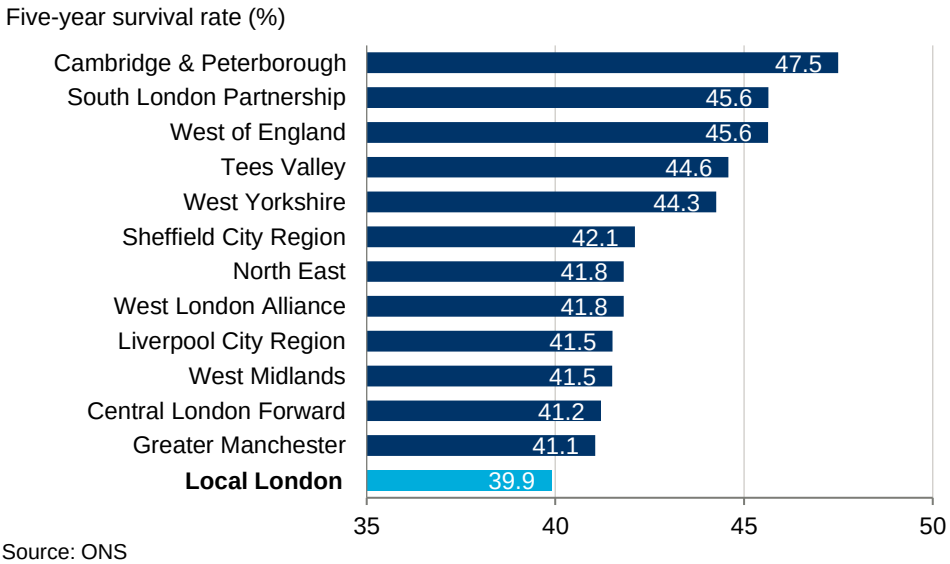
Fig. 70. Business churn, Local London and comparator areas, 2016



Source: ONS

Also a matter of concern is the business survival rate: the proportion of businesses that were started at a given point that are still operating five years later. Across Local London, only 40 percent of businesses formed in 2011 were still operating in 2016; the lowest rate across the comparator areas.

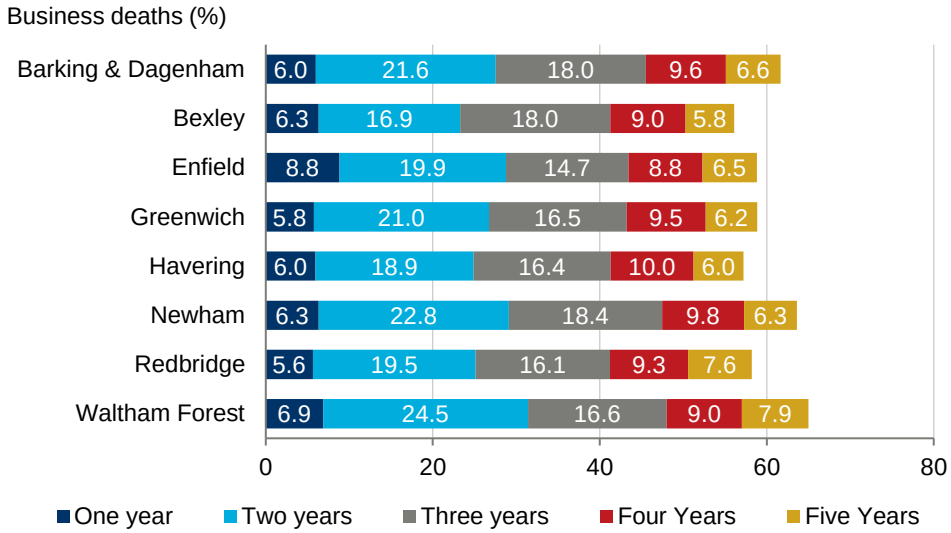
Fig. 71. Five-year business survival, Local London and comparator areas, 2011 to 2016



Source: ONS

Business survival rates were the lowest in Waltham Forest, where only 35 percent of businesses that started in 2011 were still operating in 2016, while in Newham only 36 percent were still operational in 2016. In Enfield the five-year survival rate was even better (41 percent), even though the borough has the highest percentage of businesses who do not survive year one (9 percent).

Fig. 72. Business deaths by year since forming, Local London boroughs, 2011 to 2016



Source: ONS

4.6 COMMERCIAL PROPERTY

4.6.1 The current scale

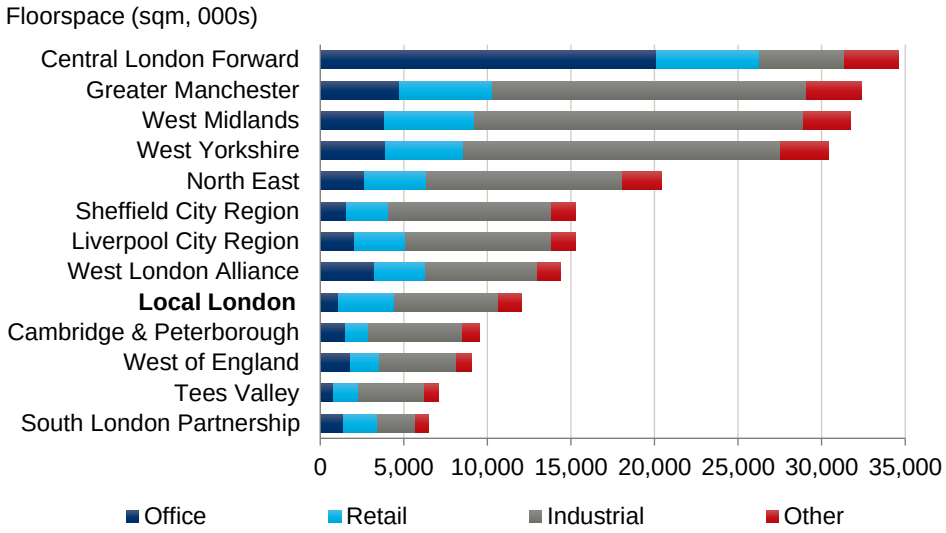
As we have already remarked, Local London is a heavily residential area. And amongst commercial land uses, office space is particularly low. As a result, in 2015/16, at 12.1 million sqm, Local London had the fifth lowest amount of commercial floorspace of our comparator areas.[37] At 1.11 million sqm, only Tees Valley (819,000 sqm) has less floorspace overall, while the share of commercial floorspace that is taken up by offices (9.2 percent) was the lowest of all comparator areas, 3 percentage points lower than West Midlands, the next lowest.

By contrast, retail floorspace is disproportionately predominant within Local London; at 3.3 million sqm, it ranks sixth of the comparator areas, while the share of the total (27.7 percent) is second only to South London Partnership (31.1 percent). This reflects in part the presence of Westfield Shopping Centre; at 628,000 sqm, Newham has the largest stock of retail floorspace of all Local London boroughs, 137,000 sqm more than the next largest, Enfield.

However, what is most striking is that Local London's 6.3 million sqm of industrial floorspace forms a majority (52 percent) of total commercial floorspace. This rate is higher than the other London sub-regions, where industrial uses are a minority of total floorspace for each. Given our forecasts for manufacturing employment to decline, the issue of whether Local London has an unrealistic oversupply of industrial employment land, and an undersupply of both commercial office and residential land, is of critical importance to the area as a whole.

[37] Valuation Office Agency (VOA), *Non-Domestic Rating: Business Floorspace* (London: Valuation Office Agency, 2016)

Fig. 73. Proportion of floorspace by land use, Local London and comparator areas, 2015/16



Source: VOA

4.6.2 Current land values

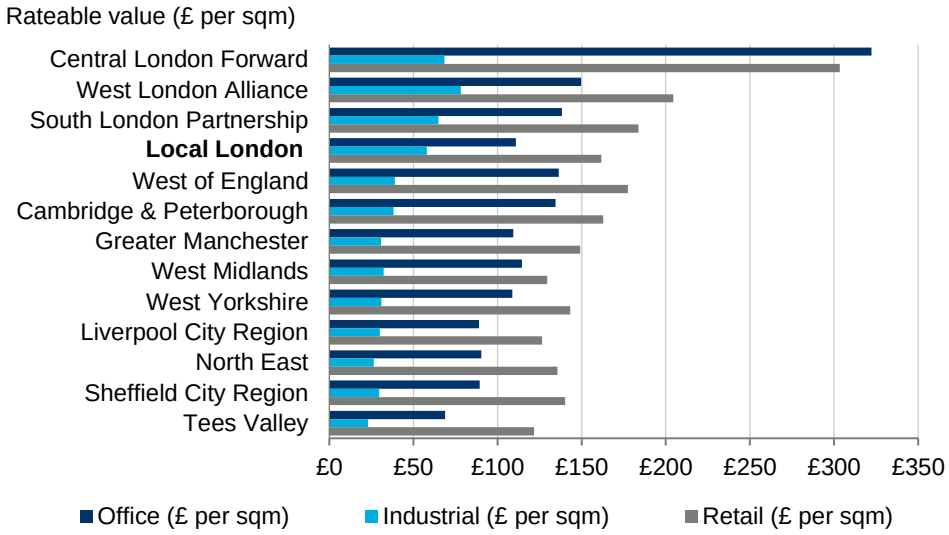
Land in Local London is cheap by London standards and expensive by the standards of our other comparator areas. At £96 per sqm, the average rateable value of all commercial floorspace in Local London is fourth highest of the comparator areas, but behind each of the other London sub-regions.

For office floorspace, average rateable values (£111 per sqm) are relatively low; seventh across the comparator areas, and just over a third (£322 per sqm) of the equivalent values for Central London Forward. Owing to a relatively small stock of floorspace, at 1.1 million sqm, office floorspace generates just £123m in rental values each year, the second lowest to Tees Valley. This equates to around 1.9 percent of the equivalent for Central London Forward (£6.48 billion).

Central London Forward is the only location where office rental values exceed those for retail (£303 per sqm).

Industrial rateable values, at £58 per sqm, perform relatively in line with overall commercial property. Despite values below the other London sub-regions, Local London has the second largest stock of industrial floorspace (6.2 million sqm) to West London Alliance (6.7 million sqm), and as a consequence generated the second highest total rental value in London (£360 million to £525 million across the West London Alliance) in 2015/16.

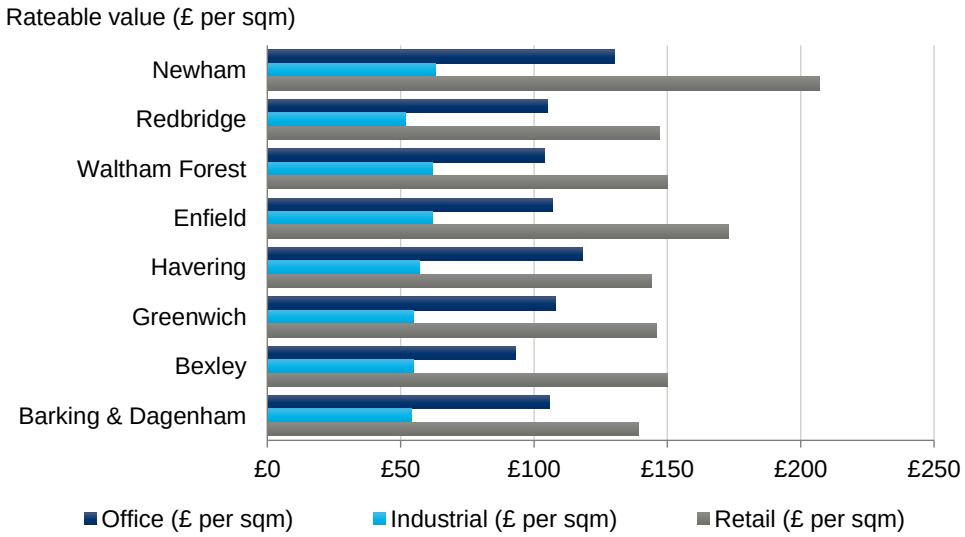
Fig. 74. Average rateable values, Local London and comparator areas, 2015/16



Source: VOA

Across the Local London boroughs, average rents are highest in Newham for all three of the land uses. Alongside Havering (£118 per sqm), Newham (£130 per sqm) is the only borough to have an average office rental value above the Local London rate (£111 per sqm). By contrast, office rents are lowest in Bexley (£93 per sqm), at £18 per sqm below this collective level. Retail rental values in Newham (£207 per sqm) are almost three-times higher than their equivalent for industrial floorspace (£63 per sqm).

Fig. 75. Average rateable values, Local London boroughs, 2015/16



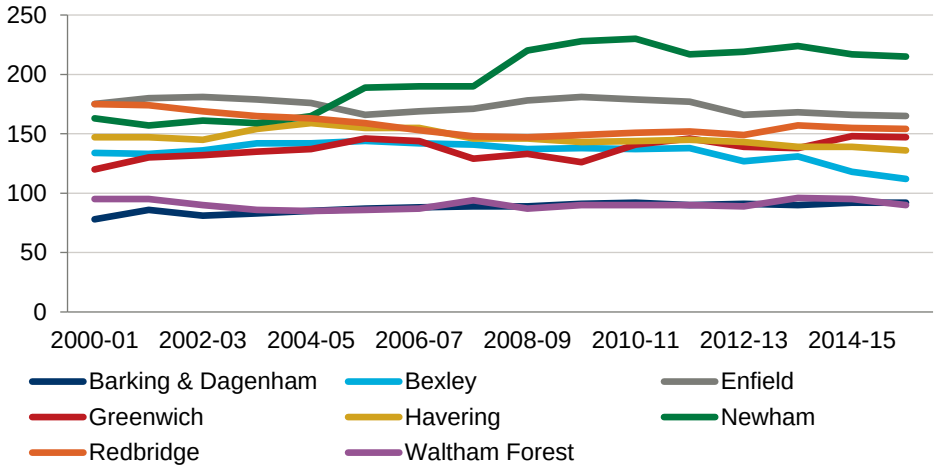
Source: VOA

The poor rental values achieved on Local London's office stock reflect in part relatively weak demand and feed through into low growth in supply. Historic trends show that the overall amount of floorspace grew by just 24,000sqm (or 2.2 percent) over the period 2000/01 to 2015/16. Over this period, Newham was by far the best performing borough in terms of growth, adding 52,000sqm

of floorspace (a 31.9 percent increase), while Greenwich (27,000sqm or 22.5 percent) and Barking & Dagenham (14,000sqm, or 17.9 percent) also performed well. The remaining five boroughs all saw the amount of floorspace fall over this period.

Fig. 76. Office floorspace, Local London boroughs, 2000/01 to 2015/16

(sqm, thousands)



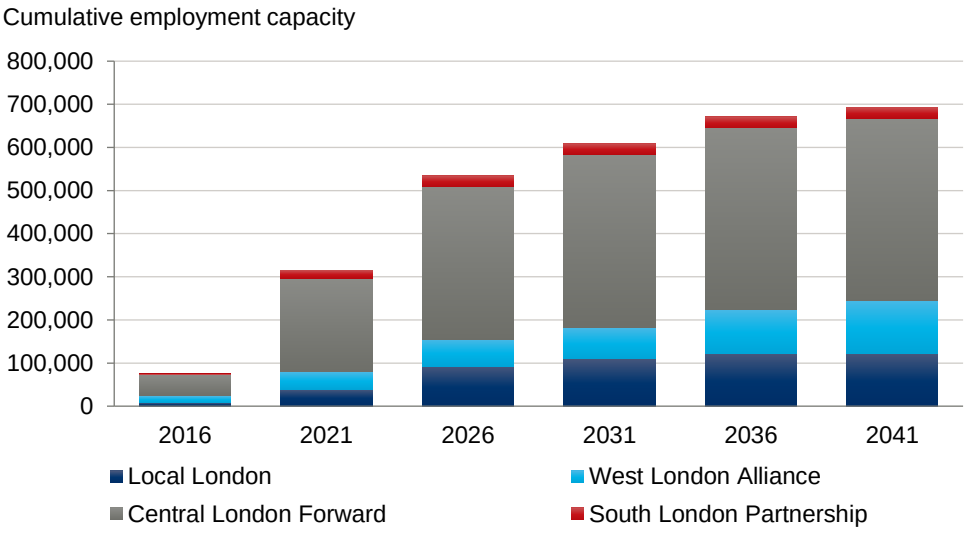
Source: VOA

4.6.3 Planned developments

Information on the planned developments across London is provided by the London Employment Sites Database (LESD).[38] This report provides a summary of the location, scale and phasing of known developments across London. The document translates net floorspace provision resulting from a development into a number of jobs through the application of standardised employment densities. A comparison of the overall employment capacity (in terms of jobs) across all sectors for the London sub-regions is presented in Fig. 77 below.

[38] CAG Consultants, *London Employment Sites Database* (London: CAG Consultants, 2016).

Fig. 77. Employment capacity, Local London and comparator areas, 2016 to 2041



Source: LESD

The LESD identifies existing excess capacity equivalent to 204,000 jobs across Local London, which exceeds both the West London Alliance (168,000 jobs) and South London Partnership (40,000 jobs). Furthermore, future developments are heavily weighted towards the shorter-term; 75 percent of the additional capacity in Local London (153,100 jobs) will be realised and available for occupation by 2026.

The LESD also provides a breakdown of jobs by development type. The share of office jobs in Local London equates to 60 percent (112,000 jobs), in line with South London Partnership but below both Central London Forward (84 percent) and West London Alliance (77 percent).

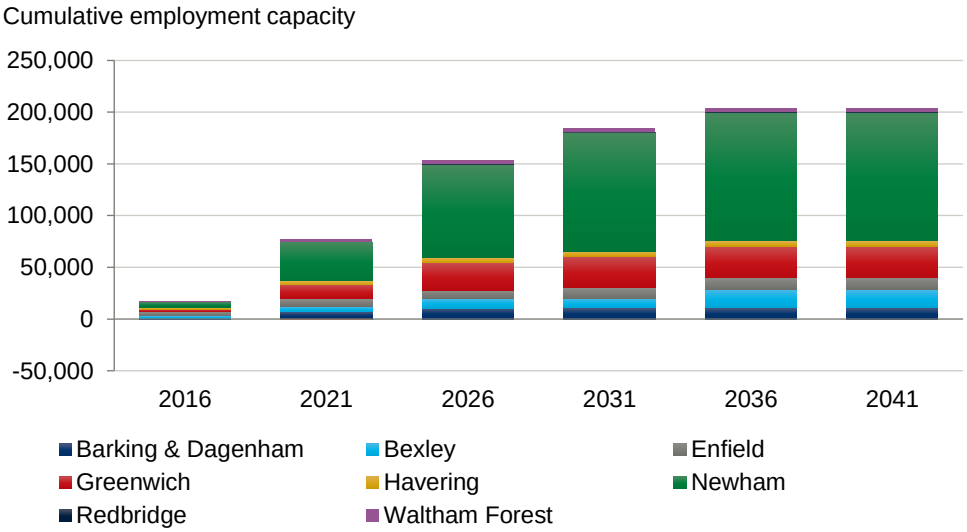
Clearly, while the supply of available commercial property may exist, this alone will not generate additional demand. The risk is that spare capacity will continue into the future, even with growth in employment. Our forecast indicates that, over the period 2016-2037, there will be an additional 161,000 jobs across Local London, implying a spare capacity for 43,000 jobs. By contrast, both the South London Partnership and West London Alliance will have a shortfall of supply, equivalent to 44,000 and 7,000 jobs respectively. This implies a possible need to address the type and location of existing and future capacity, and also a possible need to question the viability of some of the existing property stock.

Amongst the eight boroughs, Newham accounts for 124,000 (or 61 percent) of the 204,000 additional jobs capacity identified in the LESD, while Greenwich (30,300, or 15 percent) is the next largest borough. Indeed, according to our forecasts, up to 2037 both Newham and Greenwich will have an oversupply of floorspace, equivalent to 71,000 and 11,000 jobs respectively. By contrast, four of the boroughs – Enfield, Havering, Redbridge and Waltham Forest – will all have an undersupply of additional jobs capacity according to our forecast.

The breakdown of jobs by use also shows a continuing strength of Newham as an office location; 70 percent of jobs (or 87,000) in the borough will be office-

based. Only in Greenwich (60 percent) and Enfield (57 percent) will office space form a majority of total new space, according to this database.

Fig. 78. Employment capacity, Local London boroughs, 2016 to 2041



Source: LESD

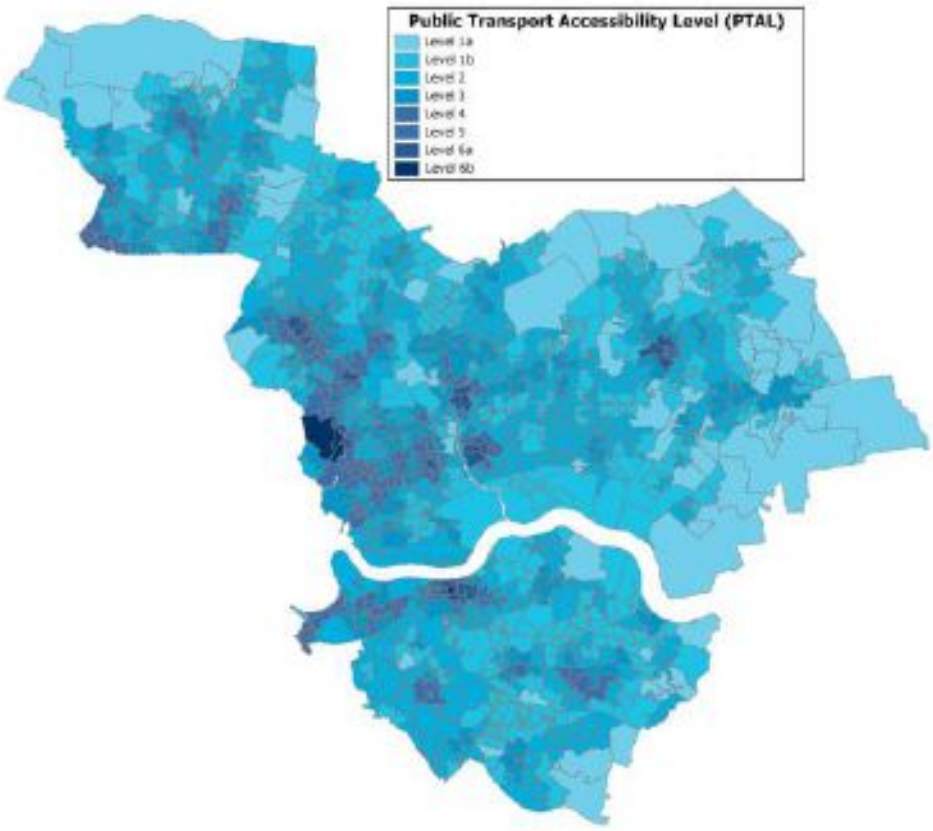
4.7 TRANSPORT INFRASTRUCTURE

4.7.1 Transport accessibility and travel to learn

Both from the perspective of meeting business needs and of improving social inclusion, local transport provision is vital. Fig. 79 shows Public Transport Accessibility Level (PTAL) scores by LSOA in Local London is presented below.[39] While local connectivity is good in locations that are closer to central London and around larger town centres, pockets of poor access are notable, especially in more peripheral locations, such as north Enfield, north-east Redbridge and much of Havering.

[39] PTAL is a measure of the level of access to the transport network from a given point across London. It combines walk times to public transport nodes with average service frequencies to provide a comparative measure of transport access. This is translated into a score, ranging from 1a (the lowest) to 6b (the highest).

Fig. 79. Public Transport Accessibility Levels, Local London LSOAs, 2015



Source: TfL

Information on the extent of patterns of travelling for educational purpose is varied. We present below detail where available on trends for the Local London boroughs, and across London more widely.

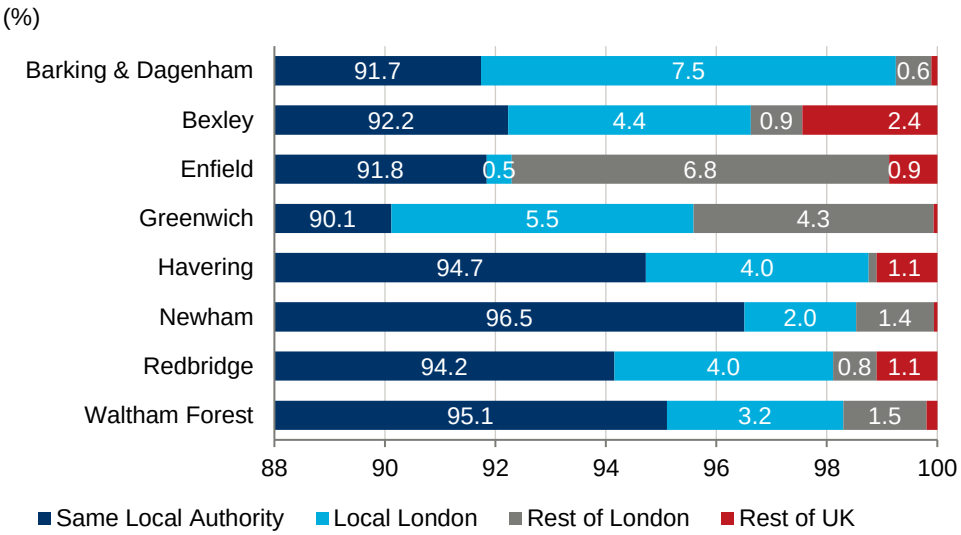
According to the Department for Transport's (DfT) National Travel Survey, the typical primary and secondary pupil in London travelled on average 1.4 miles (2.3km) and 2.9 miles (4.6km) respectively to attend school in 2014/2015.[40] The Department for Education (DfE) publish information on the origins and destinations of pupils by education authority.[41]

Primary school pupils predominantly stay within the same borough for schooling. Of the 206,400 pupils who are resident across Local London, 192,700 (or 93.4 percent) are retained in the same borough, while an additional 7,600 (or 3.7 percent) are retained in the Local London area. Retention levels are relatively high in Barking & Dagenham and Havering, where 99.3 and 98.8 percent of pupils are retained in Local London respectively, while Newham retains the highest share of pupils within the same borough (96.5 percent). By contrast, Greenwich has the lowest rate of retention in the borough (90.1 percent) while residents of Enfield are most likely to study elsewhere; 7.7 percent of residents attend school elsewhere. Overall, Local London is a net

[40] Department for Transport, *National Travel Survey 2014/15* (London: Department for Transport, 2016).
[41] Department for Education, *Schools, pupils and their characteristics: January 2017* (London: Department for Education, 2017).

exporter of pupils; its primary schools support 205,500 pupils, 900 fewer than are resident across the boroughs.

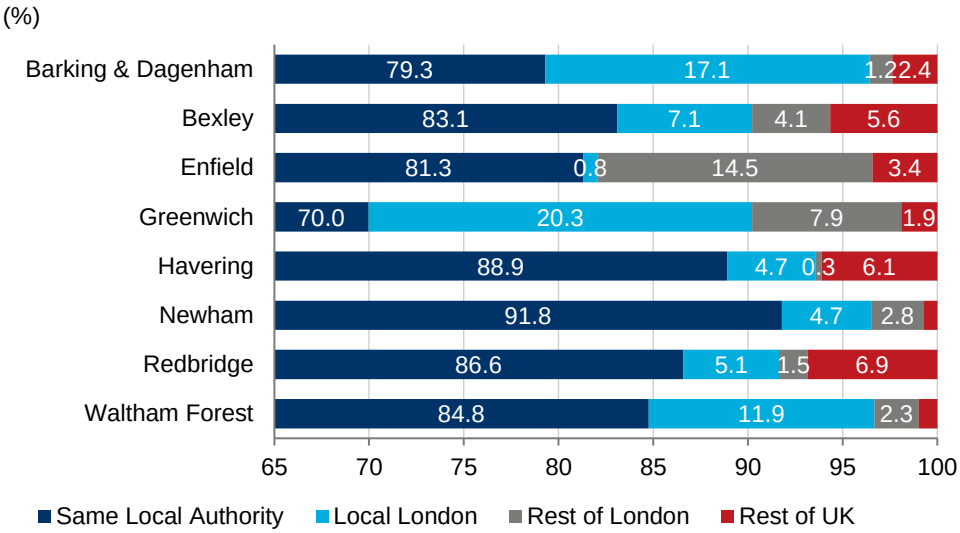
Fig. 80. Destinations of primary-aged residents, Local London boroughs, 2016/17



Source: DfE

Owing to the longer distances secondary school pupils tend to travel, the proportion that are educated outside of the Local London area (8.3 percent) is over twice as high as the primary-equivalent (3.7 percent). Of the 134,600 resident pupils across Local London, 112,600 (83.6 percent) were retained in the same borough. The pattern across boroughs is broadly similar to that observed for primary education, with Waltham Forest (96.7 percent), Newham (96.5 percent) and Barking & Dagenham (96.4 percent) all retaining a relatively high share of pupils in the Local London area, while Enfield (82.1 percent) is again the lowest. Overall, Local London is a net exporter of pupils; its secondary schools support 131,000 pupils, 3,600 fewer than are resident across the boroughs.

Fig. 81. Destinations of secondary-aged residents, Local London boroughs, 2016/17



Source: DfE

Data on the origin and destination of pupils studying at either further or higher education level is not currently available.

4.7.2 Major transport infrastructure

In addition, major transport arteries are also vital. The Local London area has a number of key transport assets already in place which support the economy, and others that are planned, or under consideration.

The **Elizabeth Line** will become partially operational in December 2018, linking Paddington to Abbey Wood, before extending services from Paddington to Shenfield by May 2019, ahead of fully opening in December 2019.[42] The Elizabeth Line will transform connectivity along its route, offering significant capacity upgrades and reducing journey times. For example, journey times from Abbey Wood station (located in Bexley and Greenwich) to Canary Wharf will be reduced by almost a third, from 31 minutes currently to approximately 11, while an equivalent journey to Bond Street will take 25 minutes, a 19-minute journey time saving relative to today (44 minutes).[43] The line will also relieve congestion on other lines.

The Draft Mayor's Transport Strategy outlines the possibility of a future extension of the Abbey Wood branch of the line via Dartford that would link the route to High Speed 1 services at Ebbsfleet.

Crossrail 2, a proposed south-west to north-east rail link, would add further connectivity improvements to the Local London area. As identified in the Draft London Plan and discussed in Section 2.2 above, it is hoped that the regeneration opportunities associated with the scheme would result in the

[42] http://www.crossrail.co.uk/

[43] http://www.crossrail.co.uk/route/stations/abbey-wood-station/

development of 200,000 new homes across London and the South East, and an additional 200,000 jobs once operational.

The scheme would improve connectivity along the Upper Lea Valley corridor, where PTAL scores tend to be relatively low, improving the frequency and journey times to key employment locations across London. Transport for London (TfL) are currently sponsoring the scheme, and hope to receive Parliamentary approval between 2021 and 2022 with an operational date set at early in the 2030s.[44]

While not included within the existing scheme, a potential future eastern branch through Hackney and Barking to Grays has also been considered.

Alongside these regionally important investments, there are a number of proposed investments which may unlock development at a local level. A proposed **DLR extension** from the existing branch terminal at Gallions Reach to Thamesmead. It is hoped that the connectivity improvements associated with this scheme would help to unlock some of the 8,000 homes and 4,000 jobs identified within the Thamesmead and Abbey Wood OA, as identified in the Draft London Plan.

The Mayor is also considering a **London Overground** extension of the Gospel Oak to Barking line, which would cross the river to link Abbey Wood station with Barking Riverside.

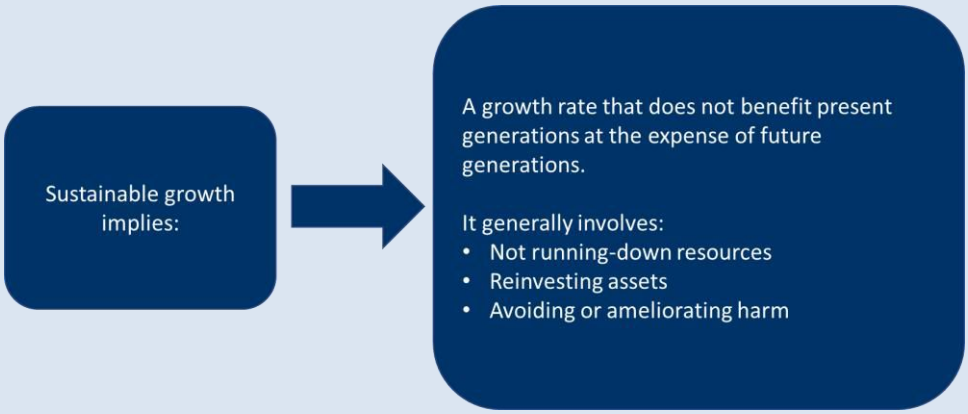
Proposed transport investments are not limited to public transport alone. TfL hope that the **Silvertown Tunnel**, a proposed new river crossing linking the Greenwich Peninsula with Silvertown, will ease existing congestion at the Blackwall Tunnel, providing opportunities for new cross-river bus links and improving journey times.[45] The Secretary of State is due to make a decision on this scheme by May 2018 and, if successful, the new tunnel is expected to open in 2022/23.

[44] http://crossrail2.co.uk/next-steps/

[45] https://tfl.gov.uk/travel-information/improvements-and-projects/silvertown-tunnel

SUSTAINABLE GROWTH

The Local London Partnership seeks to ensure sustainable growth. As with inclusive growth, there is no fixed definition for this. The definition we use is the following:



Source: Oxford Economics

4.8 OTHER INFRASTRUCTURE AND STRATEGIC ASSETS

4.8.1 Schools, healthcare and play space

A growing population places additional burdens on social infrastructure. To ensure the growing local population have access to the facilities and services they need, additional social infrastructure will be required. We set out below a high-level overview of the required provision, resulting from our baseline population forecasts, to highlight the extent of this scale of need.

The additional population will place demands on **schools**. In the school year, 2015/16, there were 476 primary and 133 secondary schools across the Local London area.[46] The 225,576 pupils in primary schools account for 90 percent of total capacity (for 250,815 pupils), while the number of secondary pupils (148,328) similarly equate to 83.2 percent of total capacity (178,363 schools). Our baseline forecasts provide an estimate of the future population by five-year age bands. Taking those aged 5-9 and 10-14 to be of school age, over the period 2017-2030 the population will increase by 46,600 (or 15.3 percent) which, assuming that all children attend schools and no net outflow of students to elsewhere, equates to an additional 1,555 forms of entry.[47]

Increases in population will also place pressures on **primary healthcare**. Data published by NHS Choices indicates that, across the Local London area, there are currently 2,358,200 registered patients and 1,459 GPs, with an average ratio of 1,616 patients per GP.[48] This is below NHS guidance, which sets a

[46] Department for Education, *School capacity: academic year 2015 to 2016* (London: Department for Education, 2017).
[47] A form of entry is a typical class size of 30 pupils.
[48] NHS, *General and Personal Medical Services, Detailed Tables* (London: NHS Digital, 2017).

benchmark for primary healthcare provision at 1,800 patients per GP.[49] Our baseline forecast for population indicates an increase of 360,000 residents to 2.62 million by 2030. Assuming that all new residents register for GPs in the Local London area, this equates to a demand for 200 additional GPs, or 51 additional GPs should the new population take up existing capacity.

The GLA publish requirements for the provision of **child play space** in new developments of 10sqm of play space per child resident.[50] Our baseline population forecasts indicate that the under 15 population of Local London will increase by 58,400 (or 12.2 percent) to 539,400 from 2017-2030. While the proportion of children that would reside in new developments is not known, taking this value as an upper-end estimate results in a requirement for 58.4 hectares of additional child play space up to 2030.

4.8.2 Green space

Local London also has a number of other assets which are essential to its overall character. One of the most important is its abundance of green space. Examples include all or parts of Hainault Forest and Epping Forest and Rainham Marshes, and other Sites of Special Scientific Interest such as Ingrebourne Marshes.

According to DCHLG data, in 2016/17, there were 13,700 hectares of Green Belt land across the boroughs. Havering had the largest share, at 6,000 hectares (or 44 percent of the total) followed by Enfield (3,000 hectares, or 22 percent) and Redbridge (2,000 hectares, or 15 percent).[51] Local London represents 39 percent of London's Green Belt areas (35,200 hectares), despite representing just 30 percent of its land area.[52]

In addition, the Local London area has a number of other public green spaces. Analysis for the GLA shows that, of the 31,000 hectares of public green spaces in London, 9,400 hectares are located in the Local London boroughs, a share (30 percent) exactly in line with their total area.[53] Havering has the largest amount, at 2,100 hectares, while over a quarter (26 percent) of the land area of Waltham Forest is taken up by its 1,000 hectares of public green space, the highest share of Local London boroughs and fifth highest across London overall. Greenwich (1,200 hectares, or 24 percent) has a similarly high share of public green space provision, including but not confined to a Royal Park.

By contrast, the 300 hectares in Newham represent just 8 percent of the borough's land area, the lowest share across all local authorities except for the City of London. That said, the Queen Elizabeth Olympic Park, which is shared

[49] NHS London Healthy Urban Development Unit, *HUDU Planning Contribution Model Guidance Notes* (London: NHS London Healthy Urban Development Unit, 2007).
[50] Greater London Authority, *Shaping Neighbourhoods: Play and Informal Recreation Supplementary Planning Guidance* (London: Greater London Authority, 2012).
[51] Department for Housing, Communities and Local Government, *Local Authority Green Belt Statistics for England: 2016 to 2017* (London: Department for Housing, Communities and Local Government, 2017).
[52] Office for National Statistics Geography, *Standard Area Measurements (SAMs) for Administrative Areas in the United Kingdom* (Newport: Office for National Statistics, 2017).
[53] Greater London Authority, *Natural Capital Accounts for Public Gren Space in London* (London: Greater London Authority, 2017)

with Waltham forest and two other boroughs is an asset of London-wide significance.

The current Mayor has pledged to resist all development on the green belt, an intention signalled by policies within the Draft London Plan.

4.8.3 Cultural & sporting assets

Local London also has a large and increasing number of cultural assets.

Many of these are clustered in and around Stratford. As well as the park, already mentioned and which has significant sporting facilities, the Cultural and Education District comprises a series of proposed developments located just to the south-west of Stratford. At the centre of the scheme will be a new university campus for the University College London (UCL) termed UCL East, while the nearby Stratford Waterfront site will provide a campus for the University of the Arts London. Alongside these educational facilities, plans for the provision of museum and arts spaces, with the Victoria and Albert Museum and Sadler's Wells Theatre due to take up spaces on the site. It is also hoped that the Smithsonian Institute will also take up permanent gallery space.[54] The overall scheme aims to deliver *"3,000 jobs, 1.5 million additional visitors and £2.8 billion of economic value to Stratford and the surrounding area"* should it be fully consented.[55]

Further, the concentration of development at this location may support the development of a life sciences cluster within the Queen Elizabeth Olympic Park (QEOP) Innovation District. Alongside the presence of the key cultural assets discussed above, it is hoped that the intention of Cancer Research UK to move to the area will act as a catalyst for further growth in the biomedical sector.[56] The Innovation District seeks to take advantage of its locational advantages, with good proximity to a range of transport links and existing life sciences research facilities, including at Queen Mary University and Barts Hospital, located nearby.

Local London also has a number of heritage assets, of which the most prominent are the palaces and museums in the Greenwich World Heritage Site. These are a significant tourist attraction, and their location on the Thames creates the opportunity for that to become all the more so, if the river itself plays a much larger role in the future life of London.

4.8.4 Broadband

In 2017, the consumer organisation Which? published an analysis of download speeds across 390 local authorities in the UK.[57] Each of the eight Local London boroughs fulfilled the Universal Service Obligation by ensuring average broadband speeds of 10 megabites per second (Mbps).[58]

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[54] http://www.ucl.ac.uk/ucl-east/news-library/Smithsonian_to_join_VandA_at_Queen_Elizabeth_Olympic_Park

[55] http://www.queenelizabetholympicpark.co.uk/the-park/attractions/cultural-and-education-district

[56] https://www.civilsociety.co.uk/news/cancer-research-uk-to-move-hq-to-new-stratford-development.html

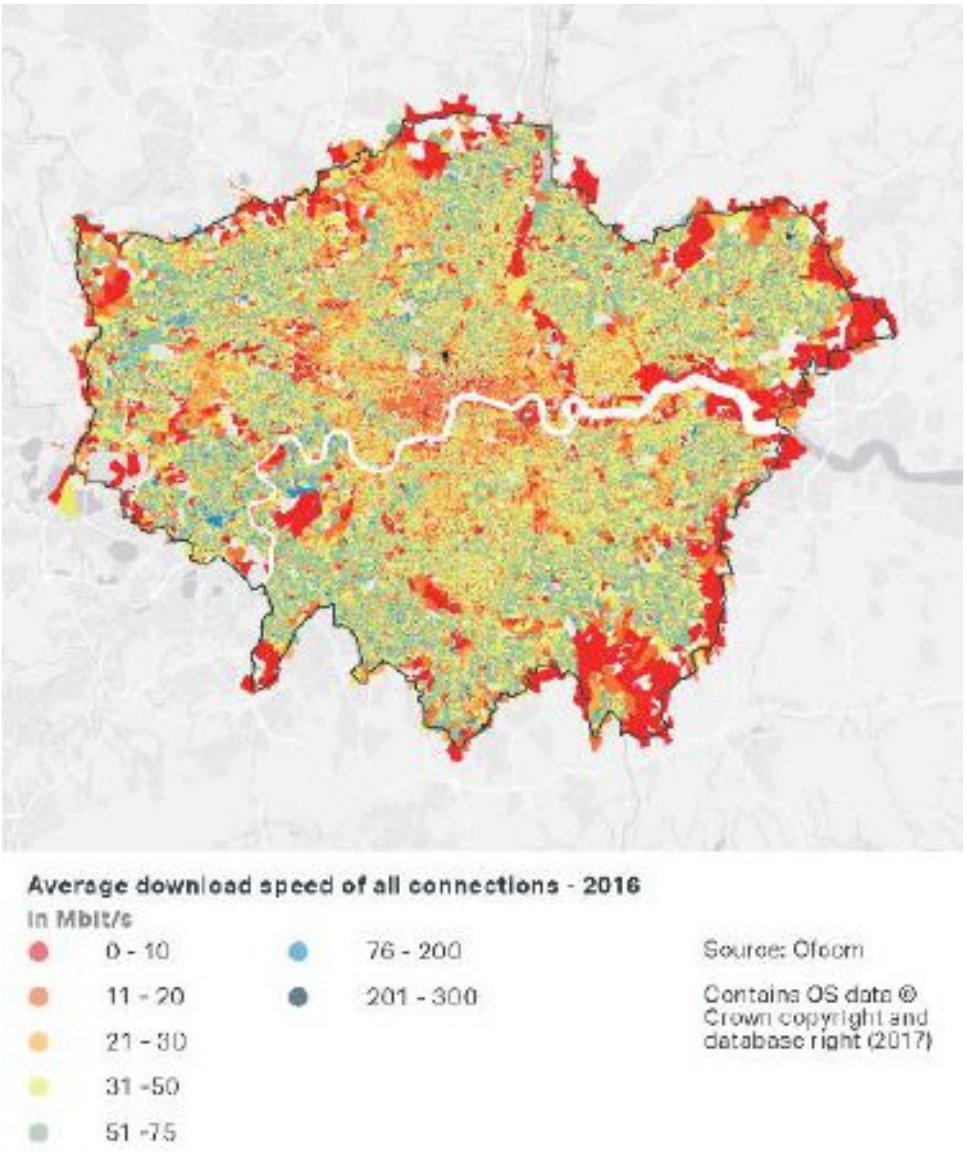
[57] https://press.which.co.uk/whichpressreleases/which-uncovers-bad-broadband-speeds-across-the-uk/

[58] https://www.gov.uk/government/news/government-plans-to-make-sure-no-one-is-left-behind-on-broadband-access

Broadband speeds were shown to be relatively good in the Local London area. At a median rate of 29.1 Mbps, Enfield has the fastest broadband speeds of all London boroughs, and fourth highest nationally. Redbridge and Greenwich similarly have relatively high broadband speeds; at 24.6 Mbps and 22 Mbps, they rank fourth and eighth highest across London respectively. All Local London boroughs have average-or-above provision across London; while the lowest rate of Local London boroughs, the median rate of 19.2 Mbps in Bexley makes it the median London borough for this measure.

The Local London boroughs also perform comparatively well at a national level. Aside from Bexley, that ranks 137th of the 390 local authorities for which data is available, each of the Local London boroughs is within the top 25 percent nationally for median broadband speeds.

Fig. 82. Average broadband speeds, London, 2016

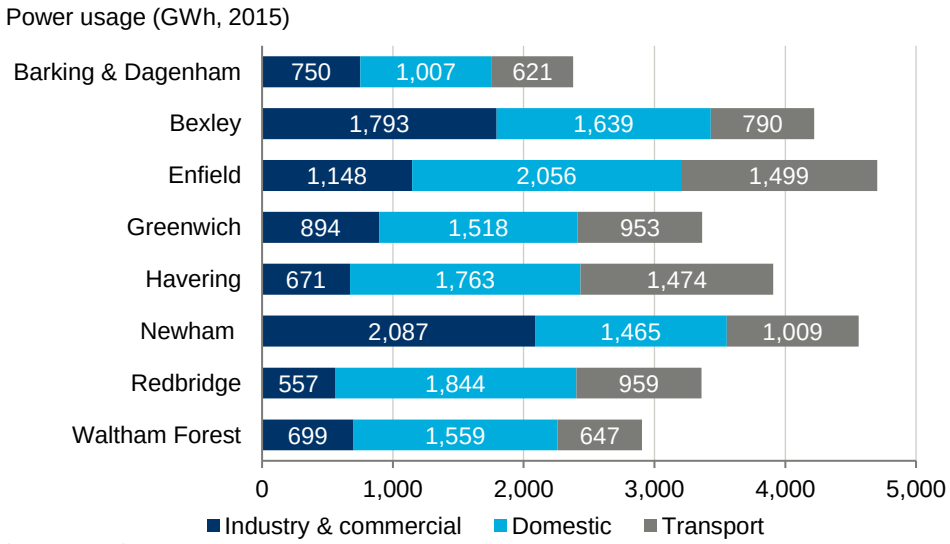


Source: GLA Planning

4.8.5 Energy

The Department for Business, Energy & Industrial Strategy (BEIS) publish data on energy consumption at a sub-national level.[59] Energy consumption across Local London equated to 29,900 Gigawatt Hours (GWh) in 2015, of which domestic uses formed the largest share (43 percent), followed by industry & commercial (29 percent) and transport (27 percent). Enfield used the most power of Local London boroughs in 2015; at 4,800 GWh, it ranks seventh across all London boroughs, with consumption on transport (1,500 GWh) the second highest of all boroughs. Transport consumption in similarly high in Havering (1,474 GWh), ranking third of all boroughs despite only average overall consumption. By contrast, Barking & Dagenham's consumption of 2,451 GWh was the lowest annual power consumption of all London boroughs. Over the ten years to 2015, power usage has fallen across the Local London area by 13.9 percent, equivalent to 4,800 GWh, although this rate is below that for London as a whole (13.9 percent).

Fig. 83. Annual power consumption, Local London boroughs, 2015

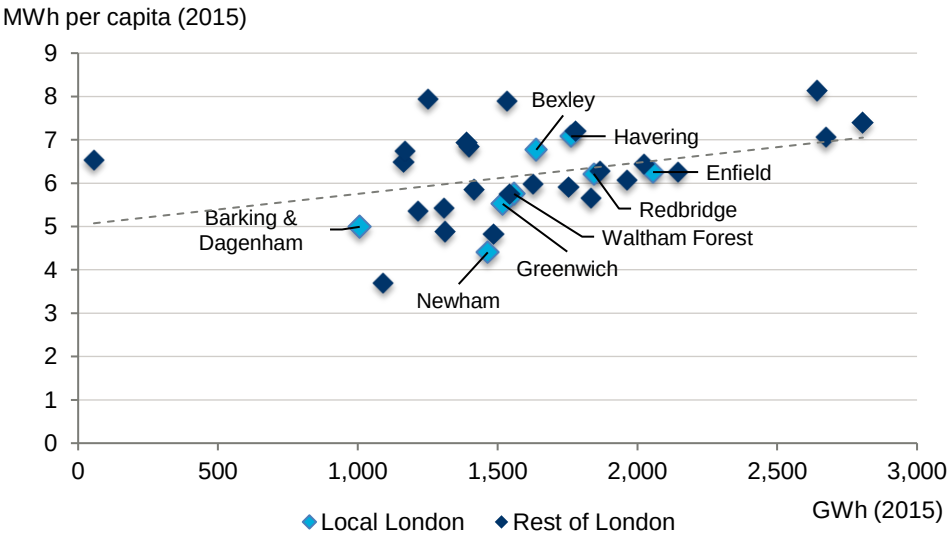


Source: BEIS

Power consumption may be combined with borough-level population data to understand relative domestic energy usage. In 2015 domestic power consumption across Local London equated to 5.9 Megawatt Hours (MWh) per capita, 0.3 MWh below the London average. At 4.4 MWh per capita, Newham has the lowest rate, second only to Tower Hamlets (3.7 MWh per capita), and 40 percent below the London rate. The remaining Local London boroughs are broadly in line with the pattern across London, where domestic power consumption tends to be highest in outer London boroughs (with Barnet, Croydon and Bromley representing outliers by this measure), and relatively low in the City of London, owing to its small population.

[59] Department for Business, Energy & Industrial Strategy, *Sub-national total final energy consumption in the United Kingdom (2005-2015)* (London: Department for Business, Energy & Industrial Strategy, 2017).

Fig. 84. Domestic power consumption per capita, Local London boroughs, 2015



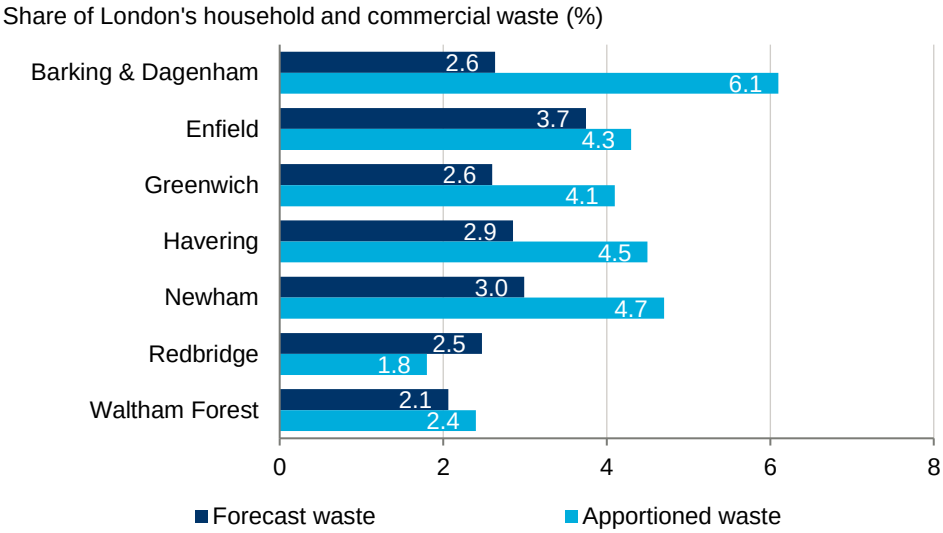
Source: BEIS

4.8.6 Water and waste

According to the Draft London Plan, Local London will produce 1.6 million tonnes of both household and commercial waste by 2021, rising to 1.7 million by 2041. This equates to approximately 19.4 percent of the London total (8.2 million in 2021 and 8.7 million in 2041) in both instances. Each borough is apportioned a level of waste to manage. The share of London's waste allocated to the Local London boroughs is higher than they produce. By 2041, the Draft London Plan states that Local London boroughs will need to handle 27.9 percent of London's waste, or 2.4 million tonnes per year. This equates to 700,000 tonnes, or 44 percent, more than the area will produce itself.

For the individual boroughs, the difference is most stark in Barking & Dagenham, which is apportioned 537,000 tonnes, or 6.1 percent of London's total, despite generating just 2.6 percent of waste. A similar pattern is observed for other boroughs apart from Redbridge, where the forecast share of London's waste (2.5 percent) is 0.7 percentage points higher than its waste apportionment.

Fig. 85. Forecast waste and Draft London Plan Apportionments, Local London boroughs, 2041



Source: GLA Planning

This is both a challenge and an opportunity. Local London has a comparative advantage in the waste and recycling sector, which has opportunities for growth. The **Thames Tideway Tunnel** project, a 25km waste storage and transfer tunnel, will run west-to-east below the River Thames.[60] Once operational the scheme will direct sewage towards Abbey Mills Pumping Station (Newham), which in turn will be connected by the Lee Tunnel to the Beckton Sewage Treatment Works (also in Newham).

Expertise in waste management and renewables represents a skill set that can be exported globally, and this may be a sector to be seen as an important asset. The sector tends to be land hungry and hence hard to reconcile with the residential-led destination that many parts of Local London perhaps need.

4.9 OPPORTUNITY AREAS

It is significant that a large number of the capital's Opportunity Areas are located by the Thames, including several of those in Local London. This suggests that the river is probably a much under-used resource. Furthermore, other Opportunity Areas stretch northwards up the Lea Valley through Local London, giving them a potential unity which is not perhaps recognized by the Draft New London Plan, with its focus on transport corridors radiating out from central London. We return to this topic in the next Section.

There is also an important cluster of assets at the Royal Docks, including the Excel Centre and London City Airport. The latter is the only airport located in Inner London, and the most successful city airport in the world. In 2017 the airport served over 4.5 million passengers, a 54 percent increase on the levels in 2007 (2.9 million).[61] A £344 million expansion is taking place, to increase

[60] https://www.tideway.london/the-tunnel/our-solution/

[61] https://www.londoncityairport.com/aboutandcorporate/page/passengerstatistics

passenger numbers to 6 million per year by 2023.[62] Hitherto the benefits of the airport have probably been felt mainly by residents and businesses located outside of Local London, notably in Canary Wharf, but the airport is a potential magnate for inward investors into Local London, both in Newham but also in the adjacent boroughs.

Further east, the riverside at Barking and Dagenham, and indeed may other parts of that borough, represent one of London's last remaining opportunities for the creation of affordable residential and commercial spaces. The challenges are large – including both too little and too much transport (the A13 trunk road bisects and indeed dissects the area) and large areas of under-used industrial land – but the challenge is not inherently greater than that which once faced Canary Wharf. However, if the response to that challenge is to be an inclusive and sustainable one, different types of solution will be required, as discussed in the report of the Barking & Dagenham Independent Growth Commission. The Ford manufacturing plant remains a key asset, while proposals for a significant visitor attraction and a film studio (could the two be the same thing?) are likely elements of a way forward, as well as the large scale residential developments already underway.

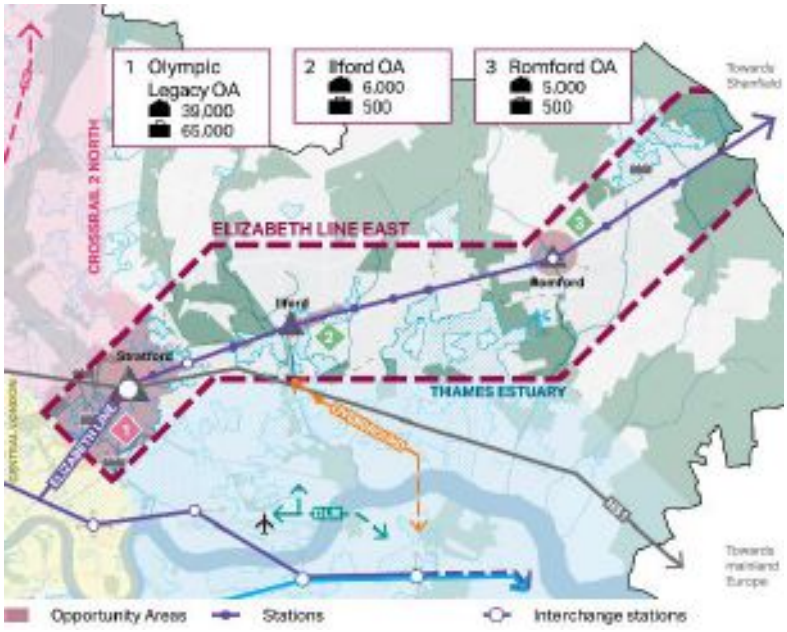
There is also evidence of ambitious development plans towards the north of the Local London being realised. A key example of this is at Meridian Water, where 10,000 homes and new employment facilities are planned in conjunction with improvements along the West Anglia Main Line.[63] Further development opportunities along the Lea Valley may be realised should further upgrades along this corridor, such as Crossrail 2, be committed.

The main Opportunity Areas based in the growth corridors as identified in the Draft London Plan are shown in Figures 86 to 88.

[62] http://www.bbc.co.uk/news/uk-england-london-36901644

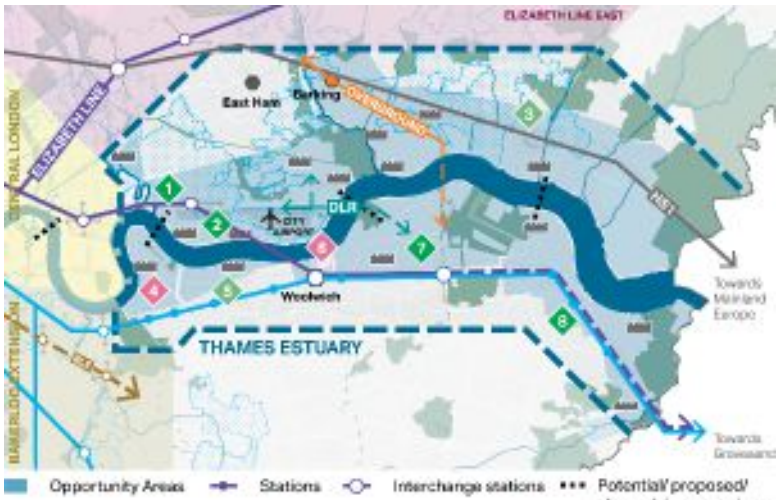
[63] https://www.meridianwater.co.uk/

Fig. 86. Local London Opportunity Areas: Elizabeth Line East North Growth Corridor



Source: GLA Planning

Fig. 87. Local London Opportunity Areas: Thames Estuary Growth Corridor



1 Poplar Riverside OA
9,000
3,000

2 Royal Docks and Beckton Riverside OA
30,000
41,500

3 London Riverside OA
44,000
29,000

4 Greenwich Peninsula OA
17,000
15,000

5 Charlton Riverside OA
8,000
1,000

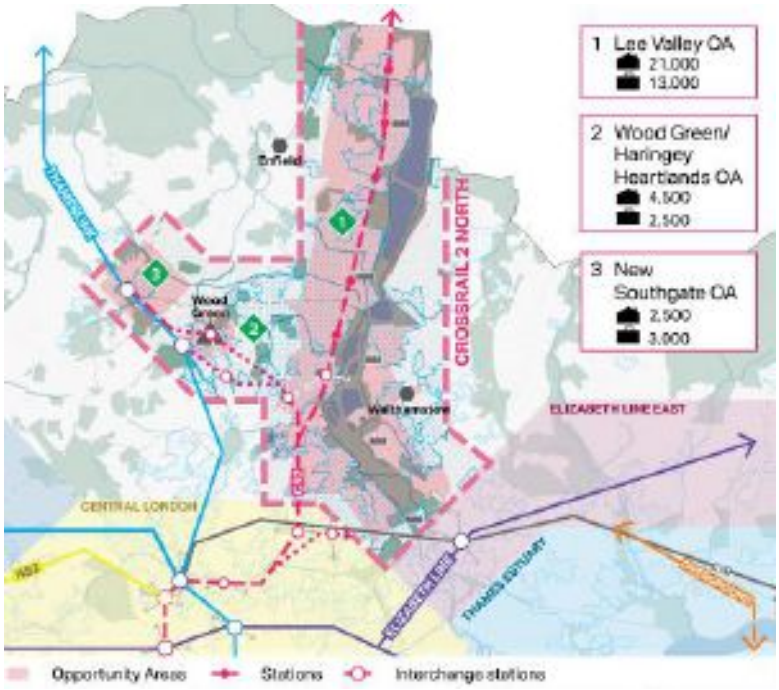
6 Woolwich OA
5,000
2,500

7 Thamesmead and Abbey Wood OA
8,000
4,000

8 Bexley Riverside OA
6,000
18,000

Source: GLA Planning

Fig. 88. Local London Opportunity Areas: Crossrail 2 North Growth Corridor



Source: GLA Planning

5. CHALLENGES & OPPORTUNITIES

5.1 OVERVIEW

At the end of Section 2 we set out the main Challenges and Opportunities that emerge from the various local policy documents that we have reviewed. In this section we offer some further thoughts, which build on those and on the evidence base in Section 4 (and to a lesser extent in Section 3).

5.2 PEOPLE

As we suggested in Section 4.4, Local London has a **young population** and one that is growing fast, due to a combination of 'natural' growth and inward migration. Furthermore, educational standards are rising, due to a mix of rising school and college achievements, plus the fact that new residents moving-in tend to be relatively well-educated, and hence raise the average. This combination of population growth and rising qualifications is desirable in itself, but is also a great marketing opportunity, to help attract employers and entrepreneurs to the area.

However, there are two main challenges.

First, despite the points just made, the workforce is less highly qualified than elsewhere in London (see Section 4.3). For people who are in stable secure employment, that may not be a serious issue. But stable secure employment is becoming less common through time, with jobs that once seemed destined to last indefinitely becoming liable to disappear. Reasons include globalisation, robotics and the squeeze on public sector employment. Unless such people can be equipped with new qualifications, they are likely to find it difficult to secure new jobs, even when work is available– or perhaps more likely, they will find work but only at wages that make in-work poverty a real threat. That drags down the spending power of local neighbourhoods, which then impacts on local businesses and the quality of place.

Second, in some cases even those who are relatively well qualified may lack the kind of work experience, business and cultural awareness and employability skills that potential employers, particularly those in the private sector, seek. This reflects Local London's low participation in those sectors of the economy that have been and are likely to be the most dynamic is more likely to be true of young people brought up in communities that are less-advantaged and less-affluent than the London average (see Section 4.3). It is therefore possible that in Local London, the statistics on qualifications give a rosier picture of people's twenty-first century skills than the reality.

5.3 BUSINESSES

We noted in Section 4.5 that an important feature of the Local London economy is that there are few very large private sector employers within the area, and (with some important exceptions) few companies large or small that are primarily focused on national and especially global markets. In that sense the name 'Local London' fits the area well.

For many Local London residents who choose to live in the area while commuting to work elsewhere, usually in central London, this is not a problem, and the same may be true for many of those working for employers serving local markets and communities. However, the prosperity of communities across Local London would be higher if there were more successful local companies based **inside** but selling **outside** the area, and hence bringing income into it. That is especially true if those companies employ local residents, but is also the case even when people commute into Local London to work and spend there.

One way of addressing Local London's business deficit is for Local Plans to protect employment land. There will always be a role for this and indeed all of the plans described in Section 2 make such provisions. Going forward, however, the protection of industrial land will become less important relative to a) creating new twenty-first century industrial districts and b) promoting office-based employment.

This is partly because forecast employment growth is biased towards the service sector (see Section 4.2) but also because manufacturing itself, and also other industrial sectors such as warehousing and logistics, will continue to become much less employment intensive. And regardless of sector, those jobs that will be available in future will increasingly divide between highly-skilled and highly-paid office-based professional and managerial occupations, and low-skilled, low-paid manual work.

Equally, the **promotion of office-based employment** is not simply about making space available, because if the offices only replicate what is available elsewhere, then those locations elsewhere in London or beyond that already have high densities of office-based employment will tend to win most of the marketplace competitions. So new developments need to be distinctive.

While that has many aspects, three are key:

- First, there needs to be intensive proactive recruitment of inward investors. In time success will become self-reinforcing, but an inward investment agency of some sort always needs to get the process going.
- Second, companies like to cluster with other similar firms, including but not confined to firms in the same supply-chain. As we noted in Section 2 the government's Industrial Strategy identifies four main societal challenges that the strategy suggests will offer the greatest opportunities for UK businesses. So one approach that partners across Local London may wish to adopt is therefore to focus on one or more of those, and seek to achieve a degree of scale, locally, so as to tap into a broader national growth dynamic.
- Third, quality of place and connectivity will be very important aspects of any competition. Local London has some clear advantages here. But honestly, so too do other places.

Clearly the various **Opportunity Areas** within Local London, identified in Section 2.2, are very important in this regard. Their success to date has been genuine but not yet overwhelming, with some relying on public sector employers to take-up space, and others seeing lower than hoped-for

occupancy rates. More needs to be achieved, to build on the start already made. And this is clearly difficult in a period of modest economic growth overall (Section 3.2).

There is also another possible avenue. Of those who commute-out from Local London, a significant number are people who work in the professions or for sectors such as advertising and consultancy, in which micro-sized businesses and sole-traders are common. It is conceivable that some of those residents might consider working at or near to home, if their local neighbourhoods are sufficiently appealing, the premises are available, and if the transport links make it possible to travel to meetings when necessary. A strategy of seeking to increase employment locally in neighbourhoods that are primarily residential may therefore have a role to play. Once again, if success occurs it is likely to be self-reinforcing, and in a fundamental sense would tend to boost both sustainability and inclusiveness. This could be an interesting way to respond to some of the agenda for outer London densification that the Draft New London Plan contains and that we mention in Section 2.2.

There is also likely to be an issue with respect to business support more generally across Local London. The fact that productivity is low is a clear marker that many businesses are performing below-par. Many agencies play a role here, as do local colleges and universities, and some private sector organisations; there may be a case for considering how well these all work, and how their local impact can be raised. (We return to this in Section 6 below.)

5.4 LOCAL PLACES

A recurring theme, first identified in Section 4, is that a large part of Local London comprises long-established **residential areas**, characterised by high levels of commuting, plus large numbers of people who work for employers that tend to serve local markets and communities, but typically at below-average wages.

As we noted in Section 4, over a quarter of the population of Local London live in the 20 percent most deprived parts of the country. This is associated with higher than average levels of poor health, over-crowding and anti-social behaviour. It is also associated with low average wages for those in work (see Section 4.3).

While the direction of causation flows mainly from economic success to social conditions, the reverse is also important. People who live in households and neighbourhoods with multiple challenges are less likely to be successful in the labour market, even when they have the necessary qualifications and related attributes. Tackling deprivation and raising the quality of the local lived environment in Local London are therefore likely to raise economic performance, as well as vice versa.

However, the ability of public and voluntary sector partners to address these issues has been constrained since 2008 by austerity measures, which continue to have an impact today on local government finances and which are likely to persist for many years going forward. That has two implications:

- It makes it all the more important to promote economic growth, and especially growth that is sustainable and inclusive; and
- It creates a consequent challenge for partners to discover the most cost-effective ways of addressing deprivation and raising the quality of local neighbourhoods.

Nevertheless, as we make clear in Section 4, deprivation within Local London needs to be seen within the broader context, and should not be exaggerated. The majority of Local London residents have incomes and living standards that are similar to or higher than the averages for both London as a whole and England's other cities. Local London provides homes for a significant diversity as well as a large share of the capital's population, including many who are highly skilled. So Local London provides a large labour force that is available both for employers across the capital and for any high growth employers considering locating within Local London, as well as for those already located locally.

Even so, the quality of place is variable, and when it is high, external awareness of that may not be as high as it could be, compared with some of the better-known boroughs, particularly in south-west Outer London. There is a consequent need to maintain and gradually enhance all areas across Local London, but also a need to raise external perceptions of what Local London offers.

Particularly advantageous is Local London's abundance of open spaces. As we mentioned in Section **Error! Reference source not found.**, there are several significant parks, including the Queen Elizabeth Olympic Park and the Royal Park at Greenwich, together with a substantial share of London's Green Belt. Again, awareness of this probably lags behind reality, and in some cases the reality may also lag behind the potential. Making more of Local London's green spaces has a contribution to make in attracting people and businesses to the area, and hence raising the performance of the Local London economy.

Also important to the quality of place is the quality of the many town centres that are to be found within the Local London area. These need to be of a standard that matches those in other parts of London, if the area is to compete for people and businesses. Maintaining and enhancing town centres goes beyond seeking to protect retail space within the planning process – indeed doing so may sometimes be counter-productive, if it flies in the face of underlying economic forces, and results in premises being under-utilised or indeed not used at all.

Indeed, at a time of significant technological and cultural change, now is a good time to rethink the purpose and structure of town centres, so that they too can help to attract people and businesses to the area.

In that context the Mayor's proposal for Strategic Outer London Development Centres, as set out in the Draft New London Plan, provides an incentive for partners within Local London to take the lead in developing new models for the town centres of the future. The way in which these are currently presented in the Draft London Plan suggests that the GLA envisages these as primarily meeting the needs of central London, by facilitating commuting, rather than being part of a positive strategy for enhancing local areas. But Local London

partners can take the lead in developing ideas for enhancing the 'suburban' living experience, in a way which works both for existing residents and businesses, and for those who might wish to move into the area. That should include addressing the challenge of raising densities (as asked for in the Draft Plan) while enhancing rather than undermining the character of local neighbourhoods.

A closely related issue is transport accessibility. We listed in Section 4.7 the major transport infrastructure assets that are already in place, being introduced or that are under discussion. But in an area as geographically large as Local London, the reality is that many places are some distance from tube or rail stations (see Section 4.7). For that reason alone local transport links, particularly public transport but also for example cycling facilities, are important, so that residents can access opportunities outside their locality. Equally, however, local transport links matter in terms of accessing local employment and other opportunities (such as education).

Overall, therefore, there are three strong messages.

- First, transport infrastructure matters a lot, and not only with respect to commuting into central London, because local residents need to be able to access opportunities wherever they emerge.
- Second, qualifications and skills also matter a lot, and for the same reason.
- Third, quality of life, quality of place and cultural and 'fun' experiences are all vital, because Local London is very much a place where people live – often for much or all of their lives.

5.5 MAJOR REGENERATION PROGRAMMES

While Local London is mostly traditional residential neighbourhoods, it is not only these. On the contrary, as Figures 86 to 88 illustrate, these primarily residential areas are bisected by very significant tranches of land, earmarked for or already experiencing **radical regeneration**. These Opportunity Areas are mostly ex-industrial, or former docks, or distribution sites, or in some cases they are sites that continue in such uses, but which look vulnerable, and which therefore justify attention.

Within Local London there is a particularly large concentration of almost continuous opportunity areas running north-south down the Lea Valley and then from west to east along both banks of the Thames as far as Dagenham. Collectively these represents a single area with a multitude of strategic assets, discussed in Section 4, particularly 4.8.

These strategic assets are located amidst several new and often large residential and commercial districts. Between them, these sites account for very large numbers of new homes and employment sites, accommodating perhaps 200,000 homes and 200,000 future jobs respectively. But the assets themselves are in many cases not well-integrated into those residential and employment sites, nor to other nearby areas, but tend to feel somewhat isolated by London standards. As a result the opportunity for 'agglomeration gains', 'spill-overs' and 'synergies' of the sort that London is very good at is not as great as it might be.

So one of the roles of the Growth Business Plan might be to think about how to maximise the integration of Local London's great strategic assets into their local communities and economies.

In this context it is striking that the proposed regeneration corridors that feature in the Draft New London Plan all radiate out from central London, and seem to be very much about linking the centre to the periphery. In contrast the Opportunity Areas within Local London transcribe an arc that cuts through and potentially unites the Local London area.

Partners may therefore like to consider whether they want to suggest that Local London offers a complementary economic geography to that set out in the draft New London Plan, with a large sweep of regeneration areas running from north-west to south-east, and that is not only dependent on direct links to central London for their success.

Clearly the River Lea, and below it the Thames and then the Royal Docks, provides a physical link within this arc, and it is possible that much more can be made of these waterways (perhaps as part of a larger scheme for better use of the city's rivers). But there may also be scope for improving other underground and surface transport links, to better connect the Upper Lea Valley, Stratford, the Lower Lea, the riverside and docks out to Dagenham. Mooted schemes such as the extension of the DLR to Thamesmead (and Abbey Wood) would come under this heading, but other possibilities may also exist.

Just as important as physical links are less tangible ones. There is likely to be scope for enhancing business clusters and supply-chains within the regeneration arc, to the benefit of local SMEs, and also for stronger university-business links, and indeed for an overall inward investment strategy and an agency to deliver it. These points therefore replicate those already made in the context of business support.

Equally, if success for the opportunity areas relies on attracting companies and sectors that can compete successfully in national and global markets, then that means in turn that the people who take the jobs must themselves be globally competitive. That raises a real challenge: to deliver the regeneration in a way that engages and provides opportunities for local people, and that equips those people with the requisite skills. But only by doing so will Local London become an area that is inclusive and sustainable, and that works for the benefit of local communities and not just for London as a whole.

The implications of this include:

- An increasing number of residents will need to develop skills and gain qualifications that allow them to access the new higher-skilled jobs being created within Local London, and not just higher-level jobs outside Local London or lower-skilled jobs within it.
- Similarly, while transport infrastructure must meet the growing needs of those who commute out, it must also facilitate improved movement within the Local London area.
- And inward investors, new business start-ups and also new residents must all be attracted to the various regeneration areas. These attractions should not be confined to just their new immediate surroundings, but should also include all that the Local London area offers them: by way of quality of life, quality of place and quality of experience. The entire Local London offer therefore needs to be an attractive one, and not just its individual isolated elements, if the full potential of the area is to be realised.

5.6 MAJOR TRANSPORT SCHEMES

There is no doubt that the opening of the Elizabeth Line in 2018 and 2019 will hugely benefit several parts of Local London, improving journey times, reducing congestion, and acting as a catalyst for local regeneration. The new line represents one of the most important opportunities for residents and businesses in Local London.

Other important developments already underway or approved include the Expansion of London City Airport. As noted in Section 4.8, the airport probably does not currently have the impact on the Local London economy that it might have. The potential here will be enhanced following the airport's planned expansion in 2021, which will enable more frequent connections to more major European business cities than at present. If high value-added companies were to locate in for example Greenwich, the Royal Docks or Stratford, or indeed in Dagenham, they could easily service customers across mainland Europe's major business centres, while also having excellent connectivity to other parts of London and to Heathrow Airport (for long-distance destinations) thanks to the Elizabeth Line. A possible station at Silvertown, next to the airport, would probably enhance the airport's Local London impact.

Other developments are under consideration and could add to the transformative opportunities for Local London: Crossrail 2 obviously, but also the extension of the DLR to Thamesmead, which would significantly improve connectivity for local residents currently very dependent on work opportunities elsewhere in London but who currently suffer from poor transport facilities. Extending it further to Abbey Wood would have broader benefits. Extending the Bakerloo Line further beyond Lewisham is another example.

If pursued all of these would create opportunities, and all should be assessed on their merits. But as part of that, three issues need to be addressed:

- While new transport infrastructure generates benefits, it also has costs, certainly in the construction phase and perhaps also going forward. For example, if improved transport connectivity drives-up local property prices and rents, then local residents and businesses may be displaced. There may also be adverse environmental impacts, damaging sustainability.
- The benefits of different schemes are often linked, and may be under-estimated or treated in isolation. Transport improvements should be assessed in terms of their combined effects, not separately. If funding is driven by competition between schemes, then too few or the wrong projects may be approved. That strengthens the case for partners across Local London to work collaboratively rather than individually.
- Similarly, the benefits of strategic transport improvements may decay rapidly with distance from the stations or interchanges that are built, unless local connections and infrastructure are improved too. So inclusivity may be weakened, not strengthened. This replicates the point made above about many parts of Local London currently having poor transport connectivity despite there being several strategically important routes through the area. This is literally about 'going the extra mile'.

5.7 GAME CHANGERS – THE CHALLENGES

The opportunities for Local London are mostly specific to the area; the challenges are more generic. We therefore do not dwell on them in detail here, other than to make the following specific remarks:

- The probability is that **Brexit** will reduce the growth rate of the UK, and of London in particular. In terms of impacts on Local London, it is likely that the area's trading relationships with the EU are weaker than in many parts of London, with the Dagenham engine plant a prominent exception. However, in terms of attracting inward investment the opposite may apply, simply because Local London accounts for such a large share of London's potential. Areas such as Stratford, the Royal Docks and indeed Dagenham may not attract as much investment going forward as they would have done without Brexit.
- At the global level **Robotics and Artificial Intelligence** are unlikely to be threats to jobs overall, but at the local level they are likely to be a more specific threat to some jobs.
- Another **global financial crash** is not our central forecast, but clearly it is far from impossible. If it occurred a major impact on Local London would be a sharp falling-away in funding for regeneration, both public and private sector, as investors retrenched.
- **Austerity** is likely to be less of a problem going forward than in the aftermath of the previous Global Financial Crash, but equally it is unlikely to be unwound. This acts as an inevitable constraint to many of the ambitions that partners might have, and may mean that opportunities go unexploited, and even that developments such as Crossrail 2 have to be delayed or even abandoned.

The overall consequence of these four 'game changers' is that Local London partners cannot take for granted that opportunities will materialise, nor that they will be sufficiently promoted by others, who will have their own priorities. That in turn suggests four points:

- There is a need to speak-up for Local London, both in conversations with national and London governments, and in marketing Local London to potential investors, and indeed there is a need to ensure that potential investments are actually landed.
- In constrained circumstances there is little scope for error. Any interventions that are proposed and funded must be based from the outset both on knowledge of local economies and communities and how they link to one another, and also on robust independent evidence of what works. We consider this further in Appendix 2.
- Where possible Local partners need to have ongoing stakes in projects, partly to increase their own commitment to success, partly so that gains can be recycled locally, and partly to insulate them to some extent from wider events. This is central to the issue of Devolution, discussed in Appendix 3.
- Progress needs to be tracked, and publicised, and failures (there always are some) recognized. We look at Key Performance Indicators in Section 6.

6. KEY PERFORMANCE INDICATORS

6.1.1 General principles

In this report we have presented a wide variety of evidence on the performance of the Local London economy and where we think it is heading.[64] And there are many other indicators that we could have included, had space permitted.

There is a consequent issue of whether it would be useful for the Local London Partnership to establish these or other measures as 'key performance indicators'. We believe that there is merit in doing so, but that before getting into the detail, several over-arching considerations should be addressed.

First, which of the following is to be measured:

- The inputs of, or resources allocated by, the eight boroughs (for example, spending on supporting SMEs)
- The outcomes of such activity (for example, FE students gaining particular qualifications)
- The performance of the economy itself (for example the unemployment rate)

Our advice is that at this stage the first and probably the second of these are issues that lie within the domains of the eight boroughs individually, and that it is not appropriate to look for any standardisations of these until after the third has been agreed and 'bedded-down', if at all.

Second, which of the following is to be measured:

- The absolute level of any indicator (for example, the number of people in work)
- Change through time, and if so over what period
- Performance relative to London and/or the UK (for example, share of total London business-starts)

Our advice is that all of these matter, and that it makes sense to be pragmatic and flexible over which is stressed. The absolute performance on an indicator may be better or worse depending on how London overall is performing, and the sensible approach is to realistic and honest about whether over- or under-performance on that measure has reflected local or regional factors.

Third, how many indicators to include, and whether to aggregate them together into just two or three composite indices. On the first of these it is a judgement call – too few indicators and the result seems over-simplistic, too many and it appears confused. A compromise is to have a small number of headline indicators and a larger number of supporting indicators. On the second part, we advise against composite indicators – they reduce the amount of information available to the audience, without giving any obvious increase in clarity.

[64] Further discussion on the policy interventions that are most likely to work in addressing these opportunities and challenges is provided in Appendix 2.

Fourth, whether these are to be just monitoring indicators or targets. This is really a matter to be addressed within the Business Growth Plan, but if there are to be targets, then the point about having headline measures which are used as targets plus a larger number of supporting measures is all the stronger.

Fifth, whether any Local London indicators need to align with any already being used by the eight boroughs, and/or with those used by pan-London organisations (especially but not only the GLA), and/or those used nationally.

To some extent this fifth consideration requires a political decision which goes beyond our remit. However, a useful approach might be to decide whether the ambitions for London that are set out in the Mayor's Draft Economic Strategy (see Section 2) are ones that the eight boroughs can broadly endorse, and if so to use those as a starting point, but supplement them with measures that capture the major challenges that this Evidence Base suggests Local London faces.

Sixth, there are more technical issues about how quickly indicators are available, their frequency and reliability. For example, the Claimant Count measure of unemployment is published speedily and is reliable and rarely revised, but nowadays tends not to capture very well the total number of people who want to work but are not working. The Labour Force Survey measure is better at picking up the many people who think of themselves as unemployed but who do not claim relevant benefits, but it is a small sample and often gets heavily revised. An extreme example is that adult life expectancy rates are not as useful as infant mortality rates as short-term indicators, even though they have their own importance. These are questions to address at a later stage of your process of putting together a Growth Business Plan, once you have established what your objectives are.

6.1.2 Particular indicators to adopt

In the light of the above, the table below sets out as a first 'sighting shot':

- The objectives that the Mayor has adopted, plus
- The major challenges that we have identified in this Evidence Base

And it considers how they might be measured.

Fig. 89. Indicators

Mayor's ambition	Example measures
1. Londoners are living healthier and happier lives.	Rates of long term illness or disability
2. Living standards are improving with real incomes growing year-on-year.	Wages
3. London has a fairer and more inclusive economy.	Gender pay gap
4. London is a more affordable city to live and work.	House price-earnings ratio
5. Londoners who want to work, and are able to, have access to quality employment	LFS unemployment/Claimant Count Productivity gap
6. London has the most talented workforce in the world.	Qualifications
7. London is a global leader in innovation and creativity	Employment in key sectors R&D spend
8. London is the world capital for business, trade and investment.	Private sector employment as % of total Inward investment attracted London City Airport passenger numbers
9. London is the best city in which to start and grow a business.	Business starts Business survival
10. More people are walking, cycling and using public transport to travel, helping London to grow sustainably.	Carbon dioxide emissions estimates London Travel Demand Survey
11. London is one of the greenest, cleanest and most resource efficient economies in the world.	Public green space area per capita
12. London has the highest productivity among global cities.	Productivity overall & by sector
Key Local London challenges	**Example measure**
Low share of high growth, high productivity sectors	Key sectors as a share of London total
High incidence of poverty	English indices of deprivation.
Huge regeneration needs in a period of austerity	Businesses & jobs created in the Opportunity Areas
Local transport connections	% of residents working within Local London
External awareness of Local London's assets	Inward investment enquiries

Source: Oxford Economics.

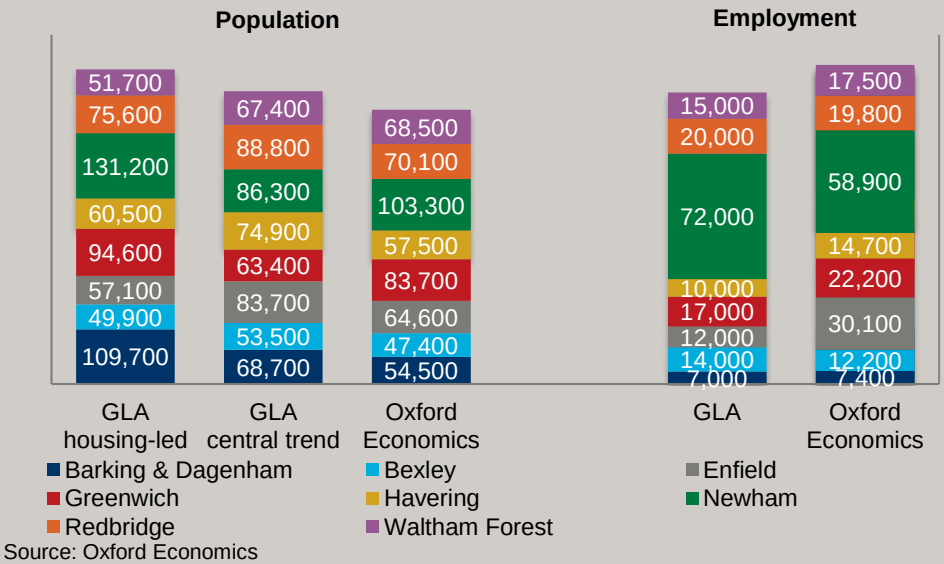
APPENDIX 1 GLA & OXFORD ECONOMICS PROJECTIONS

OVERVIEW

The Mayor's Draft New London Plan is based on projections for London's population and employment that are lower than our most recent Oxford Economics forecasts. However, we also assume a different distribution of growth across boroughs; while our forecasts assume higher employment across the Local London boroughs, our population estimate is lower. In addition, the Draft Plan sets housing targets that are significantly higher than our own projections, as we noted in Section 2.2.4.

Figure 90 compares the GLA's projections or targets for population, employment and households in the eight Local London boroughs with our latest Oxford Economics forecasts. It can be seen that the GLA population estimate, of 587,000 additional residents from 2016 to 2041, is 37,000 (or 6 percent) higher than our forecasts. Across London however, we forecast the population to increase by 1.93 million over this period, an increase 62,300 higher than the GLA estimate. However, for employment the GLA projection of 167,000 additional jobs over this period is 16,000 (or 9 percent) lower than our forecasts.

Fig. 90. Population and employment growth, GLA projections and Oxford Economics forecasts, Local London boroughs, 2016 to 2041



Source: Oxford Economics

In this annex we seek to explain these differences between our own views and those of the GLA.

OVERALL FORECASTING APPROACHES

Oxford Economics and the GLA adopt different approaches to forecasting the London and London borough economies. The GLA approach tends to lean heavily on historical trends to inform the forecast, while Oxford Economics use a suite of econometric models, expert judgement and assumptions about the impact of key economic events such as Brexit, to forecast future performance.

In particular, Oxford Economics adopts a 'top-down' econometric forecasting approach, whereby the UK national forecast is set first, followed by regional (London) and local authority (borough) projections. This is to ensure international and national factors, such as the strength of global demand, monetary policy and Brexit, have an appropriate impact on regional and local economies, and ensures consistency with the macroeconomic outlook. Rather than assuming the London economy will grow in the UK over the forecast period, as in the GLA approach, Oxford Economics' models and economists' judgement consider how the unique structure of the London economy will influence its future trajectory, given the wider macroeconomic environment.

This process includes an assessment of how 'demand side' factors, such as London's industrial mix and strengths/weaknesses in particular industries, will support growth above or below the national average. 'Supply side' factors are also considered, such as how future population changes will shape workforce capacity and the demand for local services.

As a consequence, and as we noted in Section 3.3, Oxford Economics' models currently forecast that economic growth in London will be above the UK average over the medium to long term, as has been the case over the past two decades, whereas the GLA assume London growth will be in line with UK growth in the long term.

Nevertheless, the current Oxford Economics' London GVA forecast is comparable to the GLA's 2017 outlook, since Oxford Economics has a lower UK long run growth assumption than has been used by the GLA.

Oxford Economics also adopts a different approach to the GLA when it comes to forecasting productivity, and hence employment. Rather than assuming that historical trends will be repeated in the future, Oxford Economics forecast UK productivity as a product of investment, human capital (such as the skills of the workforce) and total factor productivity (a measure of innovation), with these national trends influencing productivity trends for London and the boroughs, and those in turn determining employment growth.

EMPLOYMENT: LONDON

The GLA total employment forecast for London is largely driven by two key factors. The first is GVA growth in London. The GLA assume this to be broadly in line with OBR long run growth assumptions for the UK, as of March 2017. This equates to London GVA growth of around 2.5% a year up to 2018, declining thereafter at an exponential rate towards 2% a year. This implies a long run growth rate averaging a little above 2% a year over the period to 2041.

The second factor is London productivity growth. The GLA projections incorporate historical productivity trends. Specifically, the average productivity growth trend between 2007 and 2016 is used up to 2018, with productivity in future years in line with the 1993-2016 trend.

As indicated above, the Oxford Economics approach is different. It is based on econometric modelling combined with judgement, and it incorporates a causal relationship in which output growth and productivity changes between them determine employment growth.

EMPLOYMENT: BOROUGHS

The GLA's approach to forecasting borough employment combines a trend-based approach with an assessment of employment site capacity. The trend-based element of this considers the historical relationship between employment in the borough and London total GVA, then adopts this historic trend in the future, and combines it with the assumption about London GVA growth.

Future employment site capacity is taken from the London Employment Sites Database (LESD) which brings together information from a range of sources including the London Development Database, Core Strategies/Local Plans and consultations (see Section 4.6.3).

In practice, the balance between these two approaches tends to lean towards the capacity numbers for central London boroughs and the trend numbers for outer London boroughs, while employment projections for Newham (and Croydon) equally weight each approach. All borough employment projections are then constrained to the London total.

According to the resultant GLA estimates, over the period 2016-2041 the Local London area will see employment grow by 23.8 percent, slightly above the London total (21.5 percent). It will continue to support approximately 13.0 percent of London's jobs in the GLA estimates. In contrast our Oxford Economics view is that London will grow faster, at 23.2 percent, and although Local London will grow only 0.2 percentage points faster (23.4 percent), the overall higher growth rate results in Local London representing a larger share (13.6 percent) of London's employment by 2041.

Within Local London, employment growth in the GLA projections is largely focussed on Newham. The borough is predicted to support over two-fifths (43 percent) of the 167,000 additional jobs across Local London, equating to a 62 percent increase on current employment levels (116,000 jobs). While representing only 2 percent of London's employment in 2016, Newham is projected to support 5.9 percent of London's employment growth over this period. By contrast, Enfield is forecast to grow at the lowest rate across the Local London area (10 percent) over this period, despite supporting the most jobs (123,000) in 2016.

In contrast, the Oxford Economics projections involve allocating London employment across boroughs on the basis that those with the highest concentrations and historically-proven competitive edge in the fastest growing industries outperform those areas which are reliant on slow growing or declining industries, and/or which are failing to succeed in faster-growing sectors. Adjustments are then applied to account for major developments where appropriate.

However, the LESD and core strategies are not used as extensively as they are by the GLA. This reflects our judgement that the development plans implicit in the database and in core strategies often do not bear fruit, and that because of how the property market works, those boroughs that appear to be the most supply-constrained often manage to achieve the most employment growth, while those which appear to have the greatest opportunities nevertheless struggle to deliver employment growth. Fundamentally, therefore, our approach is largely demand-driven, whereas the GLA approach is largely supply-driven.

POPULATION AND HOUSEHOLDS: LONDON

The GLA publish a number of population forecasts for London and the boroughs, with their central projection being utilised in the London Plan.[65] The latest round of projections, published in November 2017, provide a series of forecasts using two approaches:

- Trend projections: based purely on trends in fertility, mortality and migration; and
- Housing-led projections: which incorporate a forecast housing development trajectory provided by the Strategic Housing Land Availability Assessment (SHLAA).

While the overall population levels across London are consistent, the distribution of population change varies between these two approaches. The Strategic Housing Market Assessment (SHMA)

[65] See https://www.london.gov.uk/what-we-do/research-and-analysis/people-and-communities/population-projections for full details on the GLA population projections methodology.

uses the central trend-based projection to inform London's annual housing requirement, which alongside analysis of existing shortfalls in supply, in turn informs the borough housing targets in the Draft Plan.

The projections also incorporate assumptions about net migration (both international and domestic), and natural change. Net-migration in the future is estimated using trends recorded between 2007 and 2016. Future natural change is a function of age-specific fertility and mortality rates as set out in the ONS National Population Projections. The GLA then adopt the DCLG 2014-based household projections methodology to translate the population projections to households.

Oxford Economics adopts a similar approach to the GLA in forecasting the natural change element of London's population growth, drawing on assumptions from the ONS national and sub national population projections.

However, Oxford Economics' approach to forecasting net migration is different, as it does not rely on historical trends. In particular, Oxford Economics assumes that future levels of net migration to the UK will be lower than over the past ten years. This is for a number of reasons, but most notably Brexit, which is likely to result in a more restrictive immigration policy and narrow the growth differential between the UK and Europe and hence the relative attractiveness of the UK labour market. Lower net-migration to the UK will impact on London's population.

Furthermore, Oxford Economics' London net-migration projections, which include both domestic and international migration, are linked to the forecast for London's labour market, (relative to the rest of the UK), to capture the notion that net-migration is corelated with labour market performance. For example, migrants tend to be attracted to locations where there is perceived to be strong employment opportunities. This link ensures consistency between the employment and population forecasts.

Where housing is concerned, the Oxford Economics figures are projections, indicating what we believe is most likely, whereas the Mayor's figures are targets, indicating what he believes is desirable. Crucially, the Mayor's targets include an allowance for correcting past under-supply of housing, and implicitly assume larger than trend reductions in household sizes. The Draft Plan also assumes a doubling in the rate of completions, with an implicit assumption that there is such significant pent-up demand that this can be achieved largely by altering planning policies (including releasing industrial and public-sector land).

POPULATION: BOROUGHS

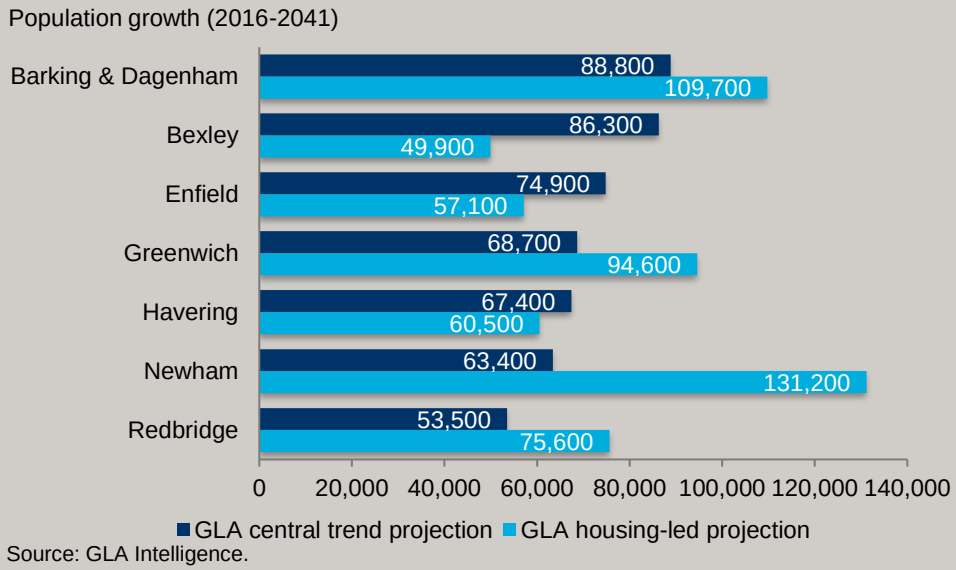
In the Oxford Economics local population forecasts, a similar approach is used to forecast the population of individual boroughs as at the London level, with natural change being informed by assumptions in the ONS sub national population projections and net migration estimated by Oxford Economics, and also influenced by the forecast performance of the borough's labour market. All borough level projections are then constrained to be consistent with the London totals.

The GLA methodology is also essentially that which prevails at the London level. Under the central trend projection, over the period 2016 to 2041, the Local London population is projected by the GLA to grow by 586,800, or 26 percent, a rate slightly above the rate for London (22 percent). Redbridge is forecast to contribute the largest share (15 percent) of Local London's population growth, while Barking & Dagenham is projected to grow fastest, at 33 percent of current population levels.

In contrast, under the housing-led scenario, the population of Local London would grow by 630,300, a 7 percent increase on the trend projection. Growth would be concentrated to a greater extent in

boroughs with a large number of Opportunity Areas, such as Newham, Barking & Dagenham and Greenwich.

Fig. 91. GLA population projections, Local London boroughs, 2016 to 2041



Source: GLA Intelligence.

In our Oxford Economics forecast we also assume that Local London grows at a faster rate (25 percent) than London (22 percent), albeit slower than the GLA projection. As a result, Local London is forecast to grow by 549,600 over the period 2016 to 2041, an increase that results in 80,800 and 37,200 fewer residents relative to the housing-led and central trend projections by 2041 respectively.

HOUSING: BOROUGHS

In the GLA methodology, and also in the Oxford Economics approach, London and borough populations are translated into numbers of households using household to population ratios from the 2014 ONS sub national population projections.

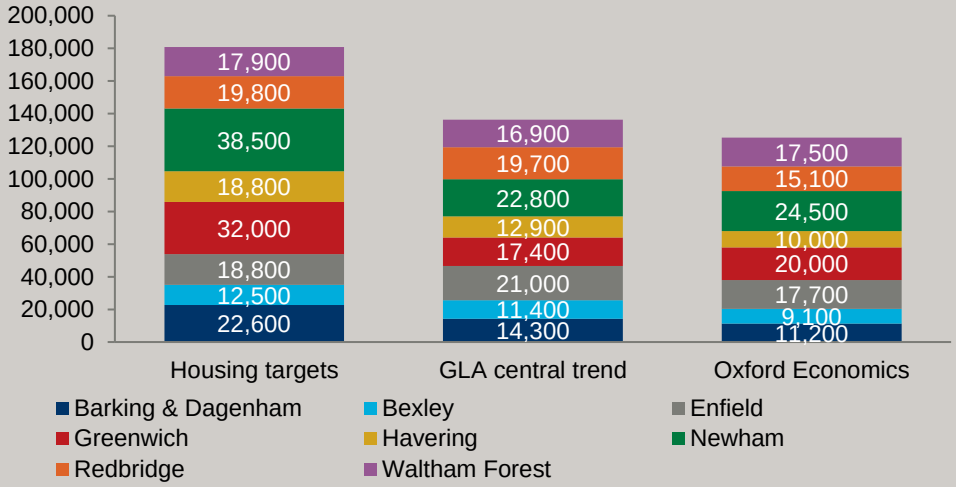
The consequence is that in the GLA central trend projections, which forecast higher population growth across Local London, also result in greater household increases. Over the period 2020-2030, broadly equivalent to the housing targets set out in the Draft London Plan (and discussed in Section 2.2.4), the GLA project that the number of households in Local London will increase by 136,300 or 15 percent, a rate slightly above that for London (14 percent).

In the Oxford Economics projections we assume an increase of 125,200 households across Local London over this period, a 14 percent increase that, as with population, is slightly above the London rate (13 percent). We assume that the number of households will increase by 11,100 fewer (or a 9 percent difference) than the GLA central trend projections.

Both the GLA and Oxford Economics projections for household growth are lower than the borough-level housing targets set out in the Draft London Plan. The GLA forecasts are 44,600 (or 25 percent) lower than the target for 180,900 net additional dwellings across Local London, while our forecasts are 55,600 (or 31 percent) lower. Owing to the relative concentration of housing targeted in the Local London boroughs, the difference is lesser for London as a whole, at 20 and 24 percent for the GLA and Oxford Economics projections respectively.

Fig. 92. Housing target and household projections, Local London boroughs, 2019/20 to 2029/30

Housing targets and household projections growth (2019/2020 to 2029/2030)



Source: Oxford Economics

APPENDIX 2 EVIDENCE ON WHAT WORKS

THE IMPORTANCE OF EVIDENCE

So if there are challenges and opportunities to address, what policy interventions are most likely to work? There are three elements to the answer.

- First, there is no magic bullet and no single solution – whether it be transport, or skills, or tourism or a revival of manufacturing – but interventions that support one another are more likely to succeed than if they are designed and delivered in isolation.
- There is clear evidence that particular types of interventions work in some cases but not in others. Since most outcome evaluations are not very robust, it is hard to identify conclusively what determines success. But what we can say is that when local areas identify their distinctive strengths and build on them, they are more likely to succeed than when they try to be something that they are not.
- There is also evidence that greater devolution of powers and responsibilities can improve outcomes, although this result is reliant on some conditions.

In the following sub-sections we look at the evidence provided by the What Works Centre for Local Economic Growth at the LSE – the leading academic researchers in this field. The list is far from complete, but it provides some evidence that may help in developing the Growth Business Plan.

ATTRACTING INWARD INVESTMENT

In the UK, attracting foreign direct investment is very centralised, with the Department for International Trade seeking to coordinate the process, and then passing on opportunities as seems most appropriate. But many local partners across the country question whether this is effective. The LSE researchers have looked at the international evidence on whether inward investment agencies, whether national, regional or local, have much impact. Their conclusions are mixed, but they leave open the possibility that a more coordinated focus on inward investment would be beneficial to Local London.

Of the five rigorous evaluation studies that the LSE researchers discovered, three identify successful outcomes, with increases in inward investment as a result of agencies' work. But in two cases the inward investment agencies clearly had no impact. Similarly, while in some cases the efforts of inward investment agencies have a beneficial knock-on impact on local business performance, including productivity, employment and wages, most of the evidence suggests that there is little or no effect of that sort, despite this being a common claim of those who argue for inward investment.

The lesson here for Local London seems to be that the effectiveness of inward investment agencies varies markedly, perhaps because some such agencies are simply better than others, and perhaps because some face unrealistically large challenges, or are insufficiently focused. Partners may therefore like to consider how well existing inward investment agencies serve the interests of Local London residents.

SUPPORT FOR NEW-STARTS: ACCELERATORS & INCUBATORS

Accelerators and incubators are business support programmes that provide packages of support to young firms to help them grow. Accelerators use competitive entry, typically targeting young start-ups aged 3-6 months, and providing intensive support for only a few months. Incubators typically use non-competitive entry and comparatively 'light-touch' support for longer-established businesses, and over longer periods. Both are widely promoted. Near East, just outside the boundaries of Local London in neighbouring Hackney, is a prominent example.

The LSE researchers found evidence that both accelerator and incubator support may increase employment and sales. And although there is some evidence that incubators may decrease firm survival, that could paradoxically be desirable, if it means that entrepreneurs recognize more quickly that their idea will not work. Similarly, length of time spent in an incubator appears to be, at best, only weakly associated with improved outcomes, but that may just mean that those firms that linger for a long time in an incubator do so because they never become strong enough to leave. The implication for Local London is likely to be that creating an incubator or accelerator is just the first step: running it effectively is just as important.

The evidence on different incubator business models is inconclusive. There is mixed evidence on whether incubators and accelerators that host firms from a specific sector are more conducive to firm survival. One study has found that not-for-profit incubators are more likely than for-profit incubators to ensure firms' survival, but that they don't increase the revenue and employment growth of the start-ups they host. So again, this suggests that firms are being helped to survive but not necessarily to grow.

The evidence also suggests that accelerators and incubators hosted-by or linked to universities are no more likely to have a positive impact on firms' sales or employment growth, but that they can increase the likelihood of obtaining venture capital funding, and also the amount of funding that firms are able to achieve. This clearly speaks to the role of the universities within the Local London area, and what they can most effectively 'bring to the party'.

There is also some evidence that firms that are headed by a member of an ethnic minority group are more likely to survive if supported by an incubator, suggesting that the support that the incubators gives can help those who face discrimination overcome any barriers. This may be a useful area for investigation. As part of Local London's focus on inclusive growth.

OTHER KINDS OF SUPPORT FOR INNOVATION

The LSE research suggests that R&D grants, loans and subsidies can all increase R&D expenditure, and innovation more broadly, but they also say that this does not always happen, particularly for those who are seeking to acquire patents (a notoriously difficult process). R&D support can also positively impact productivity, employment and firms' sales and profits, particularly for SMEs. This is particularly relevant for Local London which, with one or two prominent exceptions, does not have a strong base of large innovative firms. While providing grants or other forms of direct support may be beyond the remit of local authority partners, there may be a role in ensuring that local SMEs receive from others the support that they need in negotiating the application process.

TRAINING FOR ENTREPRENEURS & BUSINESS LEADERS

The evidence suggests that for new start-ups, receiving relevant training has a positive effect on business creation, but that it does not necessarily result in a long-run positive impact on business performance. For existing firms, however, there are positive (but moderate) effects of training on business survival, and also on profits and employment. This would seem to suggest that training schemes are more appropriate for those with existing businesses than for those seeking to set them up. However, the researchers do note that none of these studies comes from the UK and six of them come from the US. This may have affected the results. There is also an issue about how cost effective these schemes are, and there are concerns that any benefits may come at the expense of other local firms. Overall, therefore, it is important not to be unrealistic about how great the economic impact of such schemes is likely to be.

INVESTMENT IN PEOPLE & SPECIFICALLY APPRENTICESHIPS

The LSE researchers have looked at the various evaluations that have been undertaken of apprenticeships, in the UK and elsewhere. They conclude that there is clear evidence that apprenticeships improve individual skills levels and stimulate further training, and that they also have a positive effect on participants' subsequent employment – and more so than other kinds of employment training (except where such training also has an in-employment element). These are clear endorsements – although it should be noted that those individuals who do not enjoy the benefits of apprenticeships might suffer, from being 'left behind'.

The researchers also say that the effect of apprenticeships on individuals' wages is not always positive, at least in the short-run, because sometimes people switch from relatively high-paid unskilled work into less well-paid but higher-skilled work. More positively, higher level apprenticeships deliver substantially higher lifetime wages, relative to lower level ones. This implies that if apprenticeship provision is heavily weighted towards lower levels, (perhaps just to get the numbers up) then the benefits to recipients will be less than if there is a more even balance.

There is also evidence that pre-apprenticeship schemes, higher wages and subsidies all increase entry into apprenticeships. Clearly, that is also encouraging. There is much less evidence on how best to ensure that people, once enrolled, complete apprenticeships, but in general, the greater the degree of employer-involvement in the design of the apprenticeships, the better the outcomes. This again suggests that quality is at least as important as quantity.

The implication for Local London would seem to be that it is vital to make sure that apprenticeship provision meets a high standard. That goes beyond simply insisting on local providers – indeed, the researchers point out that there is no evidence that on average, locally-run schemes outperform national schemes. As a minimum there may therefore be value for partners across Local London in sharing best-practice.

SPORTING EVENTS

Culture and sport, both in terms of one-off events and major facilities, have been widely pursued as ways to help local economies – with the 2012 Games an obvious exemplar of that. Disappointingly, the LSE researchers suggest that sporting events often have little or no lasting effect on local economies. They say that impacts on wages and incomes tend to be small, and are typically limited to the very immediate locality, or to particular types of worker. And although events are associated with increases in trade and tourism, these impacts appear to be short-lived.

Permanent facilities may be more likely to produce economic benefits, particularly in terms of increased house prices, but the benefits are usually highly localised. The LSE researchers conclude that from a regeneration perspective, policymakers should fit these facilities into a broader strategy, and not rely on them alone for job-creation.

Clearly, however, the emphasis on creating a legacy from the 2012 Games was intended to address exactly these criticisms. The games acted as a hugely important catalyst.[66] That said, the need to keep extending the legacy, both geographically and through time, is a real one. As we noted in Section 4.8, local sports provision is often not impressive in the Local London area, despite the direct legacy of the Olympic stadiums and centres themselves.

CULTURAL DISTRICTS

The researchers identified a number of studies that look at the impact of cultural districts (understood as designated zones within a city, sometimes comprising little more than branding, but sometimes involving tax breaks or other incentives for artists to move into the area). Cities often use cultural districts as part of a place-making strategy, and specifically to 'revitalise' the neighbourhood in question. Examples within Local London include the new Cultural District being put into play at Woolwich Arsenal in Greenwich.

The researchers find multiple economic effects of cultural districts. In particular, growth in property values is higher in district neighbourhoods than in the surrounding areas, as are income and employment growth, and districts typically experience more highly-skilled residents moving in. But the additional jobs do not typically go to locals, and there is indeed some displacement of existing residents, probably connected to rising property prices. The reason here is that the property price effect is typically larger than the wage and employment effects. Poverty typically declines, but that too may be because people are displaced.

That all raises important questions about who benefits (economically) from cultural districts and similar initiatives. If the hoped-for effect of a district is to help local residents into work, then it is important to note that the wage and employment effects are positive but pretty small. In contrast, property owners (whether residents or businesses) experience larger gains. None of that means that cultural districts are not desirable, but that can only be part of a broader economic development strategy.

Here too, the LSE researchers note that their evidence relates to US cities and the LSE researchers acknowledge that local conditions will vary in UK cities compared to US cities. The key point for Local London is surely that Cultural Districts (or other similar initiatives) need to be undertaken with an understanding of how they can best promote inclusive growth, rather than simply headline growth alone.

PUBLIC REALM AND ESTATE RENEWAL

Public realm interventions cover a broad range of activities, from landscaping an existing park or public garden to cleaning up undesired graffiti and street rubbish, or erecting statues and improving pedestrian access to improve a town centre shopping district. These interventions create better places to live and do business, and they play a part in local governments role in maintaining and improving the public realm for their residents.

[66] Department for Culture, Media & Sport, *Meta-Evaluation of the Impacts and Legacy of the London 2012 Olympic Games and Paralympic Games: Economy Evidence Base* (London: Department for Culture, Media & Sport, 2013).

From a local economic growth perspective, policymakers typically seek to improve public realm to develop more mixed communities, in the hope that this will improve economic outcomes for existing residents or businesses, or to increase footfall in commercial areas, to improve outcomes for existing businesses.

These are reasonable aims, but the LSE team suggest that the evidence of success is (from an economic perspective) disappointingly sparse – though more because the necessary robust evaluations have not been done, than because of direct conclusive evidence of failure.

In contrast, the empirical evidence strongly suggests that public realm improvements do have an impact on residential and commercial prices and rents. In one sense this is a clear sign of success, but here too it may also be evidence of displacement of existing residents and/or businesses.

A related strand of intervention involves housing estate renewal. These programmes can lead to increases in property and land prices and rents, although not necessarily for nearby properties that do not directly benefit from improvements. But the evidence is that the programmes tend to have a limited impact on local economies, in terms of improving income or employment.

Furthermore, neighbourhood renewal does not always impact on the local area in terms of reducing crime, improving health, wellbeing or education. That implies that it works only as part of a wider programme, that tackles these factors both directly and simultaneously. The lesson for Local London is therefore that an holistic approach is likely to be crucial to success, and that it is important not to expect these kinds of interventions to have immediate and strong impacts on employment, wages and other direct economic indicators.

TRANSPORT INVESTMENTS – BETTER ROADS

For all transport projects, those that get approved do so only after long and detailed appraisals, which ought to mean that the 'wheat' is well-sorted from the 'chaff'. But the evidence suggests that this is not always the case. Some transport schemes generate many fewer economic benefits than their advocates suggest will come about.

Unfortunately for Local London, the LSE researchers have mainly focused on road rather than rail (or other) transport, so their conclusions may not be quite so relevant to Local London as to some places. Nevertheless, it is striking that while their evidence suggests that road improvements do have a positive effect on productivity and wages, they do not necessarily generate any measurable effect on the number of jobs in a local area. One reason is that while road improvements typically attract new firms to an area, the evidence is that the overall number of firms tends to stay the same, which suggests that new firms are displacing existing ones. This quite possibly involves large and very efficient corporations setting up locally, and displacing local companies (hence the productivity and wage gains).

In an area such as Local London where unemployment rates are low but so too are wage rates and productivity, that might be a desirable outcome. But from the perspective of the individual local business, it would not be so.

That implies that thinking about the knock-on effects on local businesses of transport (and other) interventions may be important to producing the best overall outcome from policy interventions.

Indeed, and somewhat paradoxically, there may be an issue for Local London to push back against some existing and even planned infrastructure. We mention in Section 4.9 that the A13

road is problematic for many residents and businesses in Barking and Dagenham, but similar remarks could be made about several other roads and indeed rail lines in the area. From a long-term perspective, interventions such as burying these assets (mooted in the case of the A13) may be as important as building new ones. Indeed, some of the proposals for river crossings raise serious questions about how much benefit the confer to local residents, and how much to traffic that is merely passing through.

APPENDIX 3 WOULD DEVOLUTION HELP?

SHIFTING POLITICAL DEBATES

The over-arching lesson from the previous section is that just importing-in policies and interventions, without thinking what their knock-on effects locally will be, is not ideal. The local ecology of businesses and people needs to be understood, and those businesses and people must be helped to adapt, if policy is to be genuinely effective.

This relates to the issue of devolution. It raises the possibility that more devolution of responsibility to the local area would raise economic performance. And indeed as we noted in Section 2, the government has a declared aim of promoting devolution – although it is not clear how much that really means, especially in the London context.

Meanwhile the Mayor is strongly advocating a shift in powers from Whitehall to the pan-London level, but again with some uncertainty about what that might mean more locally. (Not least because the creation of Combined Authorities elsewhere in England involves some powers, particularly over planning, shifting upwards from local to city-region level. This has been a condition of extra powers being devolved down from Whitehall.)

INTERNATIONAL EVIDENCE ON DEVOLUTION

We have examined the evidence on whether or not devolution raises local economic performance. The conclusions are mixed. On the downside, research by the OECD clearly shows that where city government is completely fragmented without any co-ordination, incomes and wages tend to be lower, and so is economic growth, while problems such as urban sprawl, poor transport and air pollution are typically higher, then in cities with at least some central leadership.

But there is also OECD evidence that national economic performance is generally stronger when more power is devolved locally from the centre. So while fragmentation (the number of municipalities in an area) reduces the growth rate, there is a positive relationship between the autonomy and power of those authorities and the rate of growth in their economies. And the more centralised a nation is to start with, the more it has to gain from decentralisation measures.

This is especially true when decentralisation means increased responsibility for softer factors such as education and skills, rather than hard infrastructure, and in particular when devolution relates to revenue-raising powers and not just to spending powers. The latter is likely to be because when the revenue is raised (or distributed) centrally, central governments typically set spending rules that mean that the decisions are not genuinely devolved.

This may imply that the performance of the Local London economy could be enhanced by a judicious combination of the ability to raise and retain some revenues locally, and allocate them to softer forms of economic development, within the context of overarching strategic leadership at the pan-London level. It is possible that Local London partners may want to set that as an aspiration in the Growth Business Plan.

CAN LOW PRODUCTIVITY & LOW DENSITY AREAS CATCH-UP?

Another relevant result coming out of the OECD research is that it is not the case that areas with low levels of GDP per head invariably grow more slowly than higher income ones. Their research suggests that in the period 1995-2005, almost half (45%) of all OECD economic growth was accounted for by areas that started with GDP per head at less than 75% of the national average.

This result doubtless reflects factors such as the absorption of the accession countries into the European mainstream, but that just demonstrates that less successful places can be helped to 'catch-up' – that local economies do not have to be the slave of history.

A key factor here is that successful and hence densely concentrated local areas may suffer from congestion and from costs being driven up, and that cities then have to spend hugely on public transport and other infrastructure to offset that, at high financial cost.

That means that smaller and/or less dense places may offer the prospects of stronger economic growth, but that they need to be supported by different policy interventions than those that are designed to address the constraints of the central urban areas. This in turn perhaps suggests a need for governance arrangements that are tailored to help those places improve their economic performance.

IMPLICATIONS FOR LOCAL LONDON

The relevance of this to Local London is clear: that the future of the London economy is not just about central or indeed inner London: it is also about outer London, and it is not just about the boroughs which start with the highest concentrations of high-productivity businesses: it is also about stimulating growth in lower-productivity areas.

Since Local London has both Inner and Outer elements, and more than its share of low productivity businesses, there are reasons for thinking that Local London can make a significant contribution to the London economy, going forward.

APPENDIX 4 BREXIT

Our Oxford Economics forecast for the UK economy is based on the most likely of four alternative future trading relationships with the EU, to each of which we assign a probability. The four alternative relationships are:

- 20 percent probability: the UK remains in the Single Market, so that there is free movement of both goods and people. This would also involve completely accepting EU regulations, and would probably be delivered via membership of the European Economic Area (EEA).

- 30 percent probability: no trade deal is struck, and so there is free movement of neither goods nor people. The UK and the EU would therefore apply tariffs on one another's exports, in accordance with rules set by the World Trade Organization (WTO). There might be significant regulatory divergence (which could be helpful for UK businesses, liberating them from constraints, but could also become a serious trade barrier, as well as raising non-economic challenges in terms of consumer and worker protection).

- 40 percent probability: a half-way house between the first two, with a free trade agreement (FTA) under which there would be free movement of goods between the UK and the EU, but not free movement of people. This would be similar to Canada's deal. There would also probably be initially a good deal of continuing regulatory alignment, with the UK exercising regulatory independence in theory but maybe not much in practice, although with rising divergence over time.

- 10 percent probability: the UK remains in the EU.

So we assume the third of these, and that becomes our baseline.

We also make assumptions about the UK's trading relations with third nations. One possibility is that the UK continues to participate in EU trade deals with third nations, and hence a formal Customs Union. That would really only be possible in the case of Single Market membership (and not necessarily even then), or of course continuing EU membership. So this is not the option that we expect.

Another possibility is that the UK implements a range of bilateral deals that mostly copy EU deals. This is likely, at least in the short-term. A third option is that the UK negotiates completely go-it-alone deals. That would be most likely if the UK traded with the EU on WTO terms. The overall combination of deals might be very favourable to the UK, but on balance that is not likely, at least with respect to powerful trading partners such as the US, and indeed the UK might fail in many of its negotiations and hence trade on WTO terms (which to be fair is often the case already). In addition, under this scenario alongside a FTA with the EU, UK companies exporting to the EU would need to demonstrate that their products did actually originate in the UK ('rules of origin'). This might create difficulties for some exporters.

We also make assumptions about the treatment of services. In particular we assume that 'passporting' formally ends, but that at the end of the transition period there is some kind of deal on financial services, sufficient to limit job moves from London to EU centres (particularly Frankfurt and Paris) to about 7,500, occurring over the next two to three years. We also assume that job losses from other London service sectors such as professional

services and scientific research will be similarly modest. It is possible that job losses might be much larger than this, but that is not our central forecast.

And generally we assume a transition arrangement lasting two years from March 2019, or a little more. In that period, little changes – so passporting, free movement of people, and so on, all remain temporarily in place.

All of these assumptions then impact on the broader economy, with weaker trade (in both directions) tending to reduce UK GDP growth compared with what it might otherwise be, both directly and via lower levels of inward investment and, through a feed-back mechanism, weaker productivity growth. That would worsen public finances; we assume that the government does not attempt to claw this back, and that there is no significantly adverse impact from resultant higher interest rates.

We model the impact, sector by sector, although much here will depend on whatever trade deals are struck, and on the decisions made by major private sector investors. Clearly financial and professional services, already mentioned, are very important to London. We assume no major disruption to air transport. There is likely to be some impact on manufacturing sub-sectors: within Local London the automotive and food sub-sectors may be particularly affected by Brexit. The UK government's attempts to strike sector-by-sector deals currently look somewhat unrealistic.

After the transition period we assume that international migration of working age people falls away from a recent peak of 120,000 in 2015 to about 60,000 a year. That may generate skill shortages, although a lot will depend on internal migration flows and hence on relative wages and house prices. We believe that these and other factors will reduce the growth of London, although it will still outpace the UK as a whole (albeit not in 2017 – a year badly hit by reduced business confidence).

Also important is the exchange rate impact. Sterling fell sharply following the referendum, which has been beneficial for competitiveness and trade, but which has caused higher inflation and, as a result, slower real consumer spending growth across the UK. However, the currency fall looks to be disproportionately large (foreign exchange markets typically over-react to events) and has already been partially reversed, a process which we expect to continue in 2018.

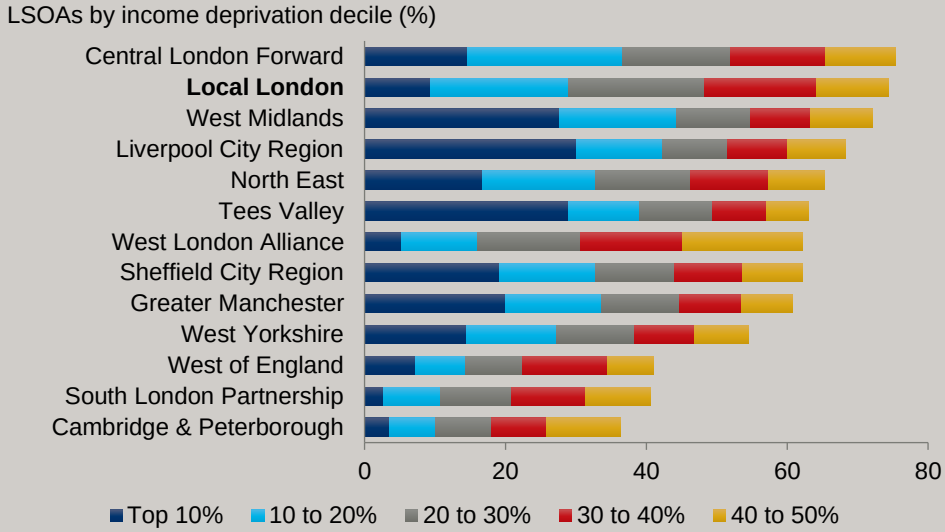
We have been revising our views as events have unfolded. At one point our 'most-likely' estimate for the Brexit impact reached a 'pessimism peak' of -3.2 percent off the 2030 level of GDP, relative to a scenario where the UK remained in the EU. However, following the Phase 1 deal in December 2017, we took the view that softer Brexit outcomes had become more likely. Our 'most-likely' estimate of the GDP impact has therefore softened, so that we now project that in 2030, UK GDP will be -2.4 percent lower than it would otherwise have been – but nevertheless between a fifth and a quarter higher than it currently is.

APPENDIX 5 DEPRIVATION DOMAINS

INCOME DEPRIVATION

The income deprivation domain measures the proportion of the population experiencing deprivation relating to low income. The definition of low income used includes both those people that are out-of-work, and those that are in work but who have low earnings (and who satisfy the respective means tests).

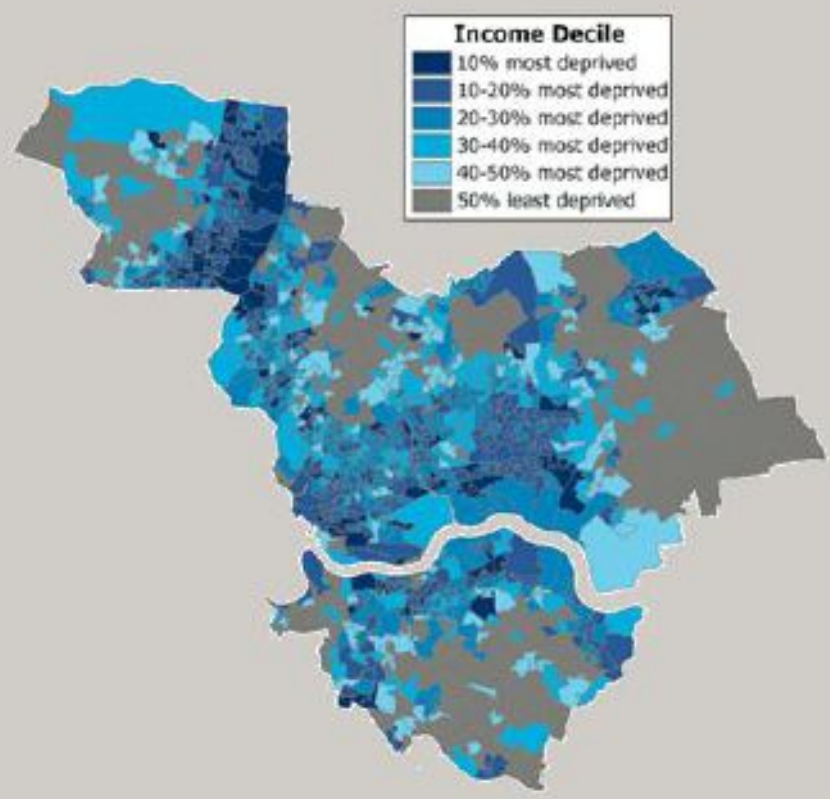
Fig. 93. Income deprivation domain by decile, Local London and comparator areas, 2015



Source: DHCLG

Analysis of this domain shows that income deprivation within Local London is concentrated within a few boroughs. It is most acute in Enfield, where over a fifth (21.3 percent) of the borough is in the top 10 percent nationally, representing over a third (34.5 percent) of these most income-deprived areas across Local London. Similarly, nearly two-thirds (63 percent) of LSOAs in Barking & Dagenham are within the top 20 percent most income-deprived nationally, while five-sixths (83.6 percent) are in the top 30 percent.

Fig. 94. Income deprivation, Local London, 2015

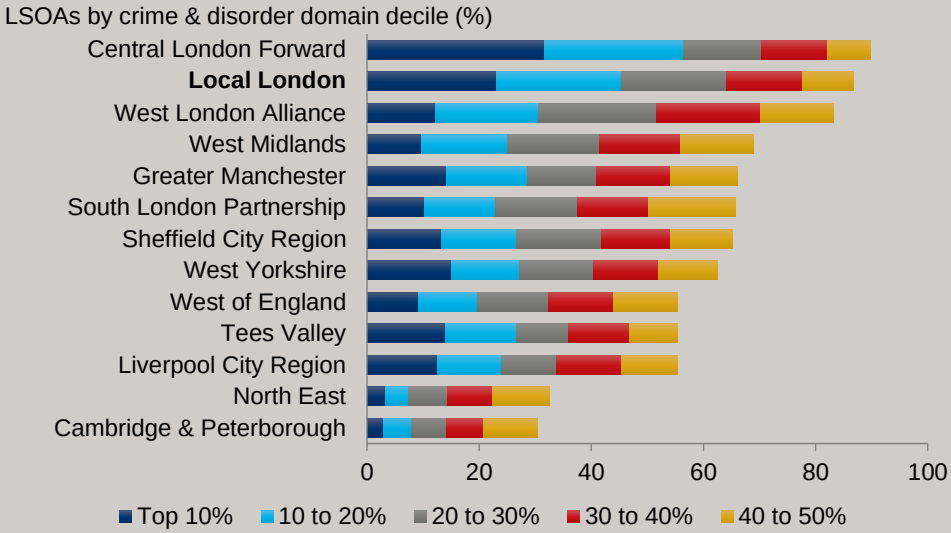


Source: DHCLG

CRIME DOMAIN

Crime is a significant driver of deprivation across Local London. The crime domain measures the risk of personal and material victimisation at local level. Almost a quarter (23 percent) of areas within Local London are in the top 10 percent most deprived by this domain, second of the comparator areas only Central London Forward (32 percent), while the proportion of areas in the top 20 percent (45 percent) and 30 percent (64 percent) are also disproportionately high.

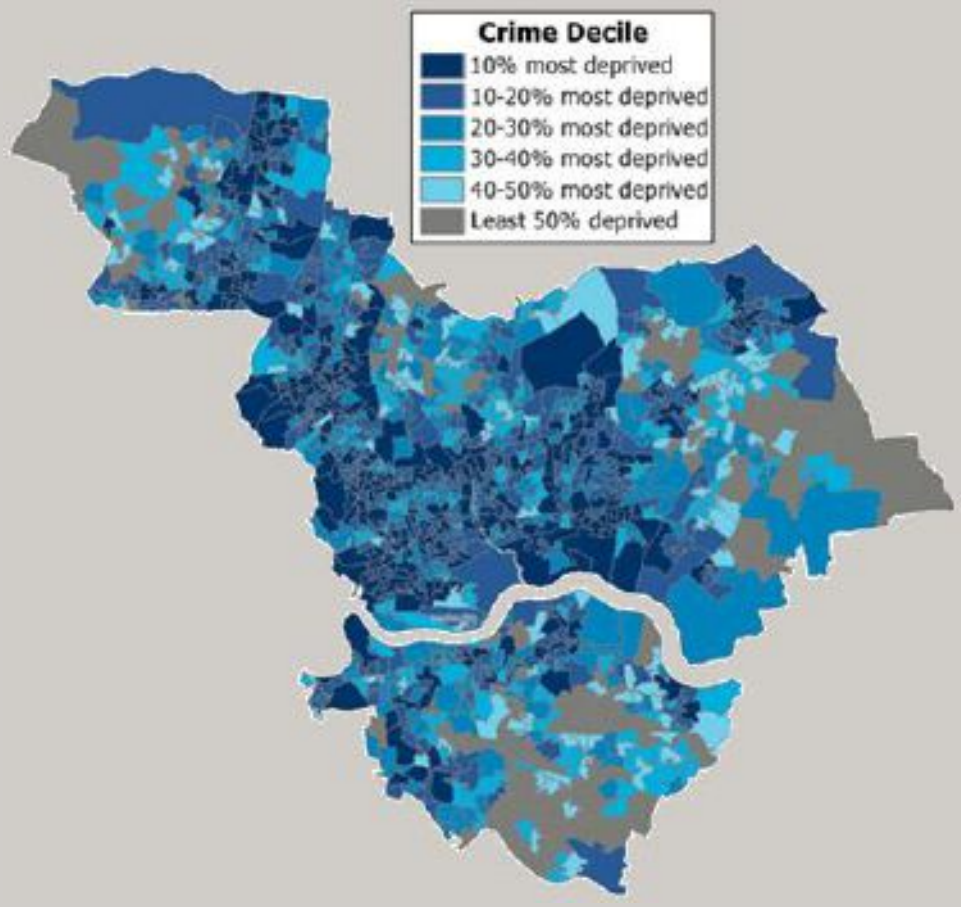
Fig. 95. Crime domain by decile, Local London and comparator areas, 2015



Source: DHCLG

The most acute crime deprivation is prevalent across most boroughs; the share of areas in the top 10 percent nationally is highest in Newham (47 percent), followed by Barking & Dagenham (43 percent) and Waltham Forest (35 percent). The majority of each of these boroughs is also within the top 20 percent most deprived nationally. By contrast, only Bexley (2.7 percent) and Havering (8.7 percent) see a less-than-proportionate share of the top 10 percent most deprived nationally across the eight Local London boroughs.

Fig. 96. Crime domain, Local London, 2015



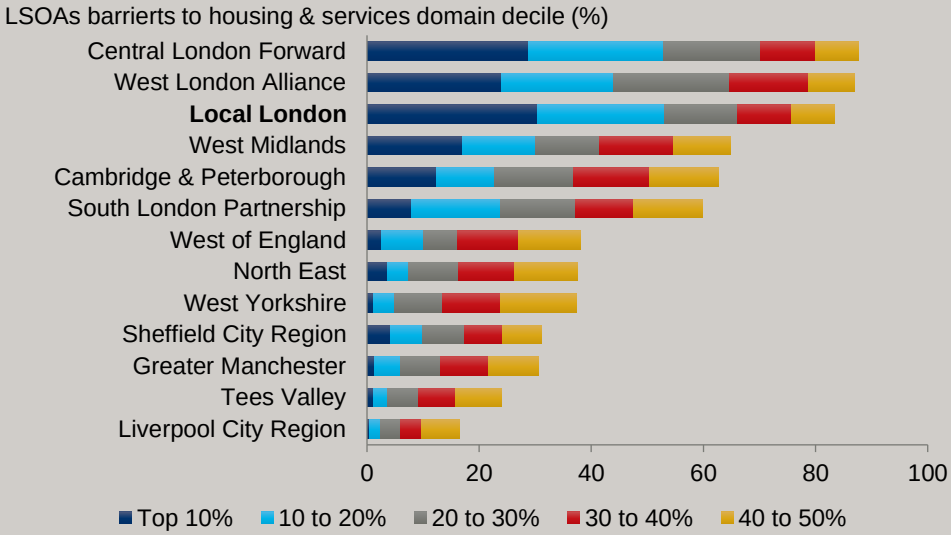
Source: DHCLG

BARRIERS TO HOUSING & SERVICES

As identified previously, the shortage of housing and its affordability are significant constraints in building an inclusive economy. The barriers to housing & services domain measures the physical and financial accessibility of housing and local services. The indicators fall into two sub-domains: 'geographical barriers', which relate to the physical proximity of local services, and 'wider barriers' which includes issues relating to access to housing such as affordability and homelessness. It provides an indication of the scale of this problem. It measures the physical and financial accessibility of housing and local services. The indicators fall into two sub-domains: 'geographical barriers', which relate to the physical proximity of local services, and 'wider barriers' which includes issues relating to access to housing such as affordability and homelessness.

Across Local London, 30 percent of LSOAs are in the top 10 percent most deprived for this domain, while a majority (53 percent) are within the top 20 percent; the highest in both instances across the comparator areas.

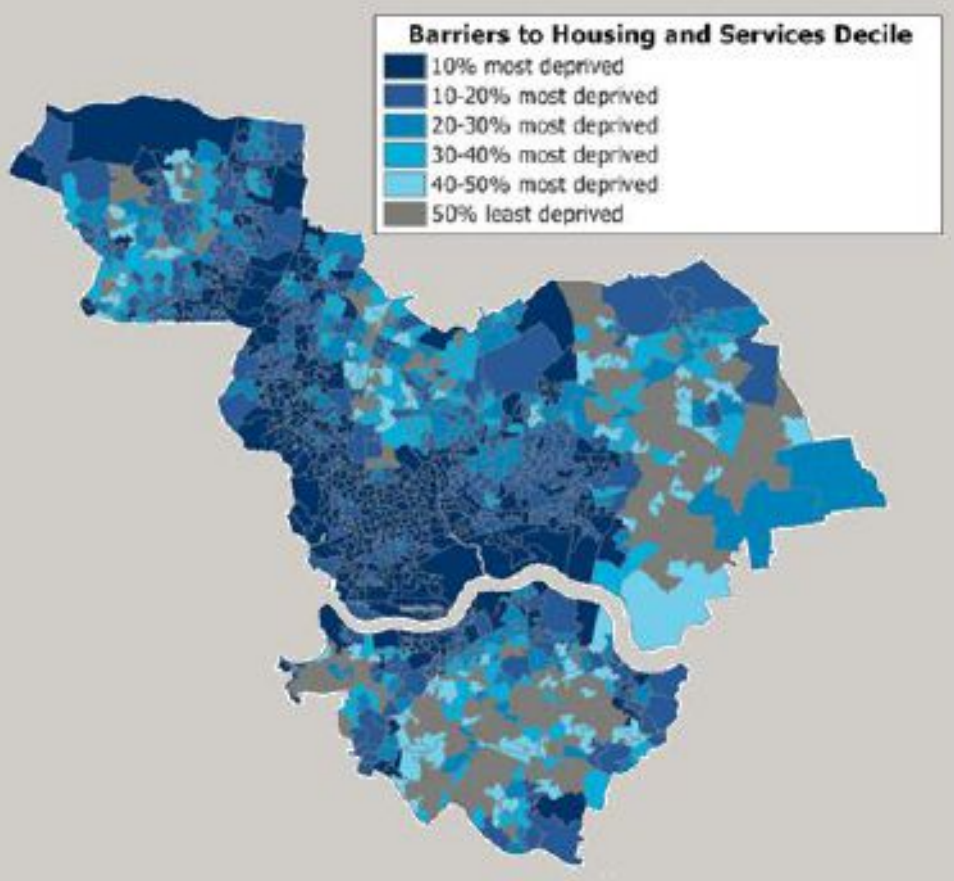
Fig. 97. Barriers to housing & services domain by decile, Local London and comparator areas, 2015



Source: DHCLG

Deprivation associated with barriers to housing & services is most severe in Newham; all LSOAs within the borough are in the top 30 percent most deprived nationally, of which all but three of the borough's 164 LSOAs are in the top 20 percent, while 84 percent of areas are in the most acutely deprived nationally. High levels of the most acute deprivation for this domain are also observed in Waltham Forest (56 percent) and Barking & Dagenham (45 percent). By contrast, of the top 20 percent, only Havering (6.7 percent) has a lower than expected share of LSOAs.

Fig. 98. Barriers to housing & services domain, Local London, 2015



Source: DHCLG

APPENDIX 6 HEALTH INDICATORS

INTRODUCTION

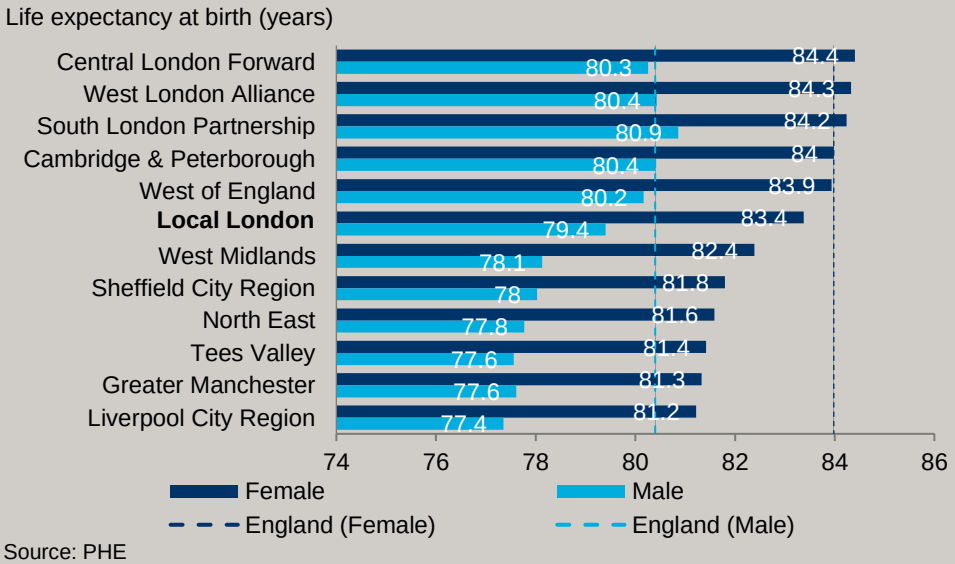
Public Health England (PHE) Health Profiles publish a range of health and wellbeing-related data.[67] The tool focuses on domains such as communities, children and young people's health, adult's health and lifestyle, disease and poor health, and life expectancy and causes of death. It provides a range of indicators relating to each of these domains at a borough and sub-local authority (Ward) level.

Building upon the recommendations of the The Marmot Review[68], a set of 18 indicators (termed the 'Marmot Indicators') have been identified to support the *"monitoring of the overall strategic direction in reducing health inequalities"*.[69] In order to evaluate health outcomes across boroughs, while identifying the particular areas with acute health concerns, we consider a sub-set of these indicators – or similar measures – for which both ward- and borough-level data is available.

LIFE EXPECTANCY

Life expectancy is a useful parameter in understanding the relative health of different areas. The life expectancy at birth for the Local London and comparator areas is presented below. The average life expectancy for females (83.3 years) is slightly higher than across England (83.1 years), although the equivalent for males (79.1 years) is slightly below this average (79.4 years). Local London ranks sixth highest for both genders within the comparator geographies, although in each instance life expectancy at birth is below the three other partnerships in London.

Fig. 99. Average life expectancy at birth, Local London and comparator areas, 2013-2015



Source: PHE

Across the Local London boroughs, life expectancy is comparatively low. Barking & Dagenham has the lowest female life expectancy, at 81.8 years, while Greenwich and Newham (82.6 years) are joint-third lowest. Bexley has the highest female life expectancy at 84.2 years. Fig. 100 presents the

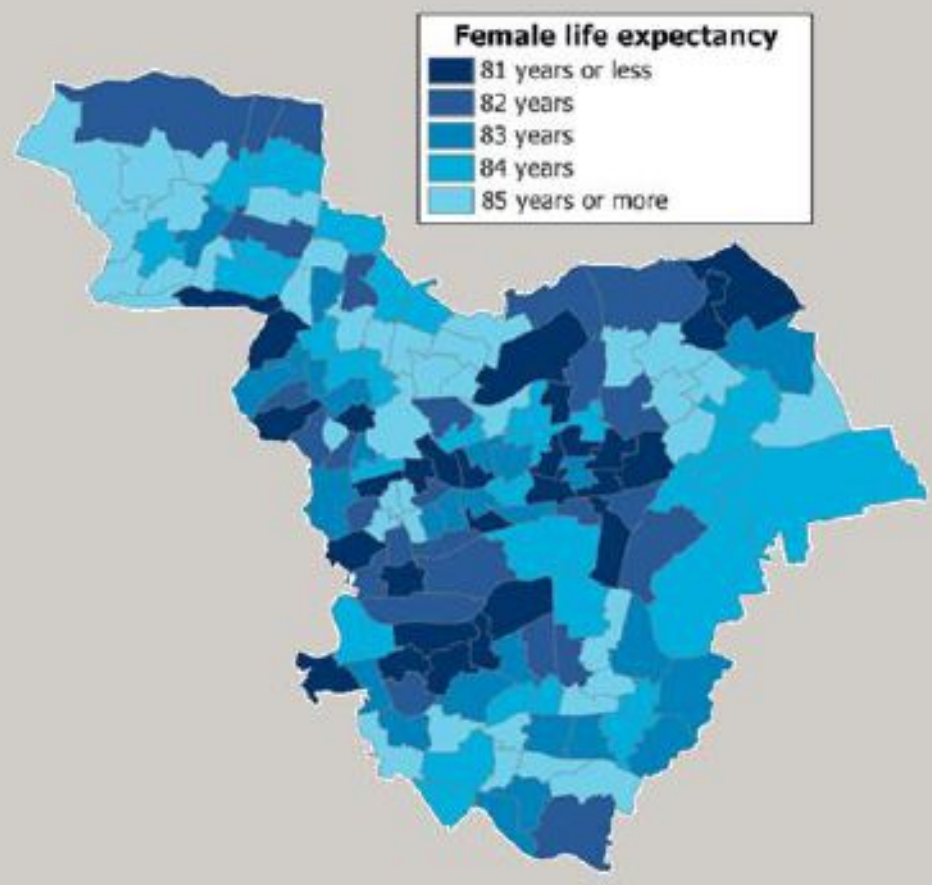
[67] Public Health England, *Local Health* (London: Public Health England, 2017).

[68] The Marmot Review, *Fair Society, Healthy Lives* (London: The Marmot Review, 2010).

[69] https://fingertips.phe.org.uk/profile-group/marmot

female average life expectancy at birth across Local London wards. Roding, in Redbridge, has the highest female life expectancy of 88.2 years, a whole year higher than the second highest, Barkingside (also in Redbridge). By contrast, female life expectancy in Thamesmead Moor, the lowest, is 78.3 years.

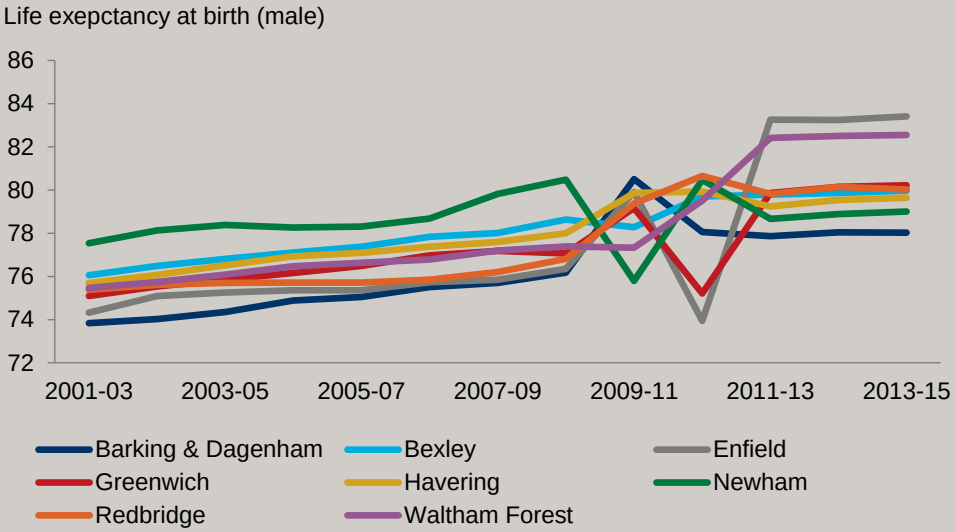
Fig. 100. Average female life expectancy at birth, Local London, 2013-2015



Source: PHE

The trend of female life expectancy is generally positive. Female life expectancy has increased most notably in Waltham Forest, where at 83.0 years in 2013-15, it is 10.2 years higher than the equivalent in 2001-2003. By contrast, the increase in Havering was only 0.2 years (to 78.6 years in 2013-15), while in Bexley, where female life expectancy at 76.9 years is the lowest across all Local London boroughs, it fell over this period, by 1.1 years.

Fig. 101. Average female life expectancy at birth, Local London boroughs, 2001-2015



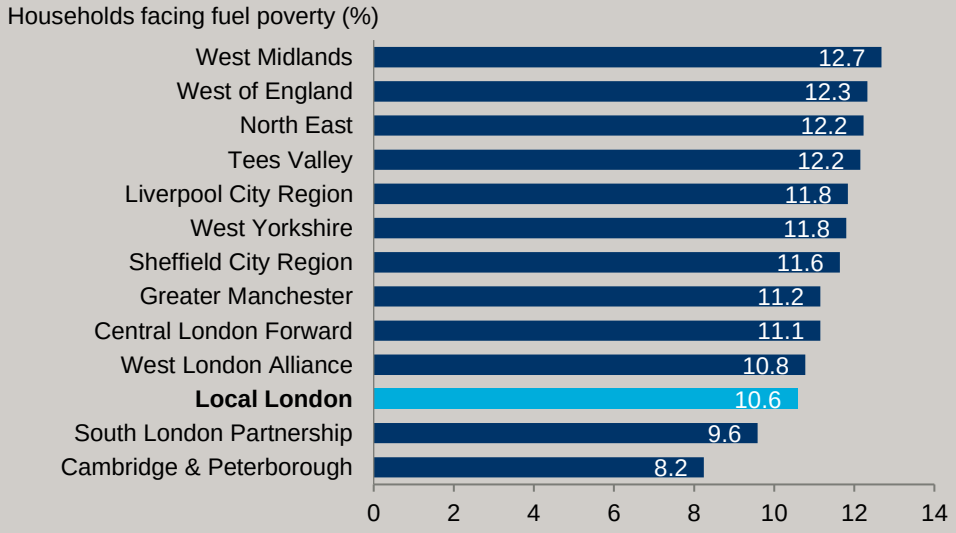
Source: PHE

FUEL POVERTY

According to PHE, there is *"compelling evidence that the drivers of fuel poverty (low income, poor energy efficiency and energy prices) are strongly linked to living at low temperatures"*, which in turn are linked to a range of negative health issues. Fuel poverty is measured as the percentage of households that have above median fuel costs, and were they to spend that amount, would be left with a residual income below the official fuel poverty line.

Local London performs relatively well by this measure. In 2014, the fuel poverty rate (10.6 percent) was the third-lowest of all comparator areas, and lowest in London behind the South London Partnership (9.6 percent). The average is also in line with both the London and England totals (10.6 percent).

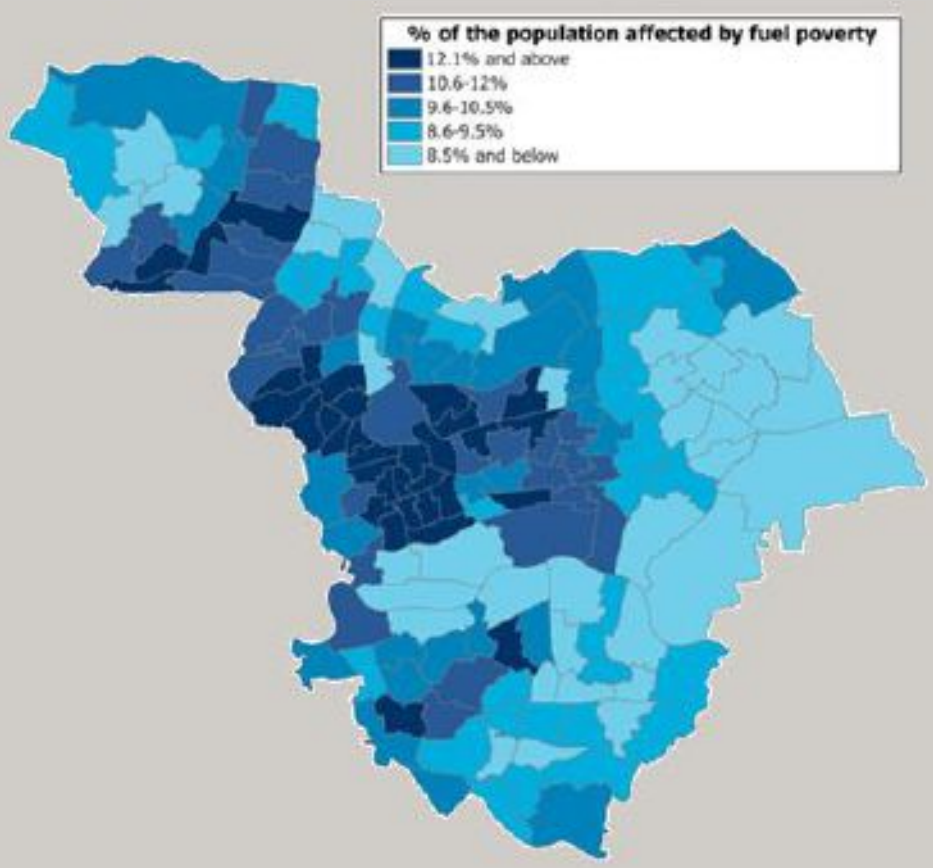
Fig. 102. Share of households facing fuel poverty, Local London and comparator areas, 2014



Source: PHE

Of the Local London boroughs, the share of households ranges from 13.6 percent (Newham) to 8.4 percent (Havering). The five wards with the highest fuel poverty rate are all located in Newham, with Green Street East the highest, at 21.1 percent. This rate is twice the London and England averages. Rates are similarly high in the East Ham North (20.5 percent) and East Ham Central (20.2 percent) wards. By contrast, the second- and third-lowest rates are also observed in Newham, at Beckton (5.2 percent) and Royal Docks (5.4 percent). Only Thamesmead Moor ward in Greenwich had a lower rate, at 4.8 percent.

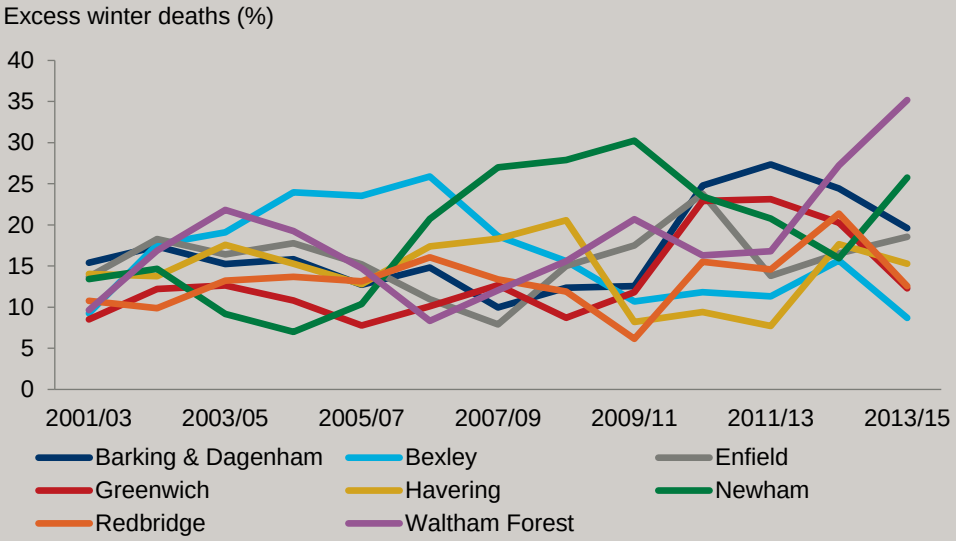
Fig. 103. Share of households facing fuel poverty, Local London, 2014



Source: PHE

While data on fuel poverty is not available on a time-series basis, we can may consider trends in excess winter deaths, which are linked to fuel poverty. Excess winter deaths are measured as the percentage increase in deaths over the period December to March, relative to the preceding August to November and following April to July. Data on excess winter deaths is provided as a three-year average. While volatile, this series shows an overall increase in the rate of excess winter deaths across Local London, from 12.3 percent in 2001/03 to 20.9 in 2013/15, an 8.6 percentage point increase. Bexley was the only borough to see the rate of excess winter deaths fall over this period, by 0.6 percentage points to 8.7 percent in 2013/15, making it the lowest of the Local London boroughs. This is despite a rate almost three-times as high, and the highest of the boroughs, from 2004/06 to 2006/08. Conversely, Waltham Forest has seen rates increase by 25.5 percentage points to 35.1 percent in 2013/15, the highest of all boroughs, while increases in Newham (12.3 percentage points to 25.8 percent) are also notable.

Fig. 104. Excess winter deaths, Local London boroughs, 2001/03 to 2013/15



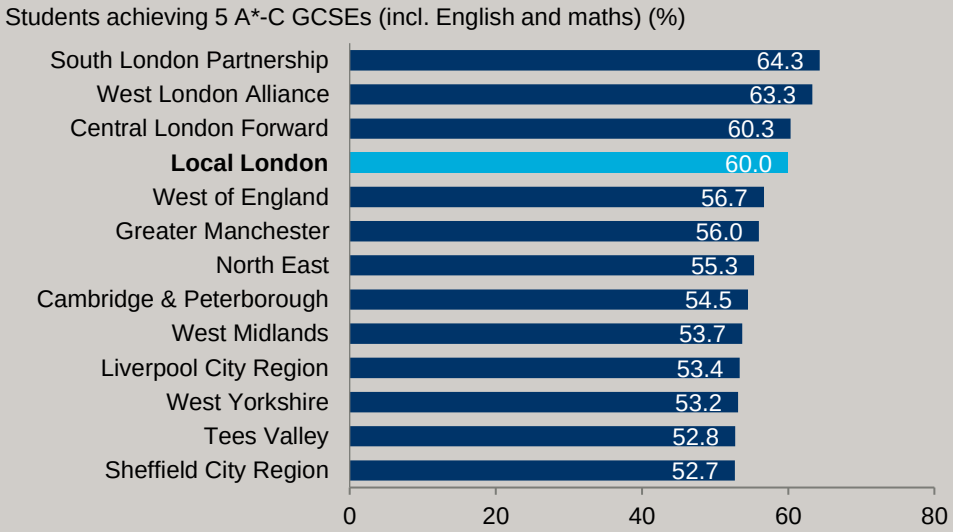
Source: PHE

EDUCATION

Education is a key driver of social mobility. Educational attainment is a function of both the quality of education a pupil receives, and their socio-economic circumstances. With regard to the inclusive growth agenda, educational qualifications can also be a determinant of the future labour market opportunities available to an individual. Educational attainment is measured as the percentage of pupils achieving 5 GCSE grades of A*-C, including English and maths.

Local London ranks fourth of all comparator areas, with 60 percent of pupils passing their GCSEs in 2013-2014. While 3.3 percentage points above the next highest comparator area, West of England (56.7 percent), this rate remains below the other London sub-regions, and 1.8 percentage points below the London total (61.8 percent).

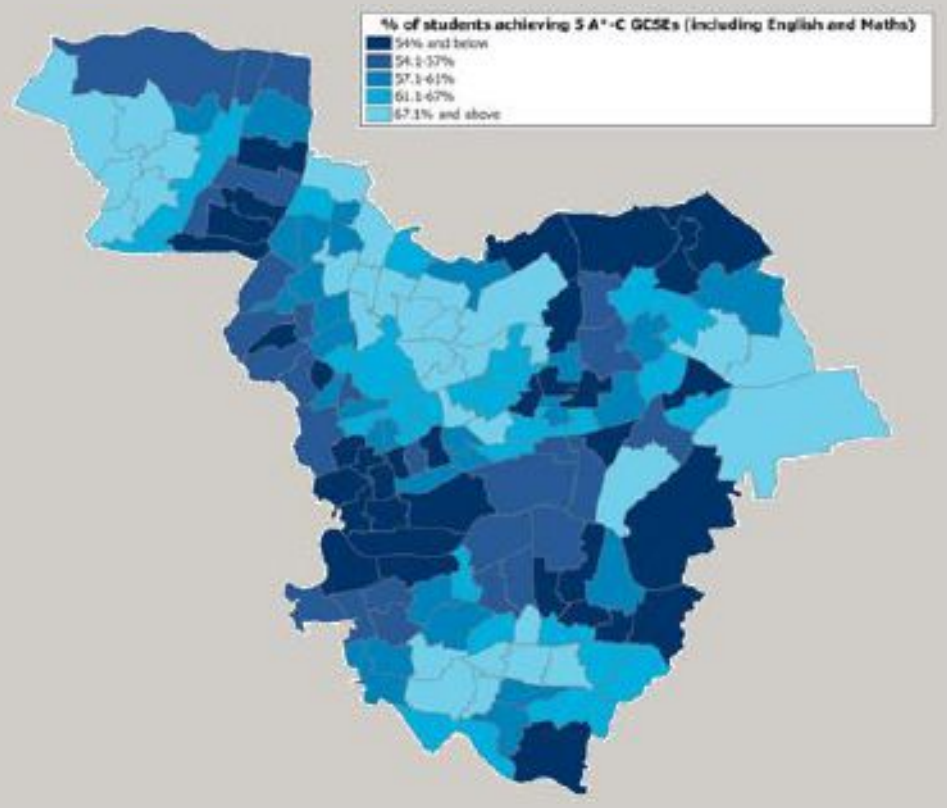
Fig. 105. Percentage of pupils passing GCSEs, Local London and comparator areas, 2013-2014



Source: Public Health England

Redbridge is Local London's best performing borough by this measure. Its share of pupils passing their GCSEs in 2013-2014, 68.7 percent, is 6.9 percentage points above the London average. Monkhams ward in Redbridge has a pass rate of 88.2 percent, 31.6 percentage points above the London level. Redbridge is however the only borough that performs above the London level. The worst performing is Newham, where pass rates (55.7 percent) are the third-lowest in London. Despite having the second-highest rate across Local London boroughs (60.4 percent), Bexley is home to the worst-performing ward, North End, where the pass rate (44.2 percent) is 16.2 percentage points below the borough average.

Fig. 106. Percentage of pupils passing GCSEs, Local London, 2013-2014

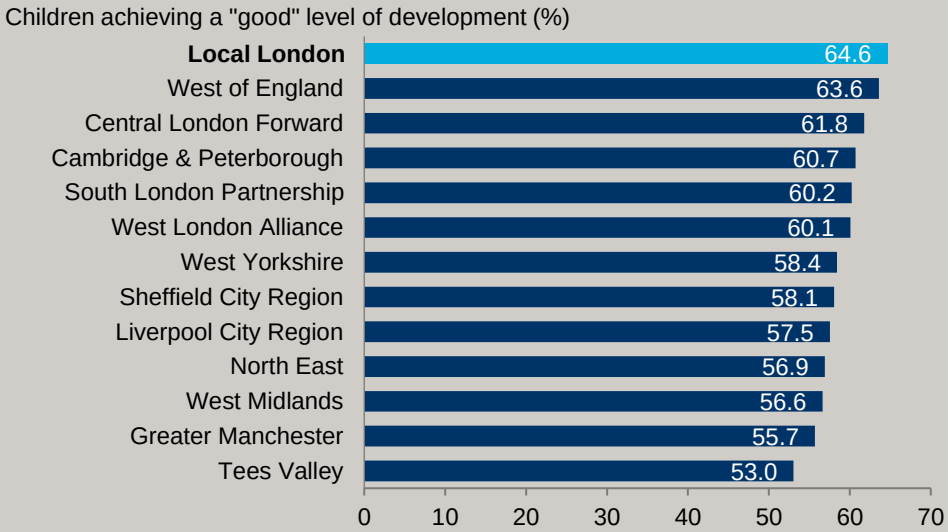


Source: PHE

CHILD DEVELOPMENT

The Marmot Review states the priority of giving *"every child the best start in life"*. Child development at age 5 is therefore an important indicator of the foundations of development and school readiness. A good level of development is defined as those *"achieving at least the expected level within the following areas of learning: communication and language, physical development, personal, social and emotional development, literacy, and mathematics."* Across Local London, rates of good child development at age 5 are relatively high; 64.6 percent of 5-year olds achieved this threshold, a rate 1.0 percentage point above the next highest comparator area. The rate is 2.5 and 4.2 percentage points above the London (62.2 percent) and England (60.4 percent) averages.

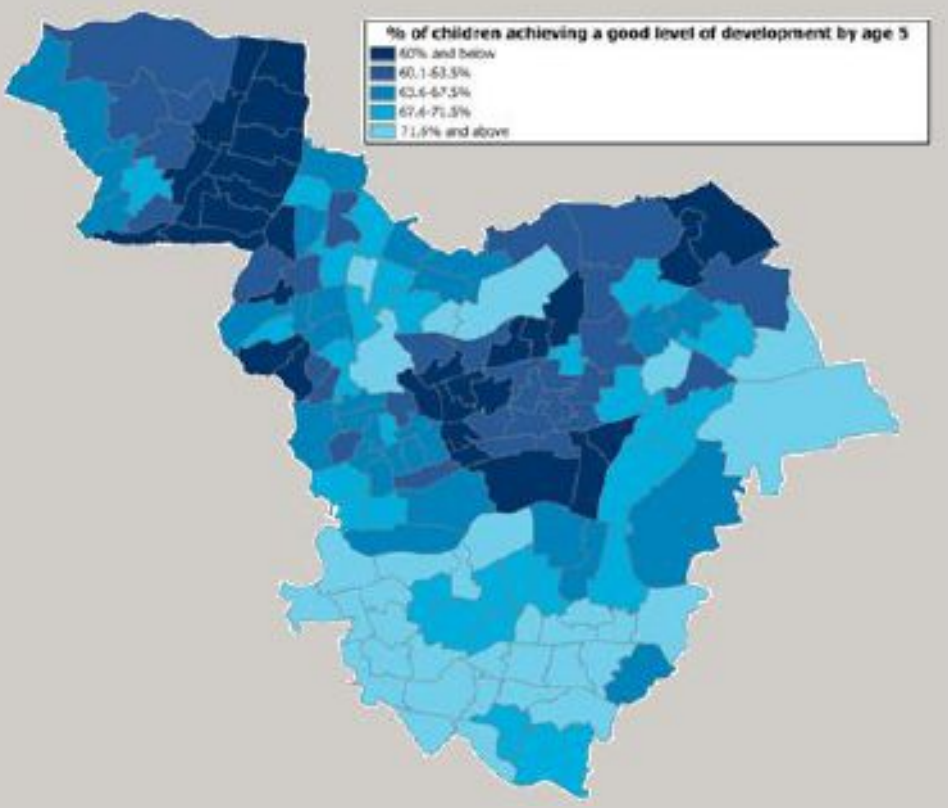
Fig. 107. Child development aged 5, Local London and comparator areas, 2013/14



Source: PHE

Greenwich is the best performing Local London borough, with 73.5 percent of children achieving a good level of development, 11.3 percentage points above the London average. At 72.5 percent, Bexley also performs relatively well. Bexley is home to the best-performing ward, St Mary's, where 83.2 percent of children had a good level of development, 21 percentage points above the London rate. By contrast, both Enfield (57.8 percent) and Barking & Dagenham (60.0 percent) have child development rates below the London average. Enfield is home to four of the five worst performing wards. At 48.1 percent, Clementswood in Redbridge is the worst performing, with child development 14.7 percentage points below the borough rate (62.8 percent).

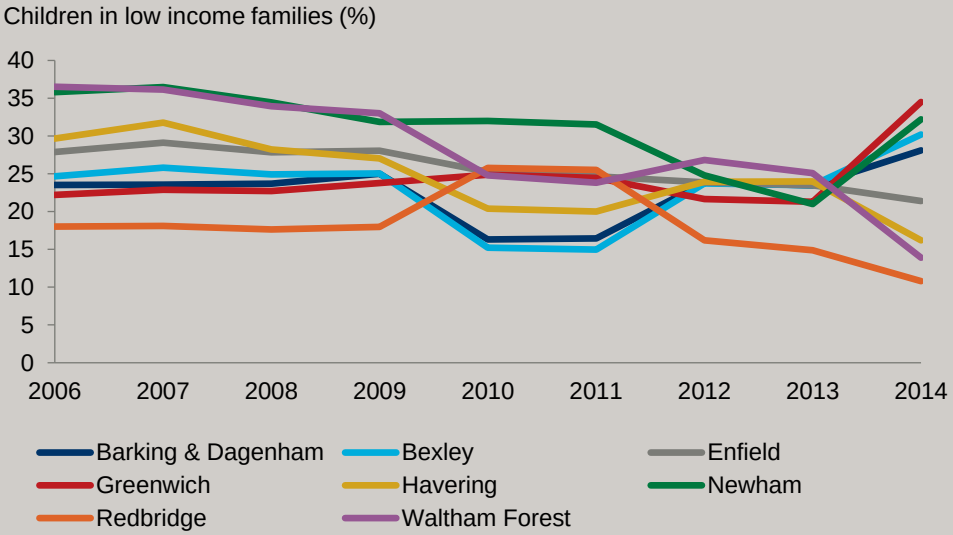
Fig. 108. Child development aged 5, Local London, 2013/14



Source: PHE

The level of development is linked to household income. The number of children affected by income may be considered in terms of the proportion of under 16s in low income families. Across Local London, the proportion of children in low income families has fallen from 28.3 percent in 2006 to 24.7 percent in 2014, the latest available data. Waltham Forest saw the proportion fall by 22.6 percentage points over this period, or over double, to 13.9 percent in 2014, the second lowest share behind Redbridge (10.8 percent). Havering similarly saw a sharp decline by 13.5 percentage points to 16.2 percent over this period. By contrast, Greenwich went from having the second-lowest share in 2004 (22.2 percent) to the highest in 2014 (34.5 percent), a 12.3 percentage point increase.

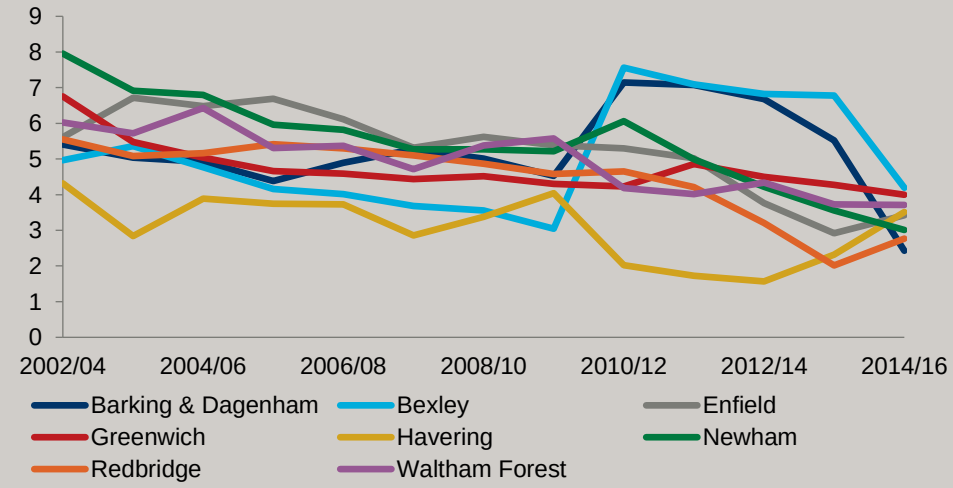
Fig. 109. Children in low income families, Local London boroughs, 2006 to 2014



Source: PHE

Child development may also be considered in terms of infant mortality, the rate of deaths of children aged under 1 per 1,000 live births. Over the period 2002/04 to 2014/16, Local London has seen a marked improvement in the infant mortality rate, which fell by 2.9 to 3.3 deaths per 1,000 live births over this period. Barking & Dagenham has the lowest infant mortality rate at 2.4, which has more than halved since 2002/04 (5.4); only Newham, which has the third-lowest rate of 3.0 deaths per 1,000 live births, saw a larger contraction in the rate over this period, equivalent to 4.9. By contrast, Bexley has both the highest rate (at 4.2 deaths per 1,000 births) and saw the smallest contraction, at just 0.8 deaths per 1,000 births since 2002/04.

Fig. 110. Infant mortality rate, Local London boroughs, 2002/04 to 2014/16



Source: PHE

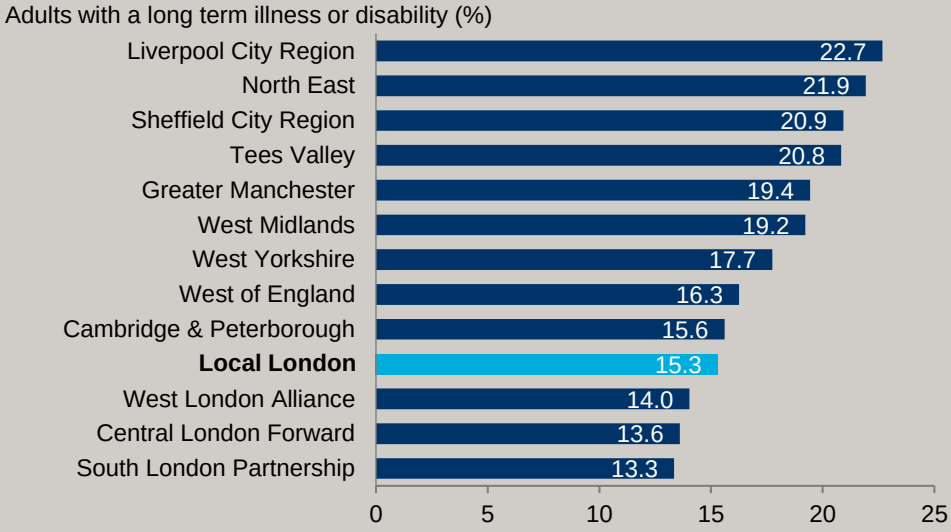
LONG TERM ILLNESSES/DISABILITY

Inclusive growth requires job opportunities for all of those wishing to participate in the labour market. However, many potential workers can be excluded as a result of disabilities or illnesses, which in

turn can driver other negative health and socio-economic outcomes. This indicator is defined by the Census as the share of respondents who report their day-to-day activities to be limited due to a health problem that has either lasted or is expected to last at least 12 months.

Local London has a relatively low share of the population suffering from long term illnesses or disability; at 15.3 percent of respondents, it ranks fourth-lowest of the comparator areas, although it is highest among the four London sub-areas. This rate also compares well at a national level, at 2.3 percentage points below the England average (17.6 percent).

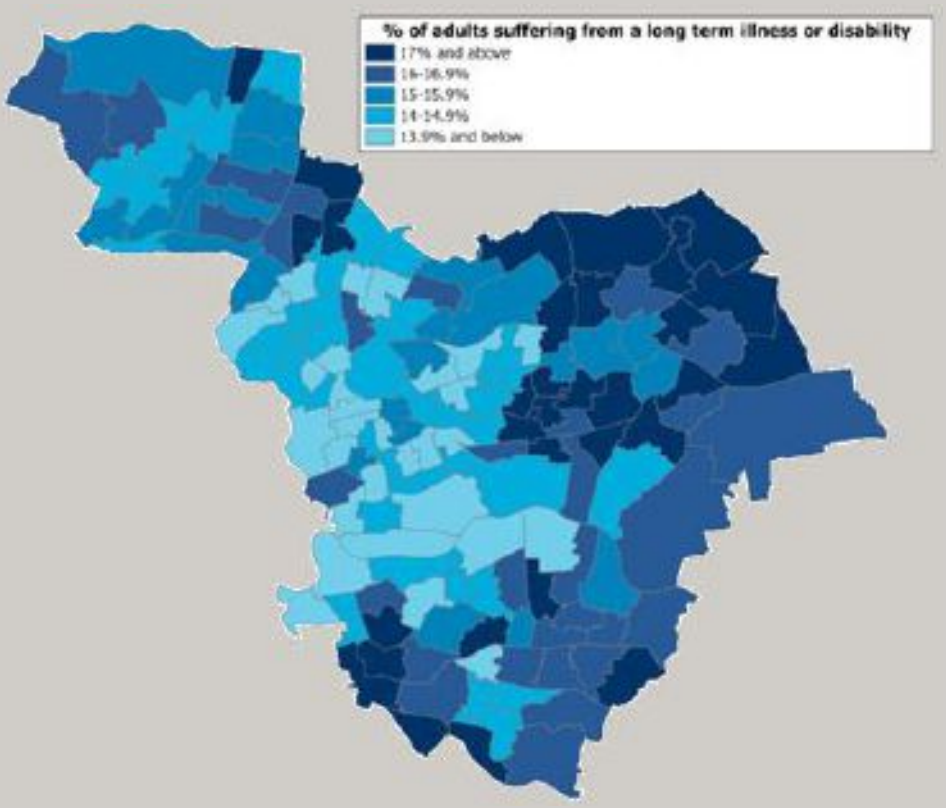
Fig. 111. Long term illness or disability, Local London and comparator areas, 2011



Source: PHE

Long term illness or disability is observed to be most acute in Havering and Barking & Dagenham, where rates equate to 17.3 and 16.4 percent respectively. Heaton ward in Havering is the worst performing of those in Local London; at 22.1 percent, its rate is 8.0 percentage points above the London average. By contrast, Newham (13.9 percent) is the only Local London borough which out-performs the city as a whole. It is home to the best performing ward, Royal Docks, which had a long-term illness or disability rate of 9.1 percent; 1.7 percentage points lower than the next lowest, Abbey ward in Barking & Dagenham, and 5.0 percentage points below the London average.

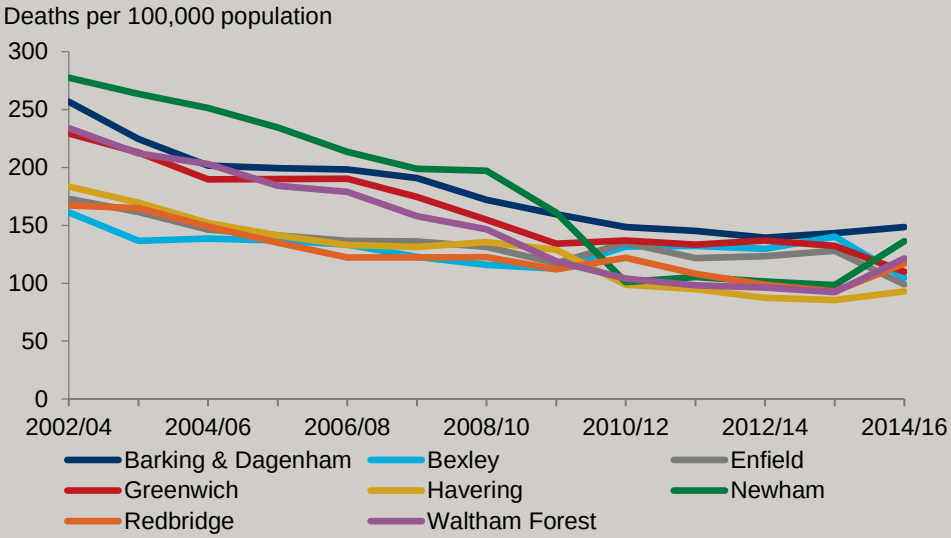
Fig. 112. Long term illness or disability, Local London, 2011



Source: PHE

Long-term illness and disability are associated with a lack of mobility, which in turn can drive other adverse health outcomes, such as cardiovascular problems. Rates of mortality due to cardiovascular problems in the under 75s, measured as the number of deaths per 100,000 population. The health of the population of Local London has improved significantly by this measure over the period shown; at 116 deaths per 100,000 population in 2014/16, the rate has fallen by 95 deaths per 100,000 population, or 45 percent, since 2002/04, although part of the improvement may be explained by significant population growth over this period. The rate of deaths is lowest in Havering, at 93 per 100,000 population, and highest in Newham (136 per 100,000 population) which, alongside Greenwich, saw the rate more than halve since 2002/04.

Fig. 113. Under 75s cardiovascular-related deaths, Local London boroughs, 2002/04 to 2014/16



Source: PHE

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