

A CITY FOR ALL LONDONERS

Economy Workshop
23rd November 2016, 9.30 – 13.00

Sectors

Table 7 Session 1

Facilitator in bold – facilitator comments in bold

Respondents in regular text

These notes are a summary of the conversation

Session 1, Table 7

Facilitator, Amit Khandelwal

Jamie Dean, GLA

Jamie Simpson, London Borough of Barking and Dagenham

Dee Searle, Camden Green Party

Vicky Clark, Haringey Council

Kate Cowan, London Borough of Waltham Forest

Graham Hart, Royal Borough of Kensington and Chelsea

Robin Brown, Hayes and Harlington Community Development Forum and Just Space

Mark Brearley, Kaymet

What sectors exist in London that we should be supporting or promoting? What future sectors will be emerging? How can we in the GLA support and recognise the number of restrictions? If we look at current sectors, which should the GLA be promoting and supporting?

There's always a risk of characterising the London economy as the central economy, focusing on what is categorised as knowledge-based economy. In Haringey we're very interested in that, but we're trying to intersect. Of course we want to be investing in projects getting young people ready for the digital future, but we also support an agile light-manufacturing industry capable of adapting to changes. For example, we're investing in a business making kale crisps for Pret A Manger. Yes, they're a food manufacturing business, but a very modern one, using new technology. It's about identifying a niche market and fostering more of that kind of business. It offers opportunities to people who don't necessarily want to work in the knowledge economy.

The spaces under pressure for designer-makers. We're having to fight really hard just to protect office and business space from the residential. Project through planning, but there are designer-makers who need flexible premises. We need to find links between similar-minded people, who are easily priced out of an area.

Camden, like any London Borough, is diverse and it has the same thing happening. Workshops are being sold off for accommodation. It's a London-wide issue. There are huge pressures on transport, because everyone's travelling to the same places. We need to maintain diversity of employment opportunities London wide – a wide range of different sectors. Housing policies have to support this. It has to be joined up to create economic sustainability.

It needs a dramatic shift of emphasis. Today's presentation didn't have a slide about accommodation. The need for affordable workspaces is not emphasised. The emphasis has been on sectors with strong potential for economic growth. More modest potential sectors could shrink. Old Kent Road has several thousand businesses with nowhere to go. Normal expectation is that we expel parts of the economy. We need to expand understanding of all the sectors.

Flexible spaces that are high tech and slick often don't support most businesses. We're getting into non-affordable identikit bases.

I'm new to London, but I have seen that a strong sector in Waltham Forest is construction. It brings talent across London. Tech services, urban services – ones you need in the community – we have a broad range. But there's a variety of sectors and we need to pay attention.

In Barking and Dagenham we're about to release 140 hectares of space. A potentially massive expulsion of businesses. What we want when we de-release is viability. How does the economics of that work? There's very little example in London of that working well. Low local house values. I can't think of examples where there's the groundwork going in.

Businesses that claim commercial space, they stay empty for a long time.

There's actually a lot less of that now. It's more of a memory. Improvement vacancies were high a few years ago. We did some research.

If I heard the question correctly, it's about which sectors to promote. I don't think there's sufficient evidence on the existing situation across London – what premises and businesses are doing, what pressures they're under. The Park Royal Business Act is there. The sectors are an evolving thing. I've been to TfL workshops – they don't mention autonomous vehicles. There's no talk about future sectors.

We'll be covering that in a bit.

I agree with the first part: there's a lack of knowledge. Today's presentation was good, but it was macroeconomic dominated, picking from stats, but there are some very specific ones. On manufacturing business, the health warning from the GLA is that the projections are indicating a terminal industrial decline, but it's the exact opposite. I work in the sector and I know there's no such decline.

People wanted to make money turning industrial land into housing, so they sold it off. My colleagues at the GLA turn that into evidence that industrial land isn't wanted and release it.

The trend is release not decline.

The GLA projection of decline to nearly zero bears no relationship to what's going on. It's nearly edging into growth. We need to hunt for sectors that feel they have no voice. Creative economy is wonderful and important, and it's very good at being vocal. It has a team in the GLA

lobbying for it. The industrial sector is similar in scale – it represents one in six jobs – but it has no voice and there’s no team in the GLA advocating for it.

My task is to supply them with the next economic development strategy, and industry will be represented. Manufacturing has to be relevant.

That’s appreciated, but I don’t want to speak for one niche part. Look at the base part that will grow as London grows.

We’ve found various Boroughs that all have local economic development structures. They have all done the work for the people around the table.

I haven’t seen that.

Kensington and Chelsea don’t have one.

It’s better to look in a pessimistic way – most Boroughs have nearly zero idea of their economies.

There are Boroughs that do know, but that doesn’t prevent macro-pressure. It’s creating situations where the Boroughs know what to do but can’t do it. There’s pressure for housing. There’s a need to create affordable housing for people working in the jobs that use the spaces being taken for the housing. We need to think about a direction of travel. What does it create in the London economy? Make sure there is room for a working-class economy.

Small-scale industrial, high-craft skills, high-mechanised skills.

We didn’t work out ways to transfer those skills when the work went elsewhere. We lost so many from London. They do transfer into each other. Fashion is great, but fashion manufacture is a very skilled job, and a big industry. Departments trying to get to grips with this stuff are in silos. The GLA could take over and help the sense that business economy will look after itself.

If you only invest in core sectors, you’re only investing in a small percentage of the population.

Is the Mayor’s economic development strategy London wide? Research smaller businesses, aggregate those and feed them into the full plan.

We want to consult and talk to all sectors. We will look at local Boroughs through councils. London First will also do that. In the past, we did the McKinsey report on SMEs – needs to be addressed. What practically can we do? Various strategies are conceived but they become academic pieces, which we don’t want. Our research base needs to be a multiplicity of channels, not just med tech, ed tech, fin tech.

There needs to be an emphasis on local economic traits. Under the previous Mayor, it was all very macro.

Support and encouragement through advice to local Boroughs.

There’s an intention to support wherever possible.

We want to look, digest and tease out. We need to talk to fellow citizens involved.

Is the factory sector represented in the LET?

I didn't apply, because I looked at the application documents and they overwhelmingly favoured other sectors. I didn't want to apply because of the bias. I think it's a challenge to construct help. We need to be emphasising the base load, the taken-for-granted economies. Take the builders' merchants economy – planners don't know how to categorise it. Retail? Manufacture? The normal approach is assuming there's a massive percentage we can ignore because we don't understand them. People like builders' merchants, they're well organised nationally – they can be talked to. They're aware they have a challenge in London.

That dialogue is going to happen. I will make sure. It's as important as over-the-counter trade. Is there an aspiration for what future sectors should look like?

Uses like that low-intensity use of space will be under real pressure. Balancing that is important.

Places that make use of warehouses, how can we intensify usage there? Co-space? Some ways are good, but bring problems.

Special design challenges – are they big for London? They need to come to the centre of economic thinking. They need subsidy support to help the process. We've got to crack it.

That should all be included in planning policy.

Barking and Dagenham are particularly reckless. It's almost Greenwich territory. They could retain industrial land for the time being. On Old Kent Road, no one is saying, "Freeze it." It has to change, but we have to find ways to bring the growth that we're experiencing into the new economy.

We have Beryl House. It's a beautiful old building where they used to manufacture pencils. There's this idea that industry has to look ugly, but it doesn't. I can't see why someone can't make pencils on three floors and have the other ten as flats. We're too prone to say, "It's too difficult." We can solve these issues with a bit of intelligence. Instead of getting rid of and saying, "We can't do it again," say, "We can!" and develop it. This idea that people don't want to be anywhere near manufacturing is a myth.

The Hackney Wick plan incorporated that. It was a breakthrough and an intelligent proposal.

There are questions regarding viability. It's exciting, but I hope they're considerate of the fundamental unfairness in the economy. The ones who are disadvantaged are the ones who feel everything is stacked against them. It's not their fault there's reduced land supply. It's not their fault there are massive subsidies for health and education. It's not fair, and we need to resolve the challenges.

I was in Korea recently, where they've made the decision to be the manufacturers of LEDs across south-east Asia. It's now by far the biggest market, and it's from government intervention, channelled in, in the right way.

It's like Paris with fashion. That's not an accident.

Any research funded by the Seoul government is handed over to the companies, saying, "Get what you want, that's what we care about."

Picking up on the fairness theme, that's the Mayor's direction. We have to demonstrate the social value or worth of these economic activities, and not see everything through a monetary prism. Locally-based employment and environmental concerns. Environmental and social factors.

Move away from relying purely on GVA.

On the fairness question, it's good to target prejudice. There's extensive prejudice out there against parts of the economy. Why is it reasonable to be prejudiced against the car repair industry? It's a perfectly valid business, but Boroughs are saying, "We don't want them. Dirty. Urgh!"

If people have to drive out of London to service their car, we all lose a day's productivity. Regarding Korea, it's not so much about interventionist activity as about considering the consequences when putting strategies in place. It's not about, "Make us special," but about, "Allow us to carry on using our ingenuity."

Businesses are feeling threatened in the Old Kent Road. They want people to take care of their accommodation; they don't want to be pushed out and presumed to be anachronistic. It's not a historical accident their choosing to be there. That's far more important than business therapy or apprenticeship schemes. It seems trivial, but it's a question of, "Are we being pushed out of our city?"

The city's not a market thing; it's not a corner shop. It's intervened in. It's not a fair market.

But it does generate a lot of wealth. If we were more economically liberal, it'd be different.

Look at football pitches. If you want a hobby, playing football 5 hours a week, why are we reserving that space when you can easily commute for your hobby? It's the same argument.

What's the market economy done for London? It's made it one of the most unequal cities in the world. We're not an economically sustainable city. The market will always go for the easiest part of development.

Where do you see future sectors lying?

I went to a Park Royal business event where the OPDC talked about opportunity areas – Mini-Manhattan, Canary Wharf – not protecting Park Royal. There was one short presentation on future sectors. The point is, there's a dearth of discussion on future possibilities. Things like automation. There's a singularity that will occur in the 20-year lifetime of the London Plan.

We need recalibration in the economy, not to overly focus on new sectors. The way the world of retail economy is recalibrating, it's skewing towards more independent retail, to everyone's surprise. We need to be acknowledging that has spatial consequences.

There needs to be a mention of higher education. What's the appropriate level for that development?

Sustainable technology. Sustainable industry. Areas with an obvious case for direct subsidies. Technologies that future proof the world against global warming. That's such a wide area, so it's hard. It's beset by too many innovations and prevailing scepticism on behalf of ordinary

people and senior politicians. It seems to be the case that, in the future, that will be identified as a mistake.

Education – cross-education, school clubs, the need for spaces. Further Education is changing.

What aspects of the economy are a by-product of population? Population grows, look at how everything grows with it.

Expect the unexpected. Focus on diversity of accommodation.

Be resilient, build in flexibility.

Anything you write off as dead might come back. “Cinemas are going to disappear completely,” was the narrative when I was a kid, but cinemas are now gently growing.

The Mayor ought to be doing something. People are asking for the upskilling agenda to be his problem, but there’s a lack of co-ordination with education.

In further education there’s a review of amalgamation. HE is talking about student recruitment; space and not being able to find adequate student accommodation across the board; and the domain of former polytechnics. How to engage with the commercial? We’re a convener of competing assets.

The emphasis on devolution was on fiscal development. Every item I thought, “Yes please!” Planning devolution is essential.

From the sector’s perspective, what are the two key issues?

Be open-minded and open to all sectors without prejudice. Build rich, fine-grained knowledge and understand needs.

It’s about the evidence and recognising social and economic worth.

Unfairness. Future broadcasting on some level.

Respect the richness of the city.

Find a way of recognising and sharing the worth of local business ideas. Encourage sharing and enabling between councils.

Viability on the supply side for commercial issues.

Sub-regional levels with devolution. How that works. Shine a spotlight on where there are really forward-looking strategies.

Sectors

Table 7 Session 2

Facilitator in bold – facilitator comments in bold

Respondents in regular text

Session 2, Table 7

Amit Khandelwal: Facilitator

Nigel Riley: planning policy, London Borough of Bromley

Tom Cardis: Old Oak Common and Park Royal Development Corporation

Jonathan Kay: Brent Council

Andy Chapman: Economy for the Common Good

Michael Edwards: UCL

Kat Hanna: Centre for London

To start with, let's keep it open, broad. In the current sectoral mix, which sectors are doing well? Which ones are struggling? What sort of support mechanisms should be provided to sustain them?

The tech sector's doing well, at least in terms of securing investments. The caveat is, there's a tendency to lean towards the Silicon Valley pattern, not doing much to contribute to the local economy. There's a tech bubble. Bring mainstream tech into other successful sectors. Translation of mainstream technologies. Also, universities and research, getting skills post Brexit and having access to that. Sadiq's keeping his cards close on regional visas.

We wanted to focus on the problem in the London Plan. Emphasise in economy discussions growing sectors that have high gross value added per head but disregard low-productivity sectors – retail, driving, security, care work, cleaning. These aren't sexy sectors, but they don't get a page in the economic evidence base. It'd be better raising GVA in those sectors than getting four more bankers.

From a subjective observation, the sectors doing well are estate agents, fast food and – oddly enough – microbreweries. I don't know, I don't see much evidence of a green economy. To add to the remark about distributional effects of GVA, focusing on GVA says nothing about a broader social objective.

Brent is an area with quite a few of the sectors John touched on. Low wage etc. In terms of those sectors, how should clustering work? Is it about conglomeration? We should be seeking this more widely across London. Also, in terms of what is doing well, what's the measure of that? Focusing solely on GVA is sexy, but how can the benefits be shared more equally across London?

The sectors not doing well are industrial. There's a bit of a resurgence in SME-type manufacturing, but there's a risk of the erosion of industrial estates. The pressure to deliver housing puts more and more pressure on them. They're finite in number with increased rents. Logistics is an important sector. It's a level sector, but it needs to grow. It's also space hungry.

How do we face up to the need for that as well as delivering housing? Perhaps the measure is not GVA.

Logistics is big in Bromley – it's obviously important – but there's a bit of a disconnect in terms of infrastructure. Bromley has proximity to the M25 but it's not seeing local investment to improve some of the connections. There's still a manufacturing presence, though it's becoming more niche. We need support mechanisms that demand more flexibility for workspace provision.

The percentage of business for SMEs, does that include sole traders?

No, add that on.

One thing I would caution against is unemployment disguised as sole traders.

Three-quarters of this diagram is sole traders.

Stats can be deceptive.

Personally, I'm sceptical about looking at that and thinking, "Oh, that's fantastic! They're fantastic entrepreneurs," etc.

New York did a good study looking at that. Five years on, the rate was terrible – 90 percent of them had zero or one employee.

In London we provide start-up space, but how does that grow for a medium enterprise?

It's a lot about definitions. A start-up is an SME that intends to go bigger. Branding can be a problem.

Michael, you talked about how we need to support retail, security, care, cleaning. What interventions can we make that do that?

I'm less concerned about supporting them than trying to improve their productivity, their pay levels and the quality of their jobs. We can do that by enforcing the minimum wage, spreading better productivity. I've got no patience with the tech sector. Kat's point is valid about dispersing that sector through the whole thing. Obviously, it can't help in all these sectors – maybe retail.

Housing provision, involving travel. That ties into the housing crisis.

The London living wage is a great campaign, but as long as it's voluntary the impact will be limited. Improved productivity is important, but that could mean diminishment in numbers of people employed.

We have a lot of car dealerships. What impact might that change have on that sector? Car use is going down.

The balance between emerging sectors and potential loss of employment. There are lots of academic papers about revenue, but what about the social dimension?

The evidence from the past 200 years is that every invention predicted to cause the loss of jobs has, in fact, provided more.

Flying bicycles!

How do we position London to be central?

Then how can all Londoners be positioned to be able to compete for those jobs?

It's hard to predict which sectors will thrive. Tech moves so quickly – who knows? Trying to identify it is a bit of a hard road. A lot of the things concern the housing crisis, transport and low-wage jobs. If there's to be a solution, it's going to mean shifting the nature of the conversation. In technology – as in any sector – if the name of the game is making money, we'll keep seeing the same problems. There needs to be a different conversation. Engage not just businesses but everyone. What is the purpose of economic activity? It's not just turning out money. Have a conversation with businesses about what their purpose is, what they can contribute. Don't have them see it as a threat. Some issues will start to look different that way.

The spatial element of businesses talking to each other isn't happening the way it could. In Park Royal there's lots of white van delivery, but they're half full when going central and coming back. How to make use of that? Encourage co-operation.

TfL is doing some work on freight consolidation.

Encouraging people to do that in a more informal way. Amazon does that.

The school of SME businesses needs to be talked to.

Research experience is matching the reality to things like social codes and zip codes. Is it about making more data on how people are working and what type of work they're doing? A lot of people in my age corps do jobs I'd struggle to categorise. I know work has been done by DCMS, but there needs to be more going on. Folio work, gig economy. We've seen what happens when you create policy – it's a blunt instrument.

These categories don't map on to the land-use categories that industrial industry has.

Unless you know what people are doing, it's hard to provide the right kind of space.

If the essential nature of the London economy is rapidly evolving in a way that the GLA is on top of, what are the best ways it might intervene? Irrespective of the detail, some things the GLA can do involve playing a convening role. Conversations about how to convene stuff between the right sectors. GLA can play a leadership role in shifting the conversation.

Convening is important, but a lot has gone on. Sadiq has been rationalising existing committees and task forces. I worked on a report about the digital future and the inventions and innovations that are likely to disrupt, such as Uber. No one saw that coming. How do we plan for the next Uber? How do we have the right instincts for regulation?

No matter how smart we try to be, you just don't know. If that's the nature of the beast, how can we better design the system?

The skill sets of people we're employing, the instinct for understanding innovation. Look at Airbnb in New York. We should be having that conversation now instead of waiting for it to happen here.

Anything in terms of planning? Zoning? Strategic infrastructure is being stripped away. Is there something to be done through the tax system? Business rates? Lower GVA conditions. Redefine what a key worker looks like in London.

A key point that came up is the problem that arises when you plan mixed use development. What happens when new residents start demanding peace and quiet? The problem is that you have an established regime in an industrial zone, with noise and odours. Nuisance laws start to suppress that. It's a serious planning problem.

The larger industrial areas that can protect those things, keep them away, they need to be protected.

Part of what you need is legal powers to restrict the rights of incoming residents.

Making it your responsibility to mitigate those. Design it to try and mitigate these scenarios.

Managing expectation as well.

People move in and say, "Oh, it's not a problem," then it turns out...

It's a category that needs to be looked at.

On a site like Old Oak Common, can you use the space in degrees? Plan intelligently to keep the residential as far away from the worst industrial parts. Also, Hackney Wick is an example of people actually not minding at all. Some people enjoy the industrial nature of the area. The problem is like that found in Shoreditch. People moved there in their 20s to be near the bars and clubs. They get to their 30s, have kids and decide they don't want to live near all these nightclubs any more.

A good scheme is cooking up near King's Cross. Industrialists are coming together in design terms to keep business all working in the right way.

On the planning side, keeping the balance between flexible workspaces. Leave it to the market and you won't get enough industrial land, no wet labs.

Developers aren't geared up well enough to know how these things work.

The London Housing Design Guide was not informed by actual users. Be careful about over-planning. Live Work didn't work. The taxation scheme screwed it up.

I'm not saying support particular sectors, but there are some clusters. London is a mix, and you need to put things in place – land infrastructure, the employment sector, educate to prepare.

It's important to understand the ecosystems that support these. Hackney Wick is seen as untouchable. But look, if they're artists, figure out where they set up galleries, where they go to art school. The GLA needs to understand how all those things relate to one another.

Artists follow rent levels. That's what creates that clustering of media types. They like waterside space, but also following artists. So they move in, then the rents go up, the artists have to move out, and the cycle starts again somewhere else.

It's not just little arty things that suffer from displacement. The estate agent Savills are responsible for finding new spaces for firms displaced from Battersea. They have to move to Bromley, Crawley etc, but the work is buzzing around the West End. The number of vehicle miles involved is diabolical.

It's about attracting the right kind of talent too. You need the infrastructure to support that.

Infrastructure is key. If a tube line moves in, it's energising, a catalyst.

In New York they're building a new logistic state, with direct access in. London takes a more organic approach, but perhaps it needs to take a more logistic approach.

Companies like ASOS don't have a great rep. I wouldn't celebrate if one of their warehouses turned up in my Borough. They have massive areas inside them just going to waste, unlike Amazon, which shares out spare space. It's how to stack those warehouses to create better jobs.

Looking at intensification.

The GLA are working on stacking in some industrial estates. Release some land, intensify others.

The GLA are recording on an acreage basis instead of a floor-space basis. Be smarter about how we work with what we've got.

Interesting approach to shared workspaces.

One thing on intensification, if you use Google Earth to look at retail zones, the uncovered parking space is enormous.

The new approach to building supermarkets is a shed with a big car park around it.

Deck over the parking and build on top.

What scope does the GLA have to work with developers and say, "We don't want that kind of scheme. We want something different."?

We're requiring intensification in terms of floor space; transferring space.

Back to sectors, interconnectivity is important, as is stacking. Looking towards the future and promoting London's economic growth, what are the two or three sectors that will be emerging?

We've done our own sector study for our area. What we identified was that food processing will continue to be a need – sushi making etc. Society is becoming more sophisticated in terms of how it consumes food, so diversification will need to happen. There's a range of sectors in Park Royal. The financial sector will continue to grow – it's the basis of London's economy and will continue to flourish for now – but we need to think about post Brexit. How do we continue to keep that sector here?

Can businesses get everything they need in London post Brexit? They might have different components, which might move overseas.

In Bromley, what sectors do you see coming up?

It's still a conversation we're having. We touched on sectors defined in planning. Classes, things like that. There's a lot of category killers coming up.

What's the impact of putting up a medium-sized town at the bottom of the Borough? We're excited about workspace innovation. We want to ensure local people have the skills to be able to access those jobs. Food manufacturing is big. At Wembley Stadium there's a growth in events. Opportunities to link sectors with the arena. Conferencing? There's key growth in Wembley.

Look at the cultural and creative life London has to offer. 21st century retail space – how does that look? What leisure can we include in that?

In Greenwich, tourism is likely to remain a massive industry. Construction and development as well. You can't move for construction projects, but there are not enough workers.

The positive is that the retrofitting needs of building stock are massive. Reduce fuel poverty, reduce emissions. Expanding that sector, which doesn't exist. The negative is the GLA and the LEP spend too much time on sexier sectors rather than on the sectors I mentioned at the beginning. Some of those will become automated, but most won't. Someone in City Hall needs to have a job looking at those unsexy sectors.

Tech, media and telecommunications will continue to grow. Data scientists, online content management. Gig economy will increase. Businesses of zero to one employee will increase.

The health sector with the ageing economy. A key benefit is around the education sector. Capture that in relation to health.