

## **OUTER LONDON: REALISING ITS POTENTIAL**

### **First thoughts**

#### **Background**

1 While employment in London as a whole rose by 6% between the cyclical peaks of 1989 and 2001 (and by 3% between 2001 and 2007), employment in outer London rose by only 1% 1989 – 2001 and by 2% between 2001 and 2007. In the counties surrounding Outer London, employment grew by 11% 1989–2001 and by 4% 2001–2007.<sup>1</sup>

2 Outer London is far from homogeneous and this general trend conceals significant local variations. Some outer boroughs recorded strongly positive employment growth, especially between 1989 and 2001: Hillingdon's employment increased by 39% or 54,000, Richmond grew by 26% (17,000) and Barnet by 17% (20,000). Against these must be set significant declines in the 1989–2001 period for Barking (-21% or -15,000), Waltham Forest (-13%, -11,000), Croydon (-10%, -17,000) and Hounslow and Brent each -9% and -15,000 and -12,000 respectively. More substantively, Figure 1 shows that below these headline boroughs is a raft of others with lower levels of decline or, at best, only modest growth.

3 There are local as well as broad strategic reasons why many areas of the outer London economy have been at best little more than economically static. These reasons are further complicated by the current macro economic downturn, which will affect the whole of the UK and could bear particularly hard on the London's service dominated economy.

4 Long term employment projections over 20 years, extending beyond this, and probably other recessions, suggest that the number of jobs in Outer London might grow by 11% if account is taken of significant (albeit often unfunded and therefore hypothetical) public transport investment and substantial identified development capacity. This is a marked improvement on historic trends but does not compare well with 21% in central London and 32% in the rest of inner London. Though the projections suggest growth may take place in all outer Boroughs to 2026, the rate of growth in a significant number is not expected to be substantial: 3% over two decades respectively in Sutton and Kingston, 4% in Croydon and 5 - 6% in Bromley, Enfield and Richmond.

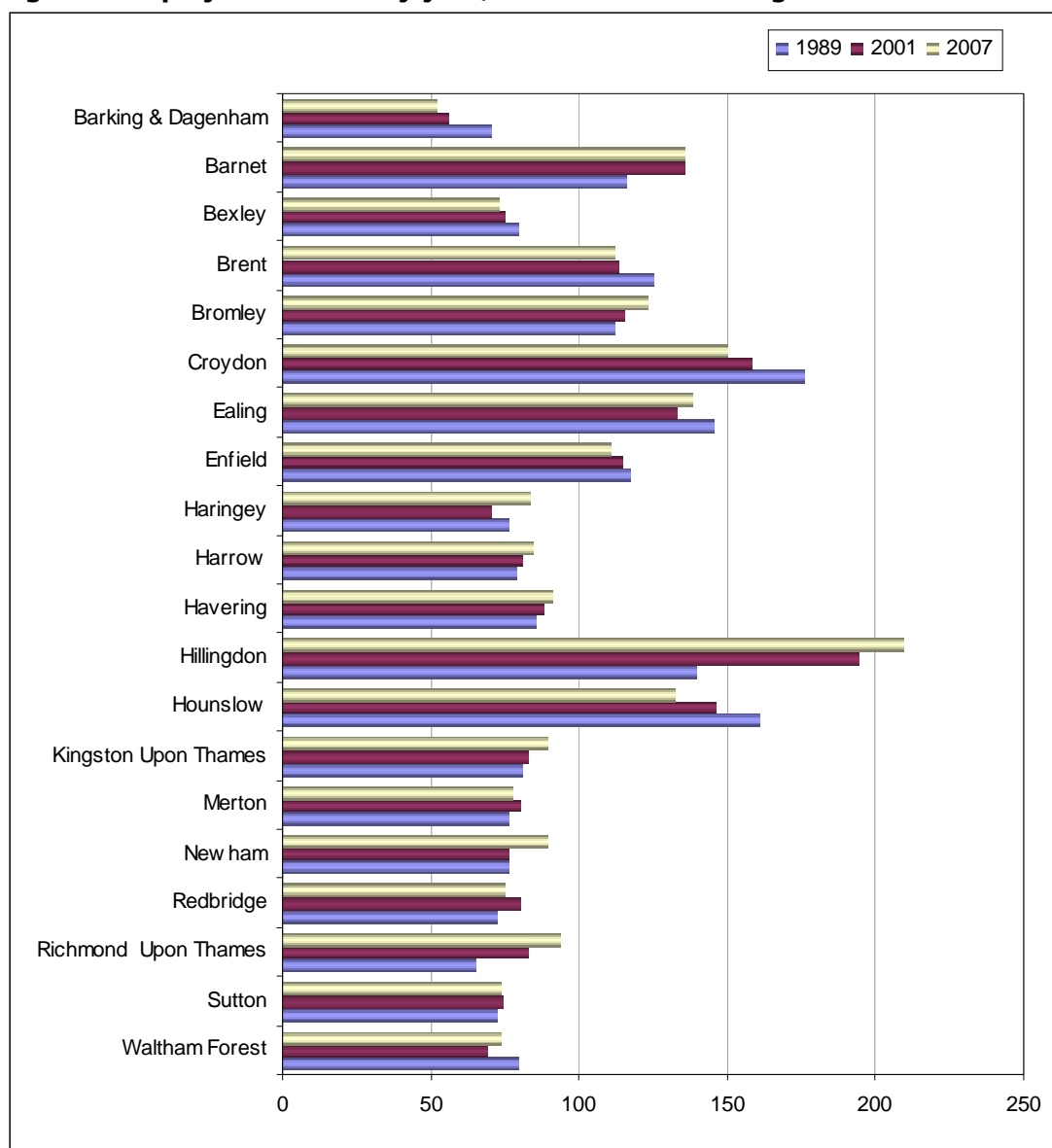
5 Most of Outer London's employment growth over the next 20 years is expected to be in office based sectors (+170,000) and to a lesser extent 'other' sectors (+68,000) while industrial type activities are expected to continue to decline (-35,000). However, when examined in greater detail and locally, the picture is much more complex. The overall decline in 'industrial' employment jobs masks a significant contraction in manufacturing and an expansion in logistics. The Commission should bear in mind that while headline net figures may suggest little or no change in local economies there can

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<sup>1</sup> Counties are currently the smallest areas surrounding Outer London for which robust time series employment data are available. The employment data are sourced from the Experian Business Strategies Regional Planning Service (RPS) and are not official GLA long-run employment data which are currently being updated.

in fact be significant changes going on between sectors, and there is some evidence to suggest that such changes can lead to future net growth.

**Figure 1 Employment levels by year, outer London boroughs**



Source: Experian Business Strategies

6 The Outer London Commission will of course take into account current recessionary factors. However, its core task is to identify and address longer term structural challenges which have led to what appears to be a fundamental imbalance in London’s economic geography outlined above.

7 It is anticipated that after considering the LDA’s statistical profile of outer London (see Item on this Agenda) the Commission may need more detailed economic assessments e.g. what kinds of office jobs (financial services, public sector, etc) are forecast to grow. What is the overall public sector/private sector split? Has any attempt been made to assess ‘new’ employment opportunities such as green and creative industries etc? Is the growth of employment opportunity constrained by any factors (skill sets, lack of cluster development, infrastructure deficits etc). Some of this

## Outer London Commission meeting 1 item 7 paper

material is to hand within the GLA and some is in the process of preparation (retail needs assessment, town centres healthchecks, London Office Policy Review, Housing Capacity Study). The Commission would like to express its appreciation for the work the LDA has already done and also to flag that future contributions will add significantly to its effectiveness in addressing the Mayor's objectives.

### **Is there a problem?**

8 As a first step, an independent Commission must ask itself whether this apparent geographical imbalance really matters in economic terms. There is a view that it may not. Such a view is predicated on the wider geographical context of outer London. It is part of the wider South East, a city region of 21 million people accounting for two fifths of overall national output and much of its net growth. Closer to home it has improving links and access to the main growth areas of the 4.5 million job London economy which over the long term is generally expected to grow at least at national trend (2.5% GDP). Outer London also has a substantial employment base of its own (almost 2 million jobs or two fifths of the London total) and while it has not expanded to a significant degree in the past, one model suggests that it might do so in the future.

9 Given this economically positive context there is a view that the main thrust of policy for Outer London should be to play to its core, modern strength as an attractive place to live, uniquely located to access the main motor of the UK economy. Moreover, enhancing this core strength, especially by increasing housing provision, will of itself lead to local growth in demand for goods, and more importantly, services, approximating perhaps to 230 more local jobs for every extra 1000 residents.

10 Such a view might also hold that attempts to intervene further to secure additional locally based economic growth might compromise the thrust of such a core policy by moving resources away from key priorities: much needed environmental improvements, expanding housing output including affordable housing and forging better links to more competitive areas within London.

11 There are some telling points in the above arguments but they do not represent a full, much less a particularly positive, vision of the economic roles Outer London could or should play in London and the wider South East to achieve the Mayor's and government objectives. These are that outer London is not just a dormitory and it should:

- optimise its contribution to the regional economy,
- ensure that this economic contribution complements broader objectives eg minimising the need to travel, and
- better meet local aspirations in terms of choice of local employment opportunities.

12 More generally, elimination of the imbalance must matter, because if we can raise the growth rates to the London average or the OMA average then the whole economy must grow. This particular aspiration underpins, for example, Government's justification for the Thames Gateway initiative. There is also a strong argument that fostering economic growth and residential enhancement are not mutually exclusive.

### **Towards a new vision for the Outer London economy**

13 As a basis for discussion at the first meeting of the Commission, it is suggested that consideration be given to developing a vision for the Outer London economy which

## Outer London Commission meeting 1 item 7 paper

more effectively addresses the Mayor and government's objectives than one which is based predominantly on residential led regeneration.

14 This vision could be predicated on the proposition that recommendations on the future of any area (including Outer London and/or its constituent parts) must start by ensuring that the area is 'economically sound'. It is suggested that this means that it needs to satisfy the following:

- employment, both existing and proposed, should have a long term future and reasonably expect to be still there in twenty years
- employment which is mainly based on the willingness of the private sector to invest, while recognising that in many parts of Outer London the public sector is and will continue to be the single most important employer.
- a workforce with the skills and training to take advantage of the employment opportunities, or, in the case of new or expanding opportunities, capable of being trained to take the jobs
- employment that is physically accessible – it does not even have to be in the area itself, it can be in central or inner London or even outside the London boundary. What matters is that jobs are easy to get to, offer the prospect of getting people off benefits and into the work culture and, within the bounds of economic realism, are located to meet local aspirations and broader policy objectives eg reducing CO2 emissions.

### **Does quality of life have a role in Outer London's economic regeneration?**

15 It is also suggested that economic regeneration cannot be separated from local quality of life and quality of the environment. One of the historic virtues of many London suburbs lay in their sense of community and place. Economic rejuvenation must be part of wider place-making and community regeneration around facilities and services required to meet the changing needs of outer London – schools, hospitals, cinemas – and high quality of the public realm, not least open spaces. If this is accepted, one of the roles of the Commission could be to press for more and better local social infrastructure, possibly forming part of a wider 'Civic Hub'. It is also suggested that while adequately supported residential development can be an agent for regeneration, there may be a premium on fitting the size and quality of housing supply, existing and new, to the demographics of an area. The Commission should also recognise that all parts of Outer London do not live up to its image as an attractive leafy suburb – some parts require urgent environmental improvement both for business and residents.

### **'Big bang' or more incremental approach?**

16 It must also be recognised that locally based economic changes will not happen over-night. A central thrust of an economic vision for Outer London must include the promotion of marginal local changes complemented by measures to ensure that more of the incomes earned in central London or in the Outer Metropolitan Area (OMA) are retained and spent on goods and services in Outer London and so attract more business investment, starting a virtuous cycle.

17 A further question for the Commission could be whether it should be trying to look forward beyond the end of the next London Plan period (20 years) and identify a longer term strategy of which the aims for the first period are identified in more detail. The longer term proposals could include major infrastructure provision which will take at least 20 years to complete – a not unlikely timeframe given the gestation periods of Crossrail and Thameslink..

### **Promoting growth**

18 It is suggested that the Commission should not take a doctrinaire (eg 'interventionist' v 'just leave it to the market') approach to rejuvenation but instead be more pragmatic. While supporting a regeneration philosophy that, for the long term, is predicated on the primacy of the private sector, the Commission might consider whether the public sector in the short to medium term can have a valid incentivising role for key sectors which may have a competitive advantage in a particular locality. For the purposes of discussion, it is suggested that in different parts of Outer London these sectors might include:

- 'Creative' industries
- 'Knowledge based' activities
- 'Green industries', energy efficiency etc
- Servicing the service industries
- Logistics
- the public sector, international, national or local.

19 An early task for the Commission might be to define just what these activities are eg what do 'knowledge based' activities include: any sector which requires a high degree of skill; a fusion between higher education and other sectors through research and the labour market, possibly with 'seed corn' public sector infrastructure investment to support science parks; or something wider eg finding out whether Outer London is competitively disadvantaged in terms of IT infrastructure like fibre cable or local 'hubs'?

### **The existing economic structure**

20 It is also suggested that as well as identifying relatively new growth sectors, the Commission should explore how to make sectors which are already well represented more competitive. This will not be a clear cut exercise because employment is more evenly distributed across sectors than in other parts of London. It is suggested that, after considering the LDA statistical report, the Commission comes to a view as to whether further sectoral analysis is required and whether this is most usefully portrayed 'peak to peak'.

### **In and out of centre development: a false dichotomy?**

21 8% of Outer London's employment is in comparison retailing and 10% in leisure related activities. Historically, both were strongly concentrated in town centres but became more dispersed with development of out of centre locations. While London tends to have less out-of-centre development than the rest of the country it is nevertheless still significant.

22 The Mayor has made clear his commitment to a 'town centres first' policy. Addressing the unique circumstances of London, the London Plan is more rigorous than national policy both in resisting inappropriate out-of centre development and in encouraging partners to work together proactively to identify and bring forward development capacity in or on the edge of town centres. It also notes that there is already significant out of centre capacity on which partners should work to ensure that it becomes more sustainable in terms of public transport access and, in appropriate locations, evolves into functionally balanced town centres.

23 It is suggested that the Commission could provide useful guidance on implementing these complementary policies in the context of its broader economic

remit and the Mayor's town centre strategy. In light of the importance of car based trips in Outer London it could investigate how parking policy bears on the vitality and viability of town centres relative to out of town, and indeed out of London, development.

### Orbital movement

24 It is suggested that while there is a strong local demand to revitalise public transport in Outer London, an elaborate strategic orbital system may not be justifiable per se. The Commission could usefully investigate whether a more realistic way of meeting demand for movement could be a system of hubs on the strong radial routes with spokes linking neighbouring centres and communities.

### Does Outer London need a new regeneration geography?

25 The London Plan already sets out a flexible and relatively sophisticated geographical structure to guide investment across London, including Outer London. However, there is concern that this may not be making the most effective use of scarce regeneration resources. It could usefully be supplemented by enhancing the competitive strengths of a small number of key hubs, development of which will benefit Outer London as a whole, especially if backed by complementary initiatives for smaller centres (see elsewhere in this paper).

26 It is suggested that the Commission explore the hub concept, focusing mainly but not entirely on elements of the town centre network. Possible criteria for identifying such hubs as being of sub regional or greater significance could include those set out in Figure 2. This seeks to test the criteria against a number of possible hubs using as a benchmark the established global hubs of the City and Westminster.

**Figure 2 Possible criteria to define hubs of sub regional or greater significance**

Criteria	City	West End	Stratford	Croydon	Heathrow area	Brent Cross	Wembley	Kingston
Sub regional+ historic growth	Y	Y	N	N	Y	Y	N	Y
Sub regional+ scale	Y	Y	(UC)	Y	Y	Y	Y	Y
Sub regional+ accessibility	Y	Y	Y	Y	Y	?	Y	N
Sub regional+ retail function	Y	Y	Y (UC)	Y	N	Y	Y (P)	Y
Sub regional+ office clusters	Y	Y	Y (P)	Y	Y?	Y (P)	N	N
Sub regional+ academia	Y	Y	N?	N	Y	N	N	Y
Sub regional+ health	Y	Y	N	N	Y	N	N	N
Sub regional+ culture	Y	Y	Y?	Y	N	N	N	N
Sub regional+ leisure	Y	Y	Y (UC)	N?	N	N	Y	Y?
Sub regional+ heritage/ tourism	Y	Y	Y?	N	N	N	Y	?
Sub regional+ govt	Y	Y	N	Y	N	N	N	Y
Strategic commercial capacity	Y	Y	Y	Y	Y	Y	Y	N

## Outer London Commission meeting 1 item 7 paper

Strategic residential capacity	N	Y?	Y	Y?	Y	Y	Y	N?
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UC: Under Construction, P: Proposed

27 These criteria can of course be refined and extended. At this stage they are intended only as a prompt for discussion on how best to define the roles of hubs and identify potential locations. Other factors could also be considered eg potential barriers or opportunities for future 'sub regional+' development.

28 However, as a proposition for discussion it is arguable that four potential hubs emerge from such an analysis:

- Croydon – South London
- Stratford – East London
- Brent Cross/Cricklewood – North London
- West London Opportunity Area and environs

29 As the Mayor's terms of reference make clear, in the time available, developing proposals for four or possibly five hubs will be a key focus for the Commission's work.

30 This should be complemented by work on locations with a more narrowly defined range of functions, notably parts of the town centre network but possibly also including other potential growth nodes such as Opportunity Areas or Strategic Industrial Locations. Particularly useful might be an investigation of about ten examples of best town centre regeneration practice combining a strong sense of place and unique character with healthy retail, service and evening economy and other leisure activities. This list will be developed in partnership with Outer London interests. It should be informed by the GLA group's broader appraisal of all London's town centres and its reviews of office development prospects (including comparisons with nearby centres beyond the London boundary), transport infrastructure requirements and economic development activities.

### **Recommendations**

31 The Commission is invited to discuss and advise on:

- The approach to promoting regeneration and employment growth
- The scope and suitability of the growth sectors proposed
- The choice of the four or five hubs for detailed study
- The key factors to promoting long term and sustainable job creation in Outer London

32 The Commission is invited to suggest exemplary smaller centres for consideration.