Thames Gateway London Partnership

Supplementary Data submitted to the Outer London Commission

Introduction

As part of the underlying consultative process of the Outer London commission, GLA Economics produced economic data and statistics on a wide range of indicators to highlight the role that Outer London plays in the London and Greater South East economies (Working Paper 34, March 2009). This paper set out to inform the Commission of the relative strengths of Outer London as well as elucidate the challenges that may constrain future growth and success. Most of the data is presented at borough level and in easily digestible tables, charts and maps.

However, although the paper provides very useful contextual information, discussions within Thames Gateway London Partnership believe that it would be useful to provide a partnership perspective on the six boroughs that are included as part of the Outer London Commission. In addition, detailed analysis of the evidence presented by GLA Economics suggest that in some cases, useful supplementary data would increase the understanding of Commission members, particularly in relation to current economic conditions. Where possible, we have tried to update the data presented in working paper 34 on occasions where more recent data has become available. **The data that TGLP submits is not intended to supplant the GLA Economics report, but rather to supplement and support it in policy areas which are particularly relevant to the East London sub-region.** For the purposes of this report, the Outer London boroughs that are TGLP members include:

- London Borough of Barking and Dagenham
- London Borough of Bexley
- London Borough of Havering
- London Borough of Newham
- London Borough of Redbridge
- London Borough of Waltham Forest

The additional data presented in this paper is organised using the broad headings outlined by GLA Economics:

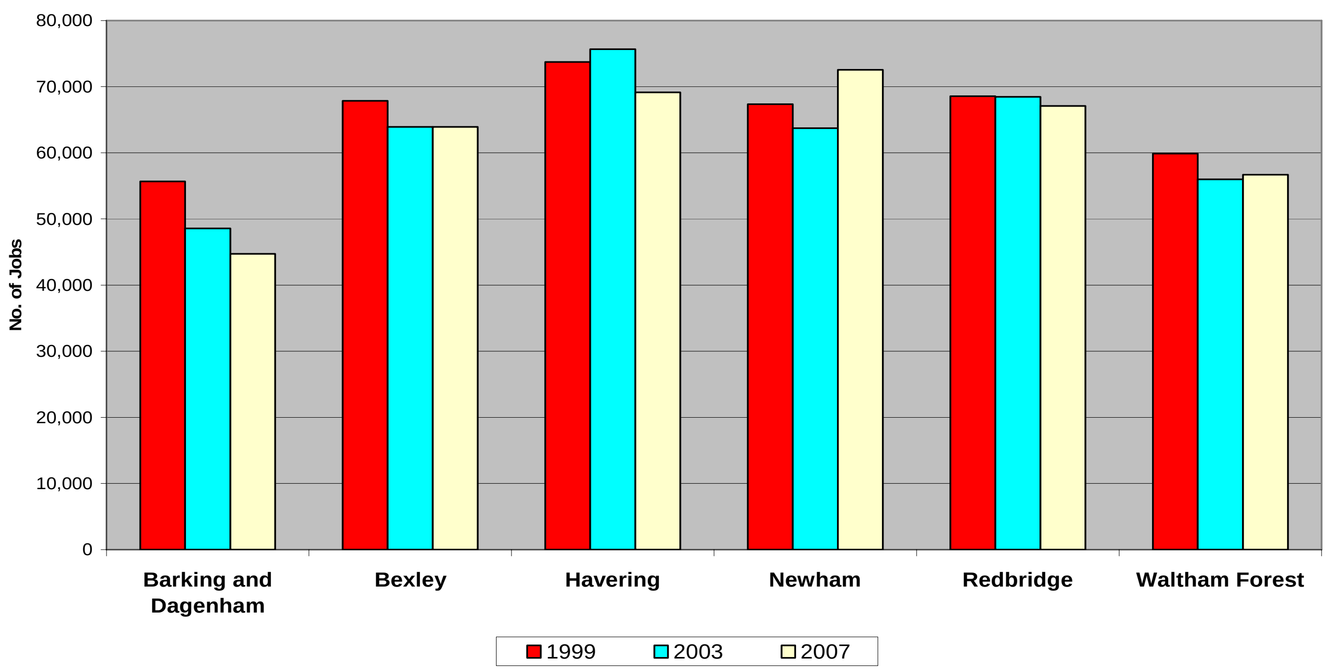
- Business and industrial structure
- Population, jobs and commuting
- Qualifications and schools
- Worklessness and poverty
- Income and lifestyles
- Housing
- Transport
- Crime

Business and Industrial Structure

Jobs

Figure 1 displays the number of jobs in each borough at three census points (1999, 2003 & 2007). Since 1999, only one borough has recorded an increase in local jobs (+ 5,200 jobs in Newham) while the remaining five boroughs have seen a reduction in locally based employment. Typically, the reduction in jobs ranges from 1,800 (-2%) in Redbridge to 4,500 in Havering (-6%). However, there been a significant and consistent decline in local jobs in Barking & Dagenham with the result that there are now almost 11,000 less jobs than there were a decade ago. This is almost exclusively the result of the decline of manufacturing (-8,500 jobs) and to a lesser extent, transport related occupations (-1,800 jobs) most likely due to the contraction in car production at Fords Dagenham works and the knock-on effect in the local supply chain.

Figure 1: Employment by Borough (1999, 2003 & 2007)



Key Sectors & Business Growth

Figures 2 and 3 examine the important employment sectors for each boroughs included in this report as well as the extent of change in the number of jobs for the aggregated six boroughs (figure 3). Overall, employment in the retail sector accounts for a fifth of all jobs, although this increases to almost one-in-four in Havering. Real estate, renting and business activities accounts for 17% of all jobs across the six boroughs and would include professional based business occupations such as computing related activities, the legal profession, accounting practices, advertising and recruitment agencies. Employment in the public sector (Public

Administration, Education and Health) varies between boroughs and is largely dependant on the presence of large employers such as hospitals and universities.

Figure 2: Share of Employment by Key Sector (2007)

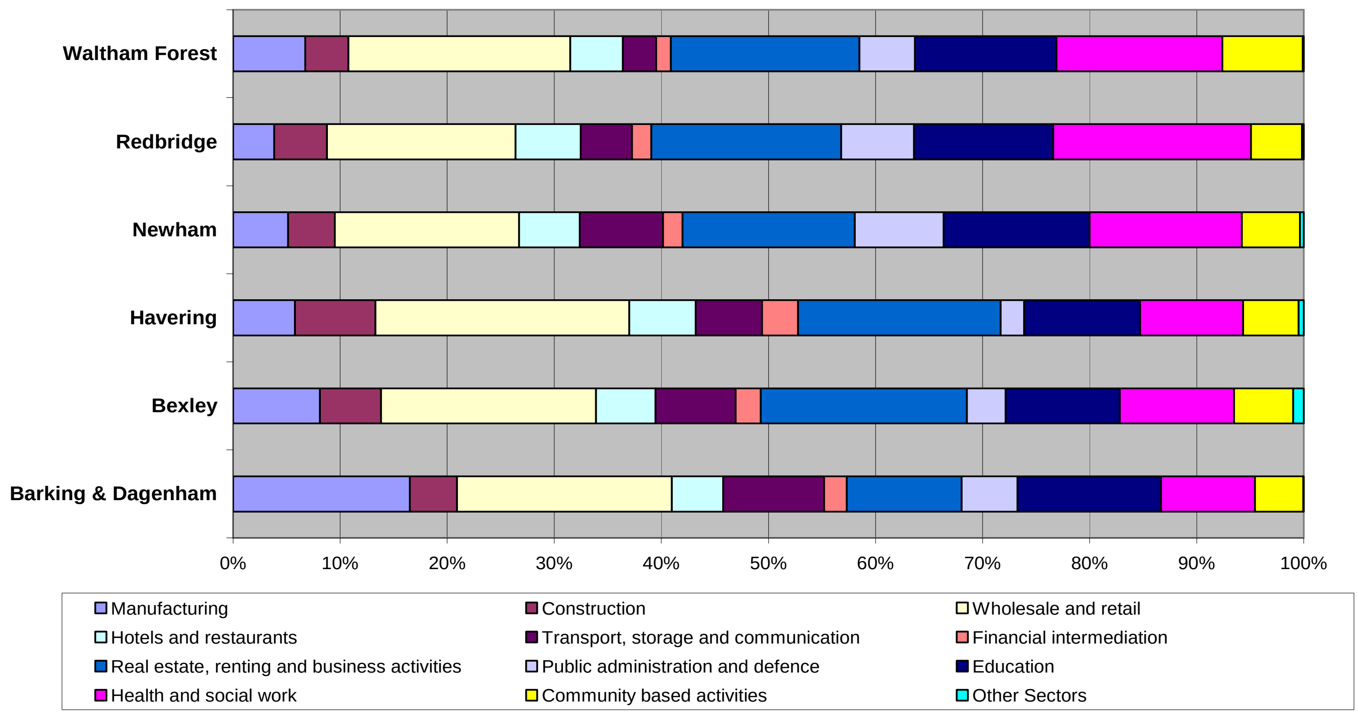


Figure 3 analyses changes in the number of jobs for each sector since 1998. The decline of the manufacturing sector is starkly illustrated in the loss of almost 24,000 local jobs. Although Barking & Dagenham appears to be the most severely affected with half of all its manufacturing jobs lost over the last decade, employment within the sector has declined sharply in all boroughs. Over 2,000 manufacturing jobs have been lost in all boroughs with the worst affected (Bexley and Waltham Forest) recording a decline of more than 3,800 jobs. It is not without coincidence that the decline in local jobs for five of our six boroughs evident in table 1, it is almost exclusively the result of the loss of manufacturing jobs. Without this decline in the manufacturing sector, the growth in employment in public sector professions would have resulted in job growth across all boroughs. In excess of 10,000 additional jobs have been created in education, particularly as the result of increased investment in schools, colleges and universities and a further 6,000 jobs in health related professions. Although there has been a loss of local jobs in the financial services sector, there has been a more than compensatory increase in employment in real estate, renting and professional business activities. It is not without coincidence that the growth in VAT registered business stock shown in figure 4 has resulted in an increase in employment in real estate, renting and professional business services. Since 1994, growth in business stock has increased by 32% resulting in 7,700 additional VAT registered businesses. Above average growth in business stock is evident in Newham (+50%) and Barking & Dagenham (+48%), albeit from relatively low baseline positions in 1994.

Figure 3: Employment Change by Sector (1998-2007)

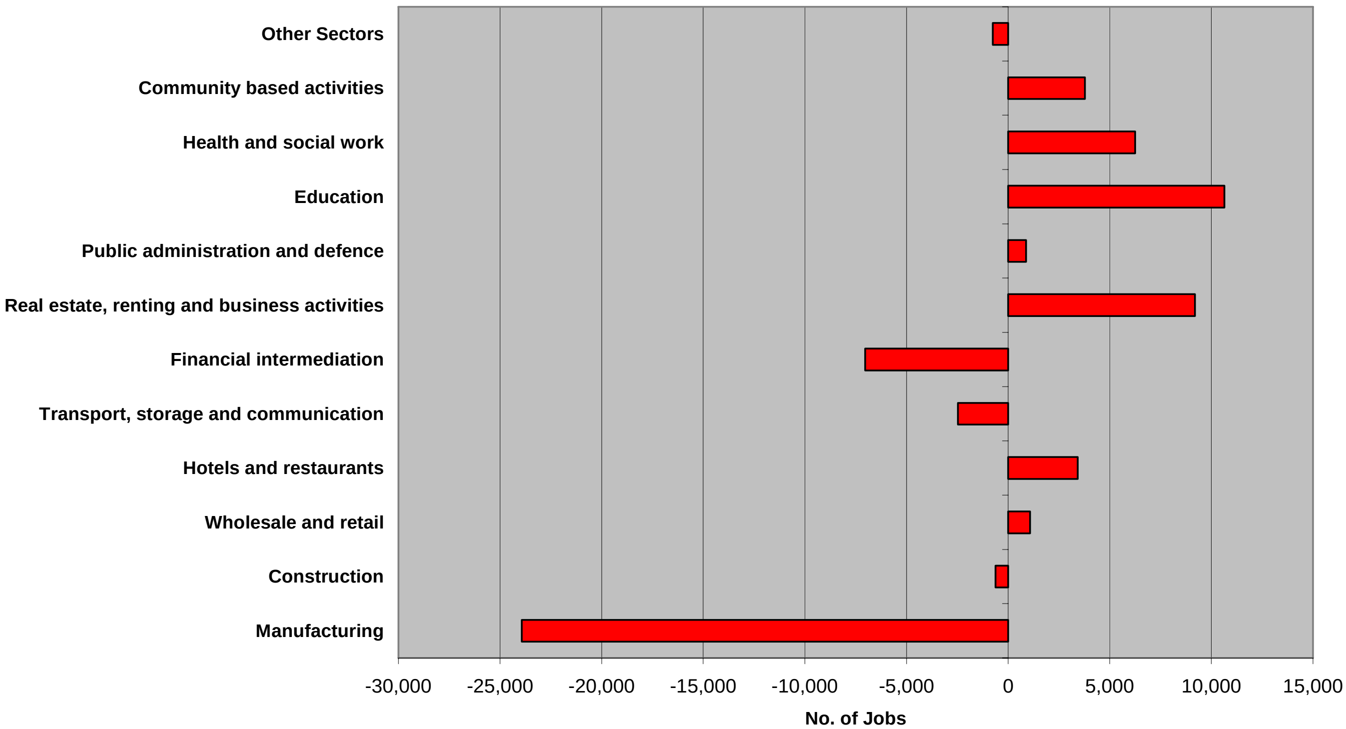
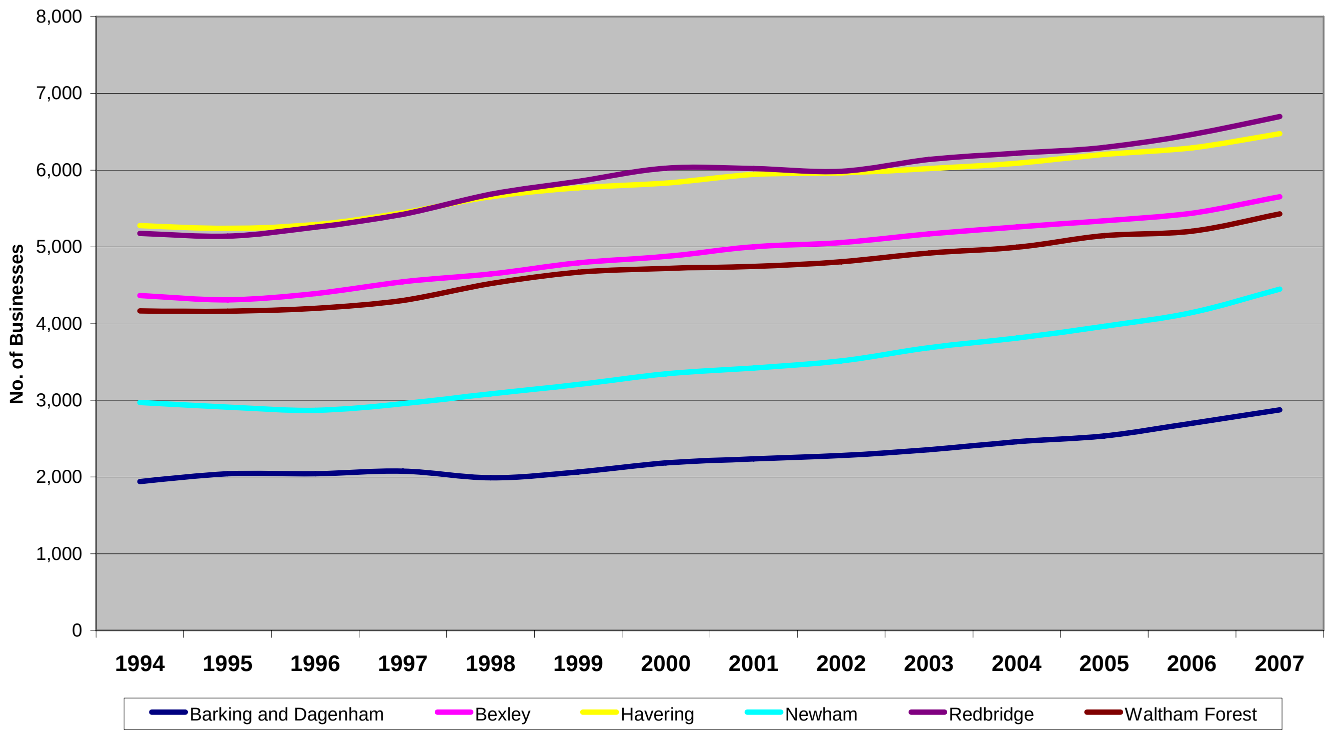


Figure 4: VAT Registered Business Stock by Borough (1994-2007)



Population, Jobs and Commuting

Table 1 updates the GLA Economics analysis and similarly disaggregates the resident population of each borough by age using the 2007 mid-year population estimates produced by the Office of National Statistics. Generally, the boroughs that comprise the East London sub-region tend to be younger than the London and national benchmarks. However between the 6 boroughs shown in table 1, there are significant differences in the distribution of the ages of local residents which have significant public sector policy implications. For example, the proportion of school age children in Barking & Dagenham and Newham is clearly above the London average and would therefore require a different policy response to boroughs such as Havering and Bexley, which feature comparatively high proportions of retirement age residents.

Table 1: Resident Population at mid-2007 by age range

Local Authority	0-14	15-24	25-44	45-64	65+
Barking and Dagenham	22.9	14.1	30.6	20.0	12.4
Bexley	18.7	13.0	27.7	24.6	16.0
Havering	17.7	12.5	26.3	26.0	17.5
Newham	22.3	17.3	34.6	17.7	8.1
Redbridge	20.2	13.2	31.3	22.6	12.7
Waltham Forest	20.0	13.4	35.8	20.0	10.8
London	**18.1**	**13.1**	**36.4**	**20.7**	**11.7**

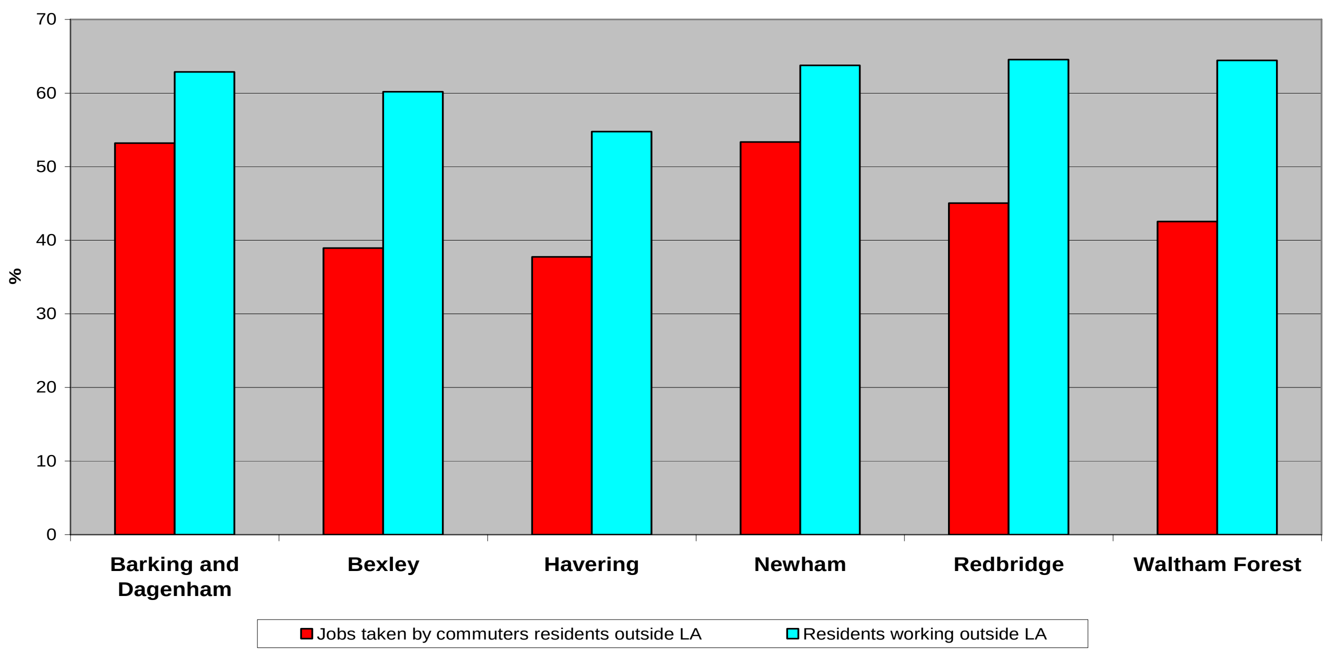
One of the defining characteristics of the East London sub-region is the ethnic diversity of its citizens. Newham is nationally ranked at the most ethnically diverse borough in the UK, Redbridge is ranked 5$^{th.}$ and Waltham Forest 11th nationally. Although the levels of diversity in Havering and Bexley are less pronounced, they are still positioned within the upper quartile nationally for ethnic diversity. Since the publication of the 2001 Census results, there is evidence of increasingly diverse populations emerging in areas such as Barking & Dagenham (+9%), Redbridge (+5%), Bexley (+4%) and Havering (+4%).

Table 2: Ethnic Profile by Borough (2006)

	Asian or British Asian	Black or British Black	Chinese or Other	Mixed	White
Barking and Dagenham	7.66	11.23	1.03	2.53	76.64
Bexley	4.11	5.32	0.81	1.85	87.27
Havering	3.43	2.82	0.53	1.5	91.25
Newham	33.33	20.05	1.41	3.62	39.21
Redbridge	27.07	9.29	1.07	2.98	58.59
Waltham Forest	15.02	15.56	0.95	4.01	62.92

Figure 5 performs a similar function to the evidence presented by GLA Economics but presents the data in a slightly different way. It shows that with the exception of Havering, 60% of local residents work outside their local area. This is largely the result of the attractiveness of Central London and Docklands and the size of the London labour market. In Tower Hamlets for example, there are approximately 198,000 jobs located there but only 140,000 local residents of working age that could possibly fill the jobs. The extent of commuting is also related to the size of the local labour market as well as the skills of the local population.

Figure 5: Borough Commuting Patterns (2001 Census)



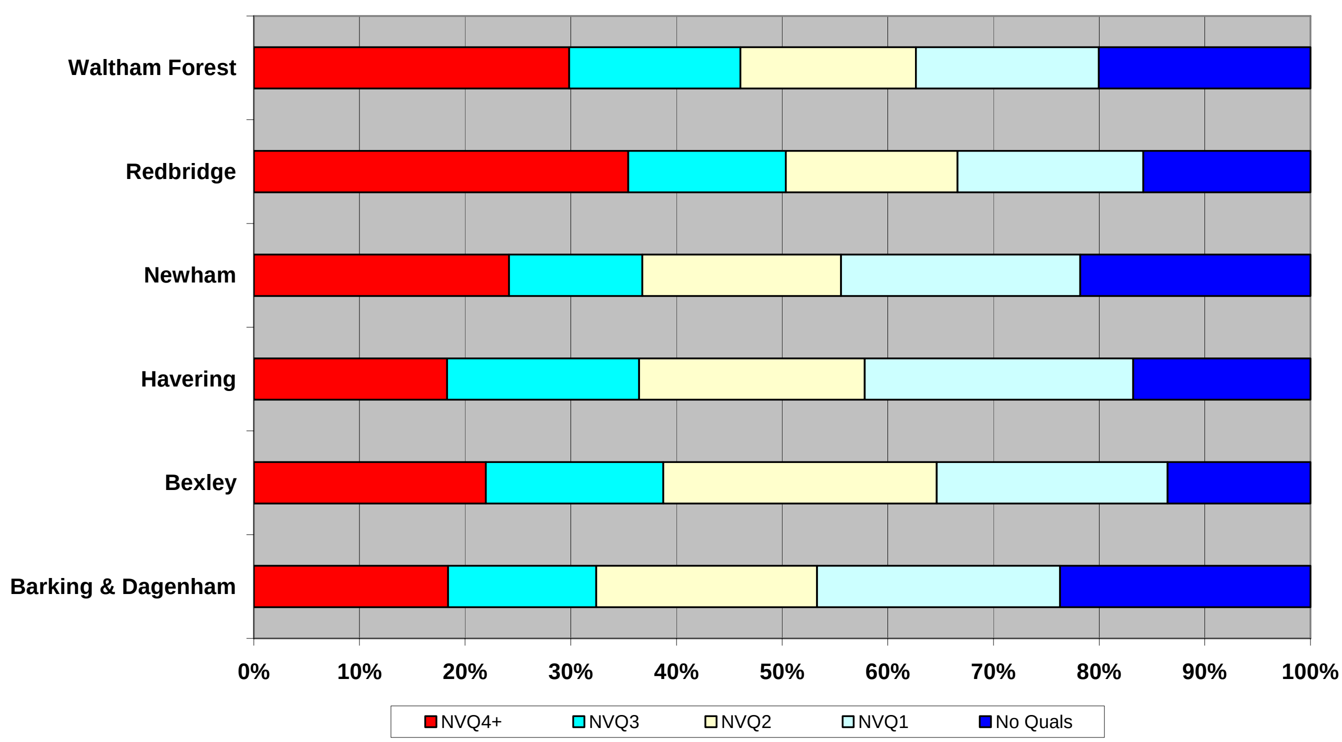
Given the extent of commuting of local residents, it is not surprising to find that local labour markets feature significant proportions of jobs taken by workers resident outside the location of their workplace. In Barking & Dagenham and Newham, over 50% of local jobs are taken by those who live outside the borough. In the remaining four boroughs, the proportion of workers taken by non-residents ranges from 38% in Havering to 45% in Redbridge. As a consequence, a picture emerges of significant numbers of people commuting outside their local area for work, the majority of which travel to Central London or Docklands as well as significant numbers commuting into the local labour market. What largely differentiate these two groups is the employment sectors they fill, relatives differences in skills and the type of work (full-time or part-time).

Qualifications and Schools

GLA Economics provide useful and important data abut the significant improvements in school achievement across London boroughs and interesting information concerning the destinations of secondary school pupils. However, it provides little or no analysis on recent improvements in post-compulsory education and training, participation in higher education and the effects on the qualification levels of residents and more importantly, the crucial relationship between employment and skills.

Figure 6 examines the highest qualifications of residents by borough. It clearly indicates the significant differences in the proportions of residents with level 4+ (first degree and postgraduate qualifications) between boroughs, ranging from over 35% in Redbridge and 30% in Waltham Forest to 18% in Havering and Barking & Dagenham. In contrast, the proportions of local residents without qualifications range from almost a quarter in Barking & Dagenham to only 14% in Bexley. There is similar variation between boroughs for levels 1 and 2. For example, over a quarter of all residents in Bexley possess a level 2 qualification (equivalent to 5 GCSEs) with a similar proportion in Havering possessing a level 1 qualification (basic skills).

Figure 6: Qualifications of Residents by Borough (2007)



The importance of educational qualifications is graphically illustrated in figure 7. For those with level 4 qualifications, the employment rate is in excess of 84% regardless of location. This is significantly above the Lisbon target of 70% and emphasises the importance of high level skills in driving the London economy forward and consequently, the importance of the further and higher education sectors. For those residents with level 3 qualifications, the overall employment rate is 75%, although it drops to below 70% in Barking & Dagenham and Newham. The overall employment rates for level 1 and 2 are similar (67% and 69% respectively), although interestingly, in Havering, the employment rate remains above 80% for those with any qualification. However, for those residents without any qualifications, the overall employment rate drops to 42% and in Newham, it is as low as 32%. Recent analysis by TGLP suggest that the number and proportion of jobs that now require graduate level skills is now increasing significantly and that there is a decline in the numbers of elementary occupations, a pattern accelerated by the current economic downturn. Given the GLA and other projections of at least 50% of jobs in the future will require graduate level skills, it is likely that those without qualifications will find it increasingly difficult to find work as a result of increased competition and fewer available jobs.

Figure 7: Employment Rate by Qualification (2007)

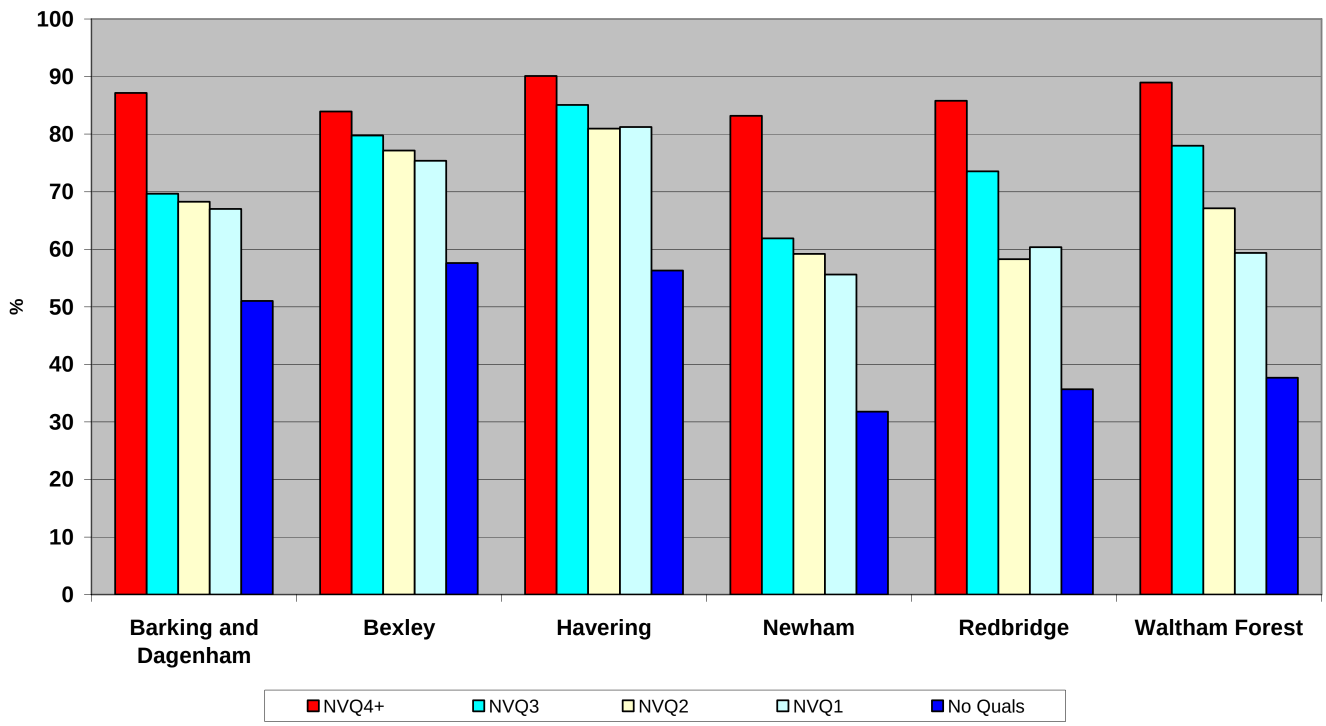
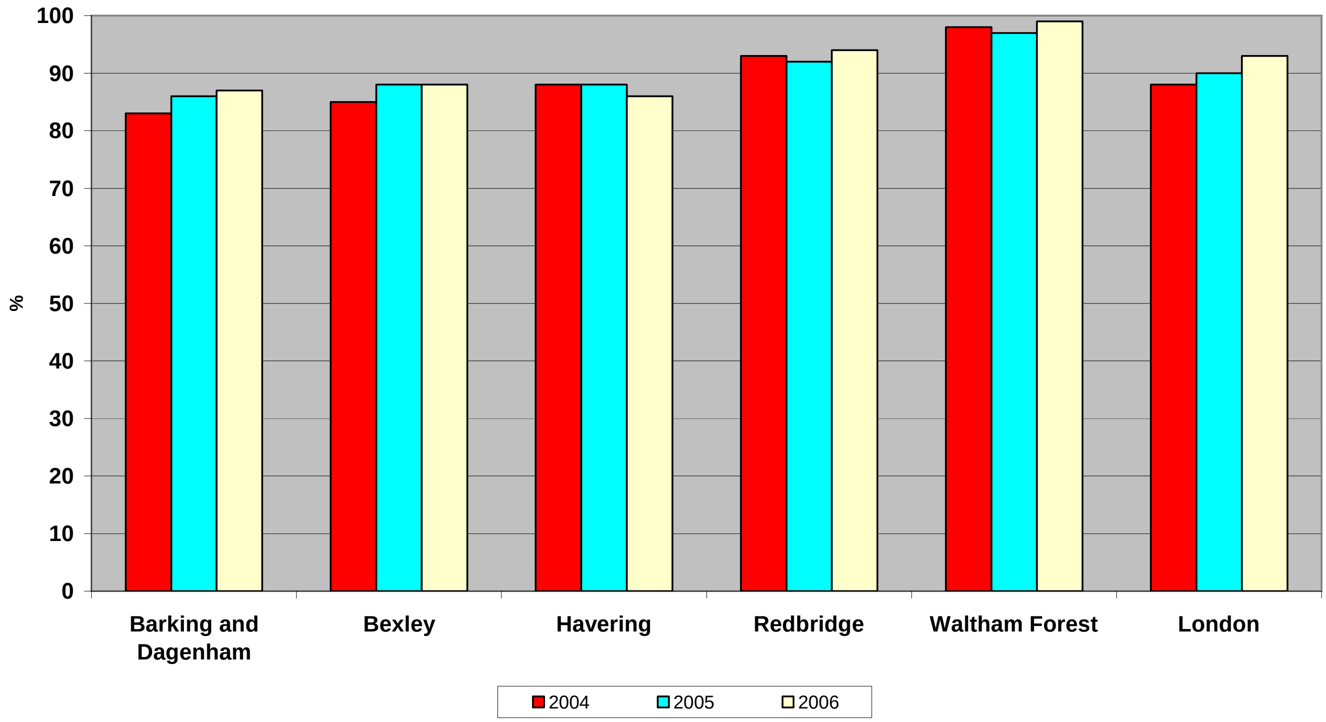


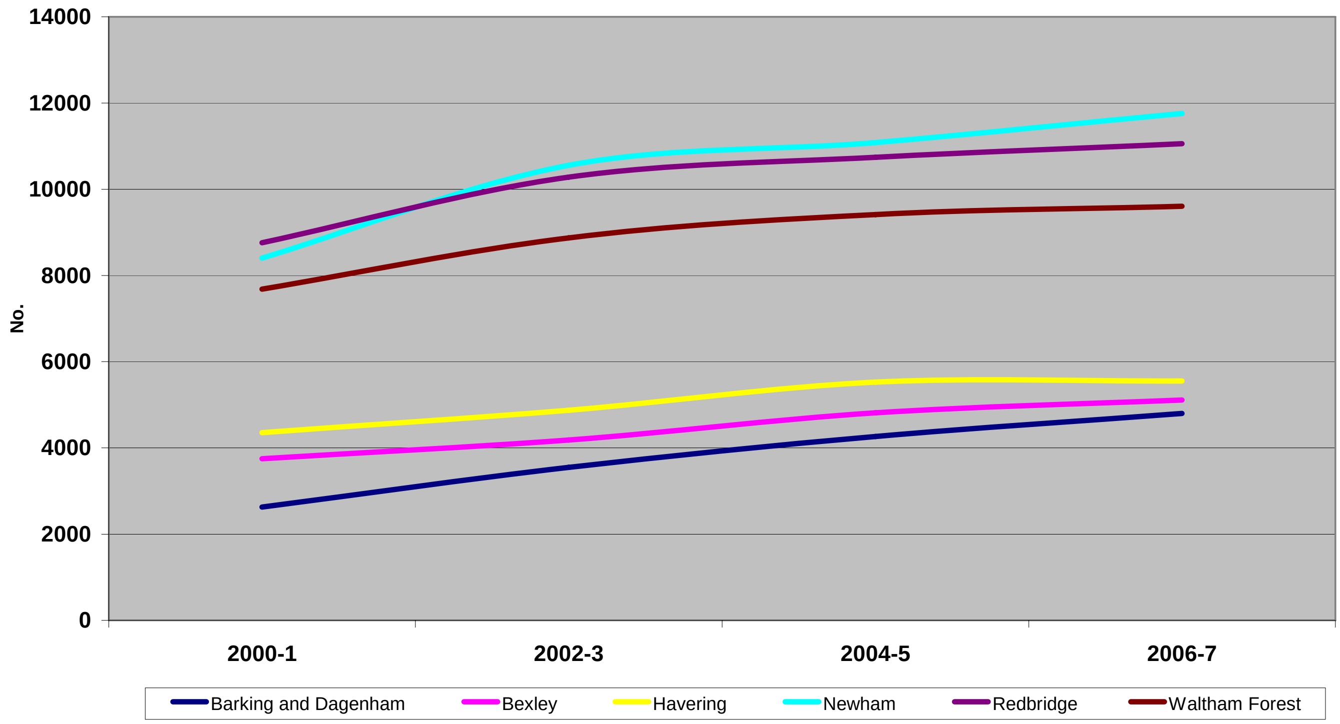
Figure 8 clearly illustrates the comparative high levels of post-16 participation in education and work-based learning. The latest data for 2006 indicates that in excess of 85% of 16 year olds participate in full-time further education or work-based training programmes. Approximately three-quarters of 16 year olds will be undertaking a further education course, although not all of these of will be studying for a level 3 qualification. A quarter of these students will be likely to be studying for a level 2 or level 1 qualification. Work based learning accounts for a further 7% of 16 year olds and these will be largely participating in apprenticeship or entry to employment programmes.

Figure 8: Post-16 Participation in Education and Work-Based Learning (2004-06)



The improvements in school attainment and increases in post-compulsory education and training have led to significant increase in higher education participation. Although not every 16-18 year old achieves the necessary grades and qualifications to enter higher education, participation in higher education across our six boroughs has increased by almost 35% since 1999. The latest available data for the 2006-7 academic year suggests that almost 48,000 residents in the 6 boroughs are studying for a higher education qualification. Less than a decade ago, Barking & Dagenham had one of the lowest higher education participation rates in the United Kingdom. Since then, the number of Barking & Dagenham residents now attending higher education has increased by 82%. In addition, the sheer numbers of local residents attending higher education in Newham and Redbridge is now in excess of 11,000. One of the outcomes of increased local participation in higher education is that the skills profile across our six boroughs is changing relatively quickly, although the challenge for our sub-region is to retain graduates within the locale and to develop the infrastructure to allow an entrepreneurial culture to flourish locally.

Figure 9: Participation in Higher Education by Borough (2001-2007)



Worklessness and Poverty

The economic data provided in working paper 34 provides a useful context but in a number of cases, requires updating particularly in light of the latest impact of the economic recession. Figure 10 extracts data from the Annual Population Survey (Office of National Statistics) and presents a summary of labour market indicators for the six boroughs. It clearly indicates the significant differences between boroughs in terms of employment rate. In Havering (78%) and Bexley (78%), the employment rate is comfortably above the 70% Lisbon target, although both these contrast sharply with the 57% employment rate is Newham. The employment rate in the remaining boroughs is clustered between 66% and 69%. As a consequence of the low employment rate in Newham, the proportion of residents who are classified as economically inactive is one of the highest nationally. Figure 5 clearly indicates the size of the economically inactive population in Newham. It suggests that approximately 60,000 residents of working age in Newham are economically inactive, of which almost 45,000 have indicated that they do not wish to work. In four boroughs, there are in excess of 100,000 residents in employment (Havering, Bexley, Redbridge and Waltham Forest), although the number of locally based jobs range from 57,000 in Waltham Forest to 69,000 in Havering. This suggests that in these four boroughs, approximately 40,000 residents commute to their workplace from out outside their local area and largely reflects the proportions evident in table 5.

Figure 10: Labour Market Indicators by Borough (June 2008)

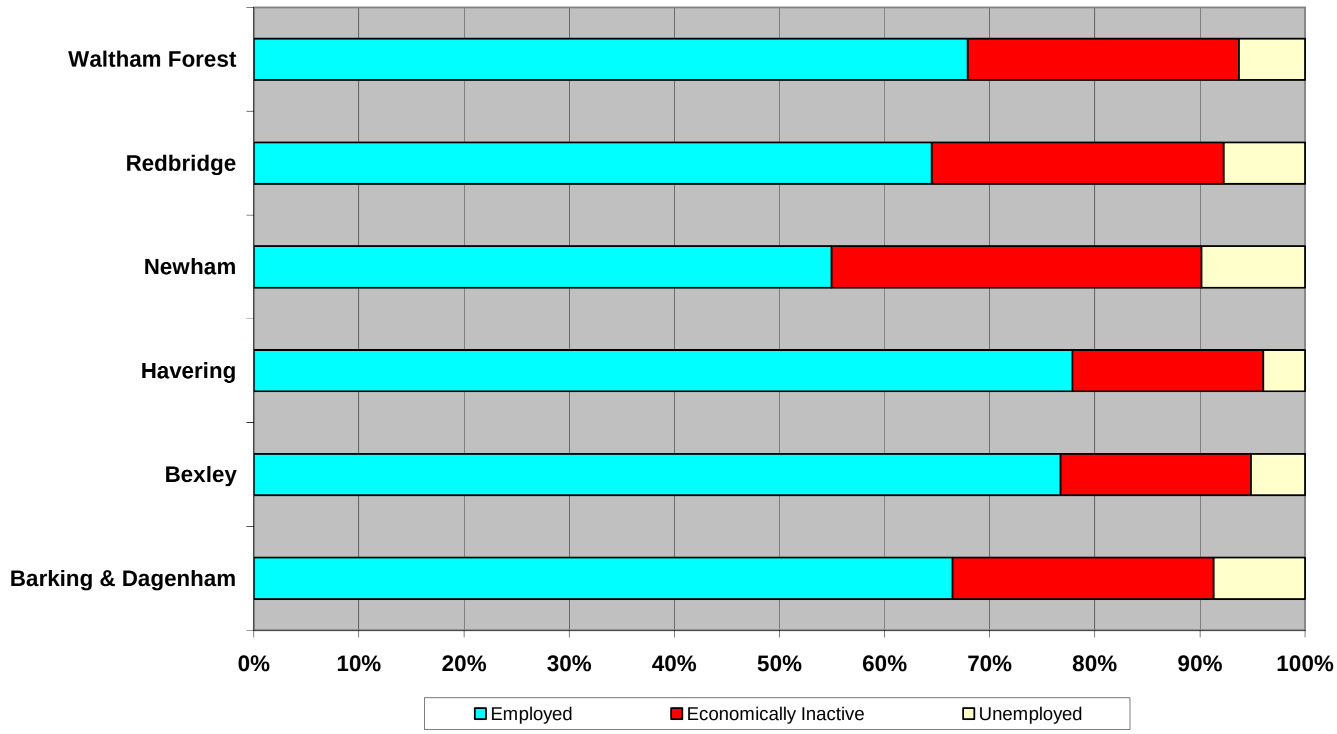
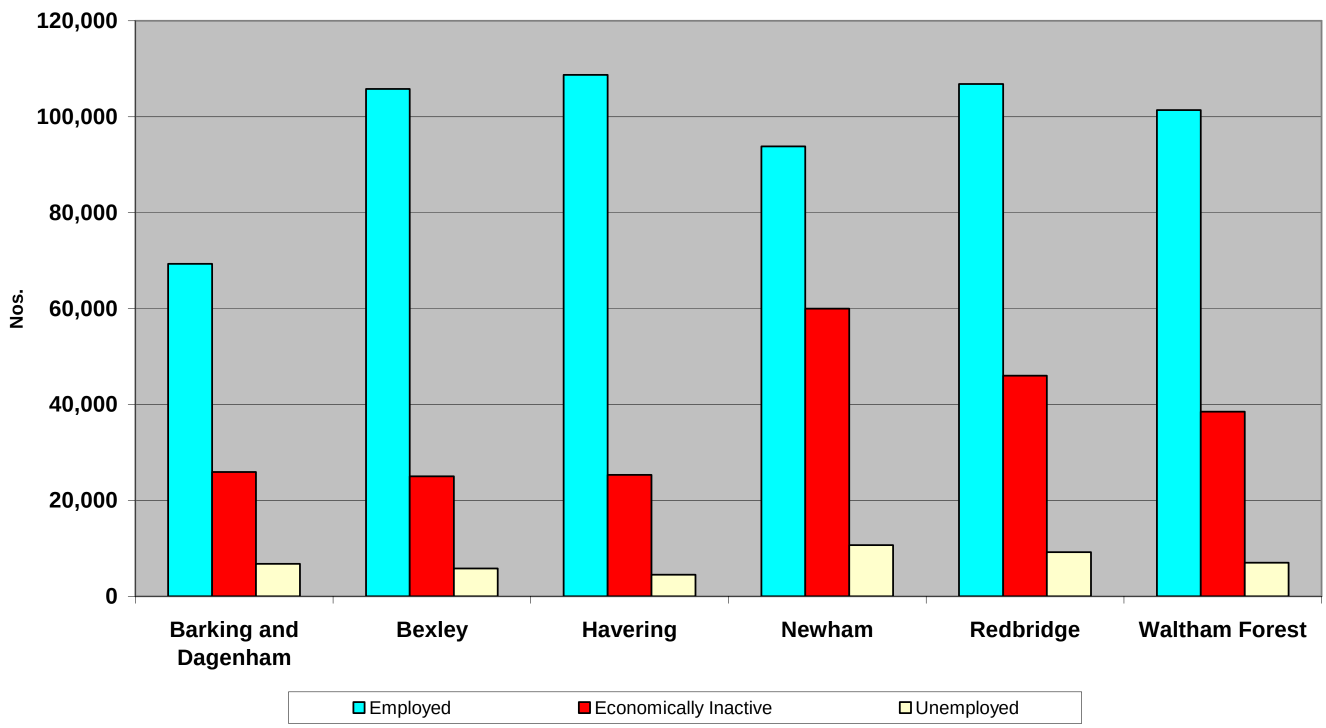


Figure 11: Size of the Local Labour Market (June 2008)



Data from the Annual Population Survey currently only covers up to June 2008 and consequently, the full impacts of the recession are not at that stage clearly evident. To assess the latest effects of the economic downturn on employment, figure 12 examines the significant changes in the numbers of jobseeker claimants, many of whom have recently have lost their jobs or made redundant. It indicates that the first effects of the recession became apparent from July 2008 and although the rate of increase stabilised for some boroughs, it is clear that since October, the numbers of jobseeker claimants has grown rapidly. There are 39,000 jobseekers across the six boroughs, an increase of almost 15,000 (+61%) from the same point last year. Since the start of 2009, 8,500 jobseekers have been added to the register with an average monthly increase of 9%.

Figure 12: Jobseeker Claimants by Borough (Mar 2008 - Mar 2009)

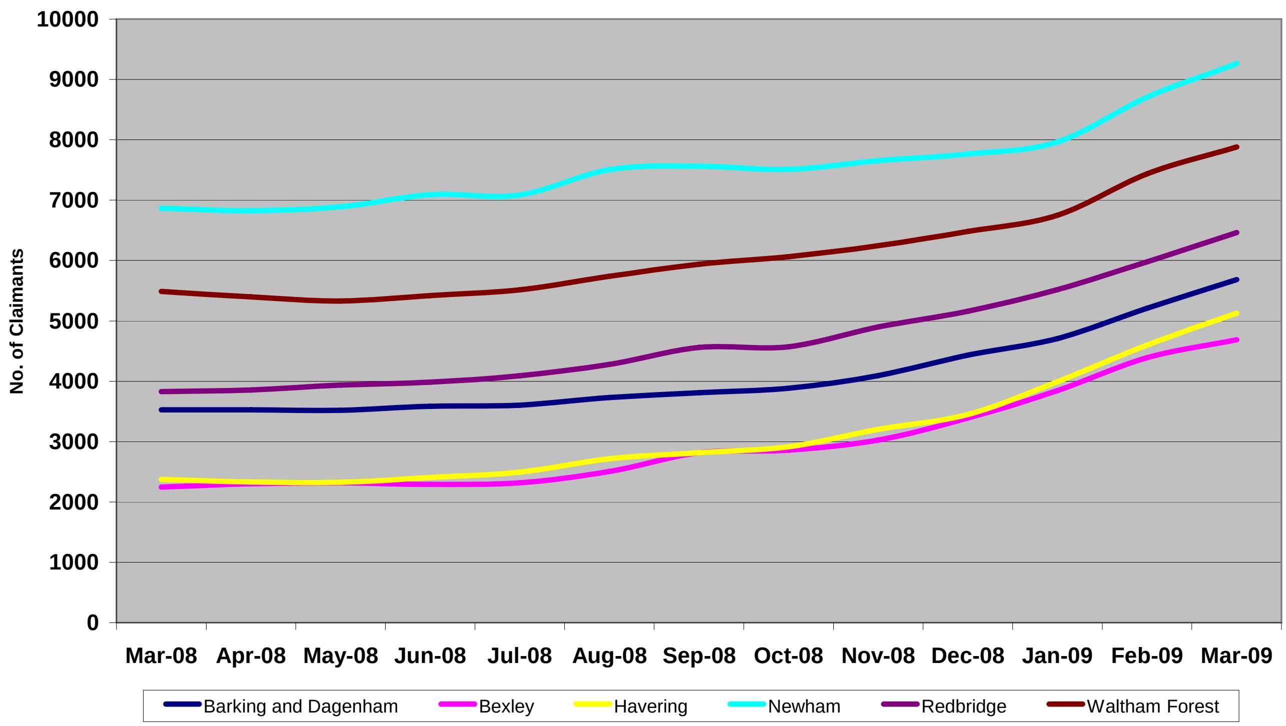
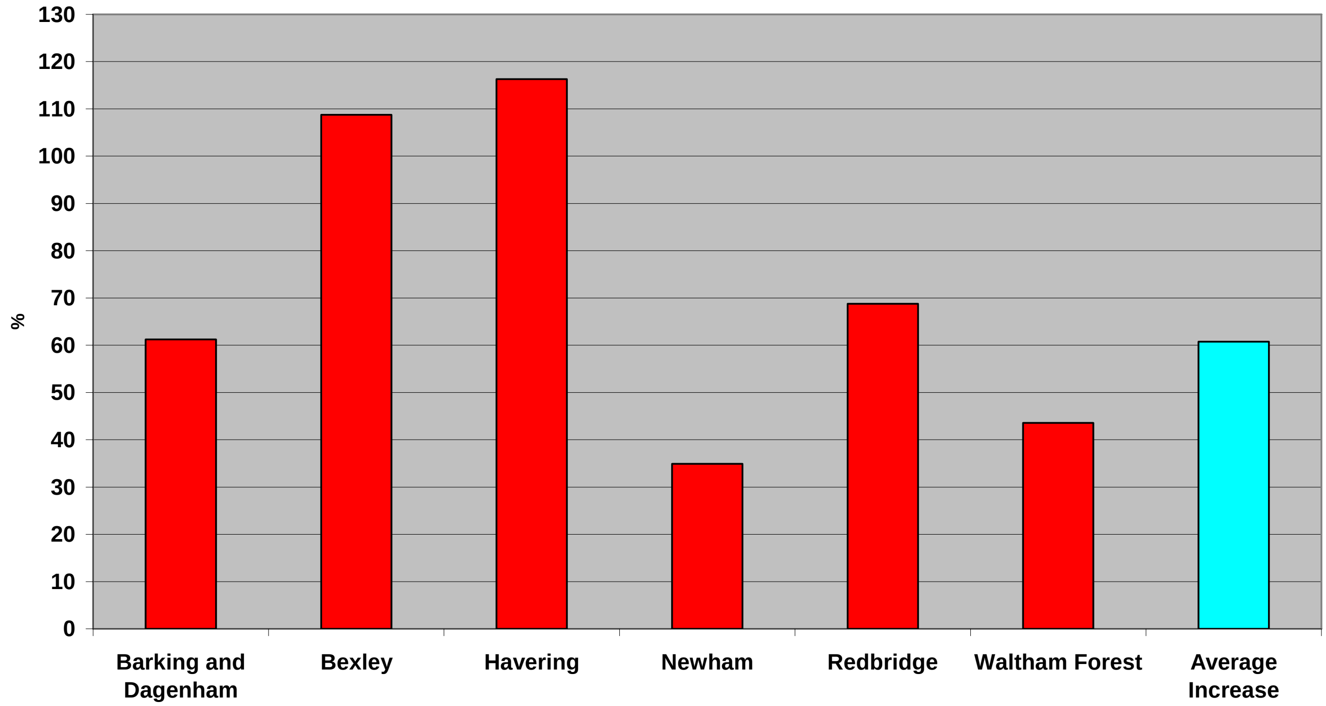


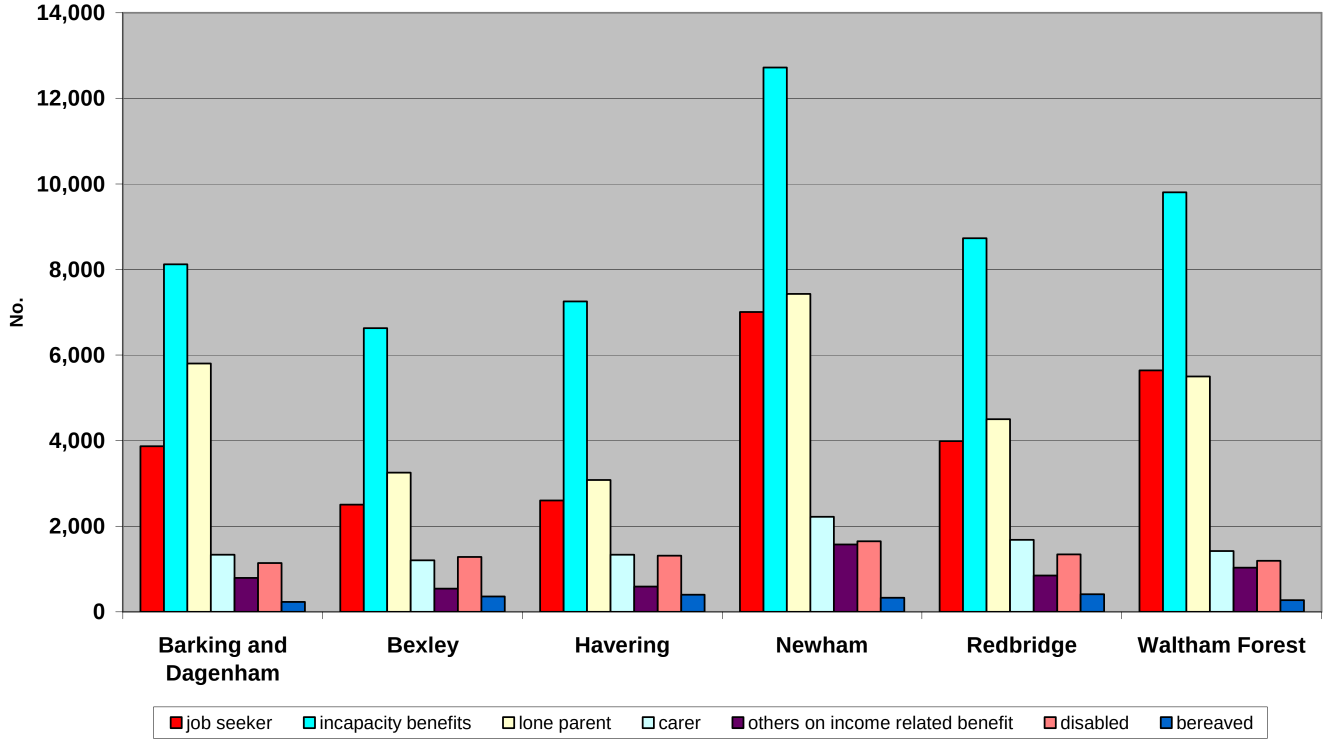
Figure 13 highlights the annual rate of increase in jobseeker claimants and clearly shows the impact of the recession on Havering and Bexley. The number of jobseeker claimants in both these boroughs has more than doubled since the same time last year, in areas that have previously recorded relatively low levels of unemployment. Although the number of claimants in Bexley and Havering is still considerably lower than for example, Newham, the rate of increase means that the gap is closing rapidly. Above average increases in jobseeker claimants are also evident in Redbridge and although since the new year there has been a surge of claimants in Newham, the annual rate of increase is significantly less than the London average (+61%). Recent analysis by TGLP suggests a dichotomy whereby outer London boroughs with previously low levels of unemployment have recorded significantly above average increases in jobseekers in contrast to inner London boroughs with comparatively high levels of unemployment have tended to record significantly below average increases in jobseekers.

Figure 13: Annual % Increase in Jobseekers (Mar 2008 - Mar 2009)



Given the labour market indicators presented in figures 10 and 11, an analysis of the uptake of welfare benefits is presented in figure 14. For Bexley and Havering, the number and range of benefit uptake is very similar with the only exception relating to higher levels of incapacity benefits in Havering as the result of a slightly older population. In contrast, the levels of deprivation in Newham mean the number of residents receiving welfare benefits is almost double that of the outer boroughs of Bexley and Havering. Of the 33,000 residents claiming benefits in Newham, almost 13,000 receive some form of incapacity benefit and a further 7,000 are in receipt of lone parent benefit. The overall numbers of benefit claimants in Redbridge and Barking & Dagenham are similar, although minor differences exist in the type of benefit uptake that relate to demographic differences in the resident population.

Figure 14: Benefit Uptake by Borough (Aug 2008)



Income and Lifestyles

Figure 15 examines the latest annual salary (median) for those in employment for the six boroughs. This data represents the average wages of those citizens resident in the borough regardless of the location of the workplace and not the average salary in the local labour market. Consequently, the average salary of Redbridge residents is greater than the overall London average largely as the result of significant levels of commuting of highly skilled residents as evident in tables 5 and 6. The average salary for residents in Bexley and Havering is slightly below the London average, although the employment rate is comparatively high. Conversely, in Newham and Barking & Dagenham, the average salary is approximately £5,000 less than the London average, albeit for slightly different reasons. In Barking & Dagenham, one of the main constraining factors is the relative lack of highly skilled workers and the low waged, low skilled local economy, although the employment rate is similar to the London average. Although Newham has slightly higher proportions of high skilled population, the sheer volume of residents with low skills tends to constrain the local employment rate.

Figure 16 provides further detail by updating the analysis of the occupational profile of the six boroughs. It indicates that in excess of 35% of Redbridge residents are employed in managerial or professional occupations, which largely accounts for the relatively high salary level. Comparatively few residents are employed in elementary occupations or as machine operatives. In contrast, residents of Newham and Barking & Dagenham are less likely to be employed in managerial and professional occupations and consequently, more likely to be employed in elementary occupations.

Figure 15: Median Annual Salary by Borough (2008)

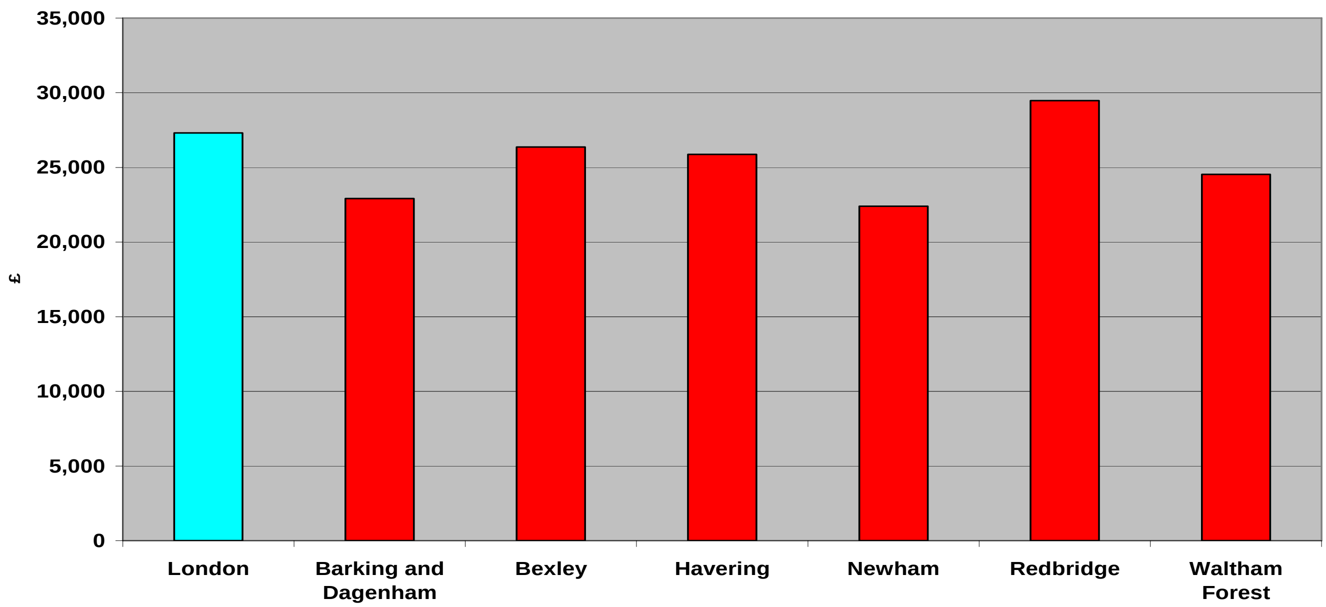
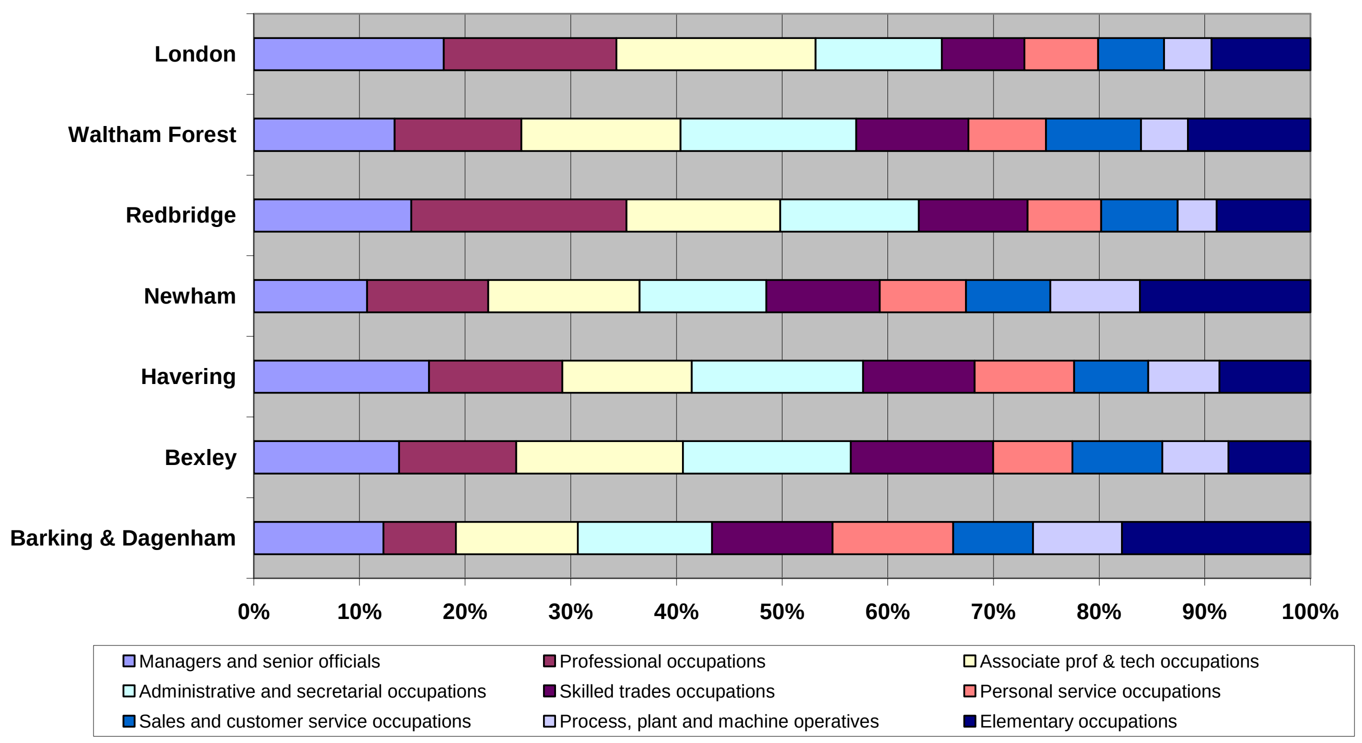


Figure 16: Occupational Chatacteristics by Borough (June 2008)

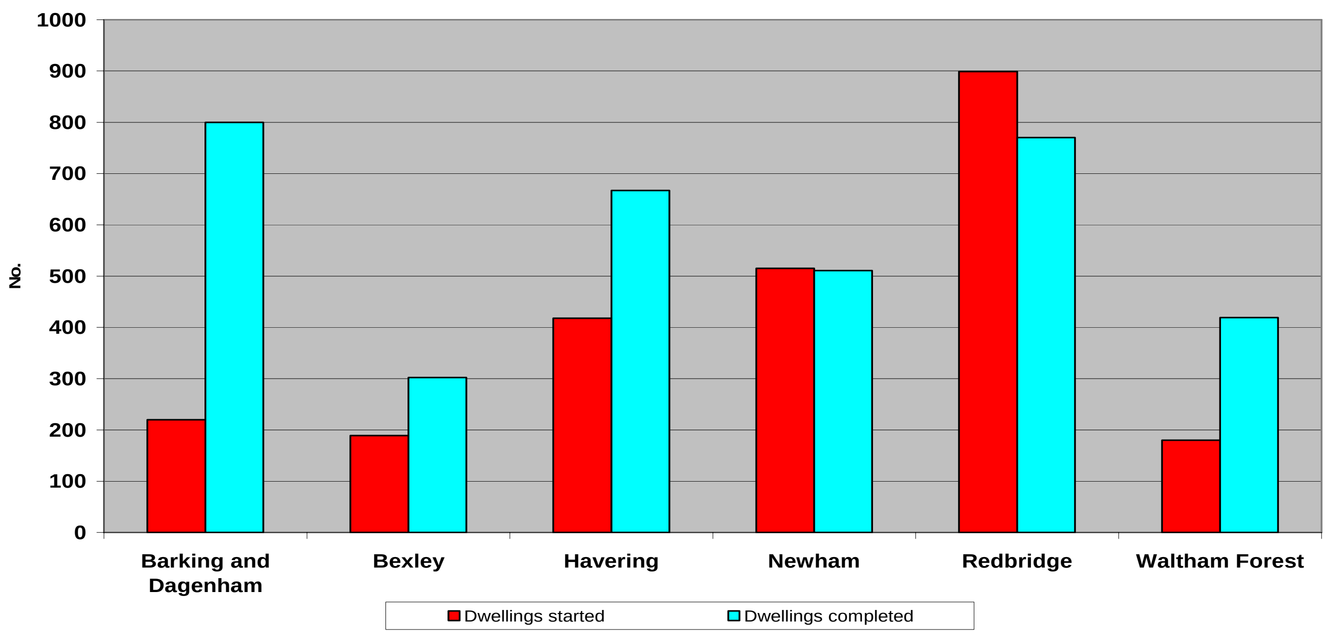


Housing

Figure 17 compiles data submitted to Communities and Local Government as part of their monitoring of housing and market conditions across the UK. Figure 17 indicates that across the 6 boroughs, work began on constructing 2421 permanent dwellings in 2007/8, over a third of which are located in Redbridge. Less than 200 permanent dwellings began construction in Bexley and Waltham Forest. As context, in the previous year, just below 3,000 homes began construction during that year.

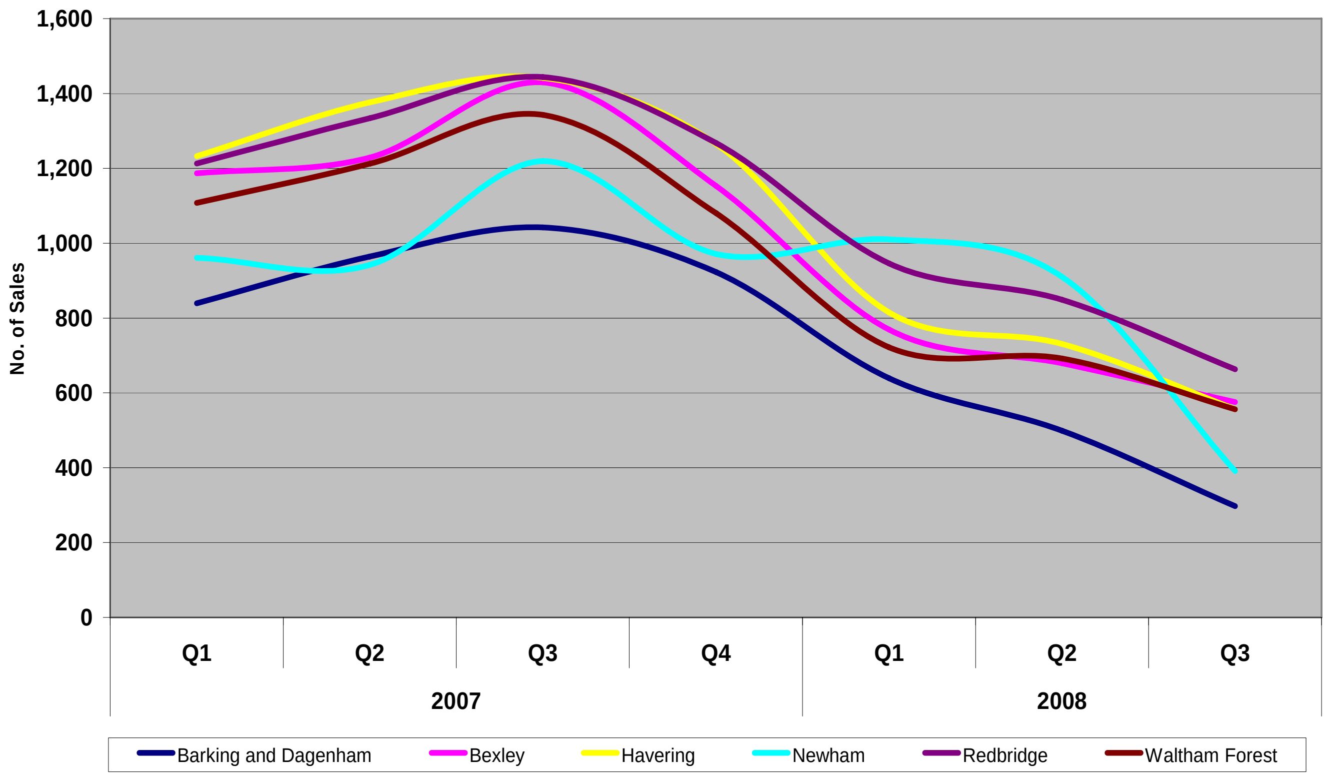
In contrast, the number of homes completed across the 6 boroughs was just 3,500, although many of these are likely to have started in the previous year. In excess of 600 permanent homes during the year were completed in Barking & Dagenham, Havering and Redbridge. Despite the economic downturn, house completion in 2008 comfortably exceeded the 2,800 constructed in 2007.

Figure 17: Housebuilding: Permanent Dwellings Started and Completed (2007-8)



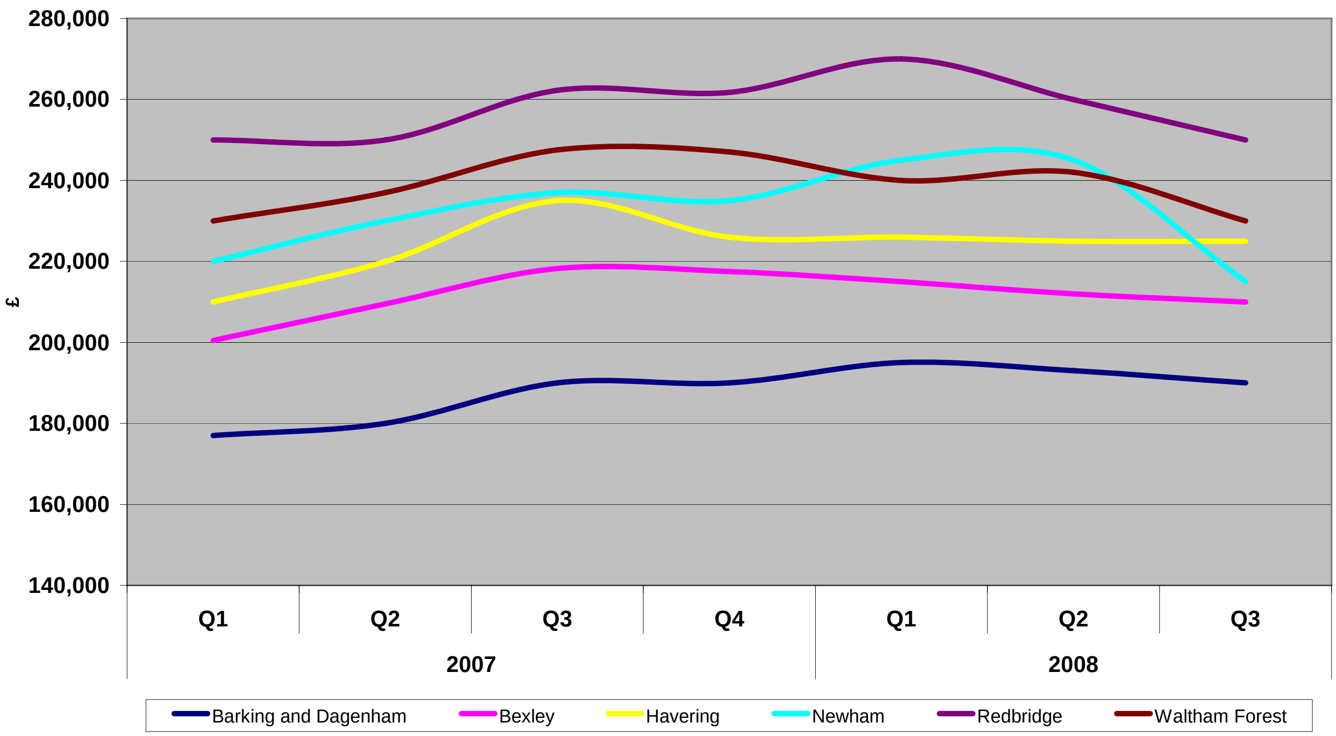
One of the major effects of economic recession has been the collapse of the housing market, particularly in terms of the number of property sales. Figure 18 graphically illustrates the scale of the decline in the property market. On average, across the six boroughs approximately 7,000 properties would be sold each quarter in 2006 and 2007. However, since the start of 2008, the average number of properties sold has dropped by almost half to less than 4,000 per quarter, a figure that is likely to decline even further when the final quarter figures for 2008 become available. The decline in property sales is clearly evident for all boroughs after peaking in 2007 quarter 3, although Newham managed to buck the prevailing trend until a dramatic drop in sales from 2008 quarter 2.

Figure 18: Property Sales by Borough (2007- 2008 3rd quarter)



To complement the evidence on housebuilding and property sales, figure 19 analyses the median house process during the same period. This information is supplied by Land Registry to CLG and tends to suggest that despite the reported slump in property prices, it appears that the value of property transactions has held up relatively well. The average property price across the six boroughs peaked in 2008 quarter 1 (£231,833), although there are now signs of a 5% drop in the average value six months later (£220,000). This relatively small drop in property values maybe partly the result of fewer properties on the market, thereby keeping prices comparatively high, although it also takes no account of the type of properties being sold. It is very likely that the average price is holding up because of the quality of properties for sale.

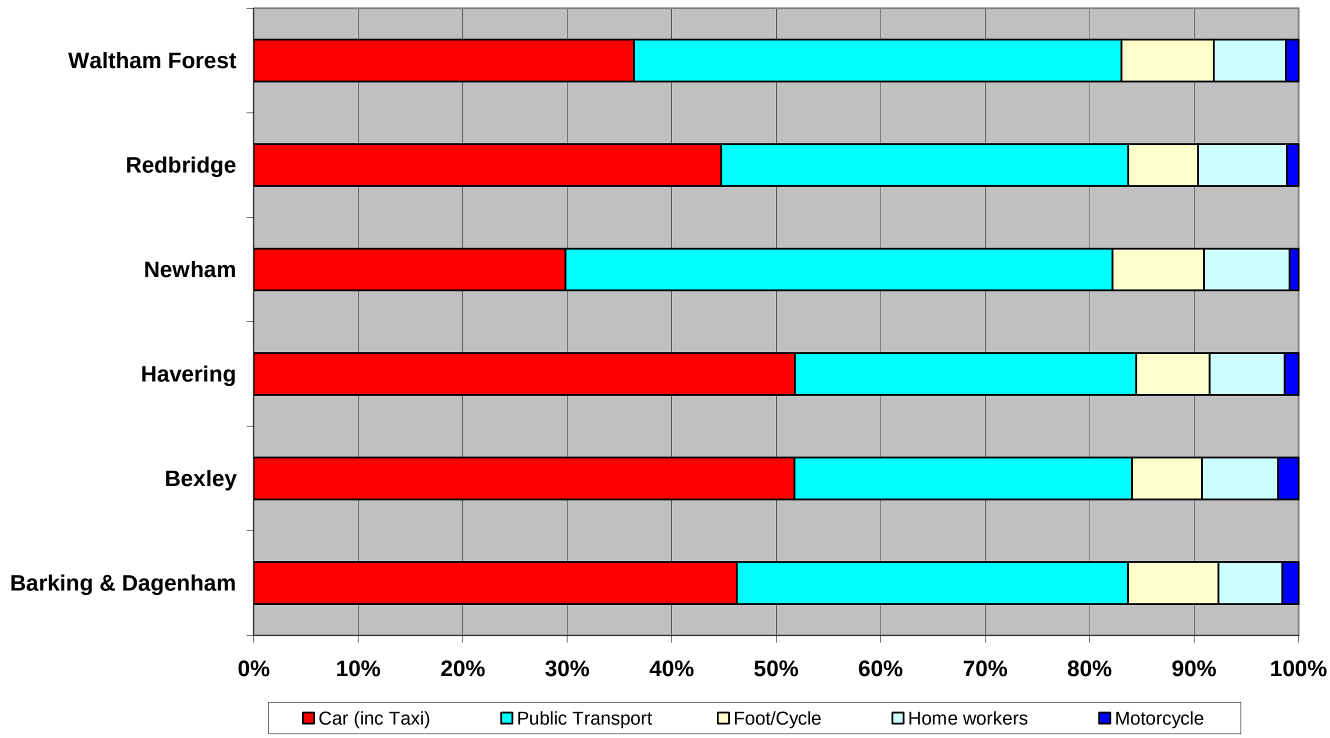
Figure 19: Median House Prices (2007 - 2008 3rf quarter)



Transport

The analysis presented in GLA working paper 34 is useful, although a breakdown at borough level of the preferred transport modes of commuters would be a valuable addition to the evidence. Figure 20 adds to the evidence presented on commuting patterns by examining the main mode of transport used for travelling to work. As you would expect, the availability of public transport in Newham and its role as a major transport hub means that the majority of residents utilise public transport as the preferred mode of travel to work. However, in those boroughs where the public transport network is not as extensive, around a third of residents use public transport for commuting. As a consequence, In Havering and Bexley the car remains the preferred option for commuting although this is partly the result of reasonably sized labour markets locally that facilitate car use. This local job dimension also means that on average, 8% of residents are able to walk or cycle to work.

Figure 20: Modes of Commuting by Borough (2001 Census)



Crime

The evidence submitted by GLA Economics represents an summary of key crime indicators, although it is difficult to ascertain what year these pertain to. Therefore, this paper will not replicate the table but will comment on the findings. Only Bexley on the range of crime indicators appear to perform below the London average for all statistics. With the exception of car crime, Havering performs below the London benchmarks, although car crime tends to be higher in areas with significant retail space and hence, large multi-story car parks. Similarly Redbridge, with the exception of burglary offences, performs relatively well compared to the London average. In contrast, the levels of crime in Newham and to a lesser extent, Waltham Forest, are significantly above the London average for all four categories of offences. In context, vehicle crime in Newham is the second highest in the UK and robbery offences per 000 population are the highest nationally.