Introduction **1**

Local Economic Assessment

1 Introduction

1.1 From 2011 local authorities, including London Boroughs, have a statutory duty to undertake an assessment of the economic conditions of their area. These assessments are referred to as 'Local Economic Assessments' (LEAs).

1.2 This document sets out a draft Harrow Economic Assessment. The assessment provides a clear narrative about Harrow and its economic position today. The document describes the economic opportunities, issues and challenges facing Harrow now and over the coming decade.

1.3 The draft LEA will be used to engage and consult with key partners and stakeholders who will inform and guide the further development and completion of the LEA later in 2010/11. Once completed LEAs need to be reviewed annually and revised every three years.

1.4 At a regional level, the Harrow LEA will feed into the West London LEA and will build upon and inform the London Mayor's strategies including the London Plan and strategies for Economic Development and Transport at a London wide level.

1.5 The LEA takes account of the Memorandum of Understanding (MoU) agreed between London Councils and the GLA to ensure consistency of approach. The MoU was a response to the initial set of Government guidance on the preparation of LEA.

1.6 The MoU agreed a number of actions for the GLA and London boroughs in relation to the LEA including:

- Setting out a core indicative data set for inclusion in all economic assessments in London for benchmarking between London boroughs and groups of boroughs.
- Review the process of preparing local economic assessments in London and the usefulness and impact of these on local, sub-regional and regional strategic planning, alignment of activities and joint investment planning, six months or more after all initial assessments are complete.

Consultation

1.7 This is a first draft version of the Harrow LEA. In line with London Council's MoU, the local authority will formally consult such persons as it considers appropriate allowing at least 10 working days for responses and, in line with best practice, set out publicly how the Council has responded to any issues raised by these organisations.

Update

1.8 Following the General Election in May 2010, the Statutory Guidance on LEAs has been withdrawn. However, the requirement to undertake an LEA remains and the Coalition Government has recently announced (23rd September 2010) that it does not intend to monitor or assess assessments. Local authorities are now free to determine the breadth and scope of their assessments reflecting local priorities and "without interference from Government"'

Note

To ensure there is a “cut off point” in updating the statistics in the LEA, the final version will use statistics that are available at the end of June 2010 and use data no later than March 2010.

Aims and Objectives **2**

Local Economic Assessment

2 Aims and Objectives

2.1 The aim of LEAs is to ensure that local partners are equipped with a sound understanding of the local economy, based on a robust evidence base, and that this understanding should lead to improved economic interventions.

2.2 The core objectives of LEAs are to:

- Provide a sound understanding of the economic conditions in the area and how they affect residents and businesses
- Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and opportunities
- Identify the local economic geography, including the economic linkages between the area being assessed and the wider economy
- Identify the local constraints to economic growth and employment and the risks to delivering sustainable economic growth

(Source: DCLG Statutory Guidance on Local Economic Assessments March 2010)

2.3 The Harrow LEA, once in place, will inform local strategies including the Sustainable Community Strategy, Local Area Agreements, 16-19 learning commissioning, housing and transport strategies. In addition, the LEA will form part of the evidence base for the preparation of Local Development Framework (LDF).

Executive Summary **3**

Local Economic Assessment

3 Executive Summary

Map 1 Harrow Location within Greater London

3.1 Harrow has a population of 228,100 (ONS Mid-Year Estimate 2009) which is predicted to increase to around 232,850 in 2016 and 234,470 in 2020

3.2 It covers an area of approximately 50 sq. km (just under 20 square miles). Over a quarter of the borough (more than 1,300 hectares) consists of open space.

3.3 The Borough is ethnically diverse with around 45% of the population being non white. A significant proportion of the total proportion (22.3%) are Indian (see Section 6 'Population').

3.4 The Borough is a typical outer London Borough that developed as development followed train lines in the early 20th Century.

3.5 As a result, the borough has a number of old villages that existed prior to this expansion (e.g. Pinner, Stanmore, Harrow on the Hill) surrounded by early 20th century residential development.

3.6 Population and employment forecasts for Harrow show small increases in the next 10 -15 years. The key growth sectors appear to be in the Other Business Services and the Hotels and Restaurants sectors with small decreases in the public sector (see Section 4 'Future Economic Forecasts' & 6 'Population').

3.7 A significant proportion (22%) of Harrow's working population commute into central London (Central London being London Borough's of Southwark, Westminster, City Of London) while 24.8% work in the neighbouring London boroughs of Ealing, Brent, Hillingdon, and Barnet (see Section 5 'Linkages and Flows').

3.8 Almost 40% of employed residents within Harrow are either classified as “Managers and Senior Officials” or “Professional Occupations” compared with 35% for London as a whole (see Section 9 'Employment').

3.9 In terms of employment sectors, although there are no dominant sectors in Harrow, there are a larger proportion of people employed in the main public sector categories of Public admin, Education and Health (27%) when compared to London (22%) (see Section 9 'Employment').

3.10 Small businesses (i.e. employing 0 to 4 people) in the Borough represent 78% of the total number of businesses in the Borough.

3.11 Although there are relatively few large businesses in the borough, those employing over 200 people provide just under a quarter of the total number of jobs in the borough (see Section 10 'Business and Enterprise').

3.12 Generally there are relatively high levels of employment in the Borough, however, there are some small but significant pockets of deprivation linked to worklessness and low income and employment levels. These tend to coincide with areas of social housing (see Section 7 'Inclusion' & Section 11 'Housing'). The barriers to employment in the areas reflect national issues related to the interaction of demand, supply and institutional factors.

3.13 In terms of buildings and floorspace (see Section 12 'Development and Infrastructure'), statistics from the Valuation Office Agency show a significant loss of office floorspace over the period 1998 – 2008 with a small increase in retail floorspace and a a small decrease in factory floorspace over the same period. Warehousing shows a 12.6% increase but from a relatively low base.

3.14 In summary, the LEA identifies the following Key Issues in the borough:

- Need to maintain business/employment base in borough despite pressure for redevelopment of (increasingly outdated) employment sites and buildings for other uses
- Need to maintain mix of local jobs
- Need to maintain attractiveness of Borough as place to invest in light of competition from sub region and south Hertfordshire
- Increasing competition from neighbouring town centres and other forms of retailing could effect Harrow town centre’s status as a Metropolitan Centre
- No obvious key sectors – this helps in times of recession but makes it difficult to target business and sector support
- Loss of major employers (through closures or relocation) will have significant affect on the local economy
- Ensure good transport links to employment opportunities outside the borough

3.15 The Council and other local partners therefore need to develop policies, actions and projects that address these issues.

Future Economic Forecasts **4**

Local Economic Assessment

4 Future Economic Forecasts

Harrow is closely linked to and dependant upon the West London, London and south east economy. However, many of the sectors that dominate the west London economy such as logistics and creative industries are not significant sectors in Harrow. Any economic forecast for Harrow therefore needs to take account of the specific nature of the Harrow economy.

West London Employment Forecasts

4.1 For West London, specialist sectoral strengths which (or potentially) could generate significant growth include:

- Leisure and Tourism
- Media and creative industries
- Logistics
- Transport related functions
- Higher education

4.2 Added to this, a potential growth sector would be the development of 'green industries' across the sub-region (and possibly particularly at Park Royal). Although this is a very broad catch-all term, potential skills required could be around waste management, energy from waste, design, development and manufacturing of low carbon technologies, renewable energy technologies etc.

4.3 The 'Working Futures 2007 to 2017' report highlighted the following about employment projections in West London:

- Food & Drink production, Communications and Public Sector are all predicted to decline.
- Other Business Services and Computing Services show the largest predicted increases.
- Managers, Professional & Technical Occupations & Personal Service occupations are predicted to increase.

Harrow Employment Forecasts

4.4 The Council undertook an Employment Land Review (Nathaniel Lichfield and Partners May 2010) as the basis to assess future land and floorspace requirements for the Local Development Framework.

4.5 As part of this review, employment forecasts were undertaken. Table 1 'Total Employment Change by Sector'below is based on this report. It projects a small increase of just under 4,000 in the total number of jobs over the period from 2009 to 2021.

Table 1 Total Employment Change by Sector

Sector	2009	2016	2021	% Change 2009-2021
Primary and Utilities	81	68	60	-25.9
Manufacturing	4,556	3,816	3,362	-26.2
Construction	5,833	5,398	5,108	-12.4
Wholesale	4,628	4,468	4,357	-5.9
Retail Trade	9,635	9,656	9,670	0.4
Hotels & Restaurants	4,697	5,856	6,855	45.9
Transport & Communications	3,225	3,114	3,037	-5.8
Financial Services	2,788	2,808	2,822	1.2
Business Services	17,664	18,291	18,753	6.2
Public Administration	3,858	3,596	3,419	-11.4
Health & Education	19,097	19,003	18,937	-0.8
Other Services	6,303	8,129	9,748	54.7
Total	**82,365**	**84,203**	**86,130**	**4.6**

Source: Harrow Employment Land Review – Baseline Scenario NLP analysis of GLA trend-based employment projections (October 2009) Harrow Council Analysis

4.6 The forecasts show decreases in the Public Administration, Manufacturing and Construction sectors to 2026 and major increases in the Hotels and Restaurants and Other Services sectors over the same period.

4.7 Taking the West London and Harrow forecasts together, it can be seen that in the current economic climate, public sector employment levels in Harrow are likely to be reduced in the short to medium term.

4.8 At the same time, Harrow is well placed to take advantage of the predicted growth in the knowledge based sectors such as Other Business Services as well as in the Hotels and Restaurants sectors. This is supported by trends in business start up figures (see Section 10 'Business and Enterprise') which shows that the largest level of new starts since 2008 has been in the legal, accountancy, consultancy and other business sector.

4.9 The potential for Harrow to take advantage of the predicted growth in “green” industries is difficult to quantify without further research.

Linkages and Flows **5**

Local Economic Assessment

5 Linkages and Flows

Economic linkages

5.1 Economic linkages between Harrow and surrounding areas help to strengthen the economic sustainability of the borough by giving the Borough a competitive advantage. On an individual company basis, the greater the linkages to the local economy e.g. through supply chains, the greater the company is embedded within the local economy.

5.2 However, initial surveys of businesses in the Borough show that many of the larger businesses do not have significant local supply chains. Similarly, the business Sentiment Survey (see Appendix 2 'Extract from WLB Business Sentiment Survey') suggests that many small businesses locate in Harrow for convenience rather than any obvious competitive advantage.

Transport Connections

The efficiency and reliability of the transport network in Harrow and west London as a whole is important for both business and individuals. Freight and servicing originating in west London supports London-wide population and economic growth, and it depends on a reliable transport network.

Congestion remains a significant issue for many road users in west London and Harrow, especially those travelling east-west, affecting journey times and journey time reliability. With demands on the public transport and road system projected to increase, reliability and resilience to disruption are likely to suffer without continued investment and action.

5.3 Harrow, like many outer London Boroughs, has good radial public transport links into central London (Jubilee, Bakerloo, Metropolitan and Piccadilly; Overground Services to London Euston).

5.4 Harrow and Wealdstone Station is also served by London Midland which gives access to Milton Keynes and Birmingham.

5.5 On average across the Borough, public transport accessibility reflects its outer London location with the Borough ranking 6 out of the 33 London boroughs in terms of the proportion of the borough with the lowest levels of public transport access (TfL Planning Information Database: PTAL analysis).

5.6 Car ownership levels in Harrow are higher than the national average and are the third highest level in London. One third of households in Harrow have two or more cars, which is the second highest level in London (2001 Census).

5.7 Traffic congestion is therefore seen as an issue in the borough. Traffic does build up on road links across the Borough and around Harrow town centre. As a result, links to the M40 and M4 corridor are not as good as for Boroughs to the west and so the borough is not seen as a key distribution or office location.

5.8 Similarly, although the M1 runs alongside the eastern edge of the Borough, transport links across the Borough are not as good as say links to the M1 in Watford.

Travel to Work Patterns

Being an outer London Borough, it is recognised that a significant proportion of residents will commute out of the borough for work. However, a choice of employment opportunities needs to be maintained within the Borough for a number of reasons including to help maintain work/life balance for Harrow residents, and to reduce the need to travel.

5.9 Around 31% of Harrow's residents work within the Borough, while about 25% work in the neighbouring London boroughs of Brent, Hillingdon, Barnet and Ealing.

Table 2 Place of Work for Harrow Residents

Rank	Location	2008 Flow
1	Harrow	31.1%
2	Southwark	15.2%
3	Brent	10.6%
4	Hillingdon	6.3%
5	Barnet	4.8%
6	Ealing	3.7%
7	City of London	3.5%
8	Westminster	3.3%
9	Watford	2.8%
10	Hammersmith & Fulham	1.7%

Source: Local Labour Force Survey, 2001

Annual Population Survey, 2008 via Commute APS

5.10 Due to the good radial public transport links into central London, a significant proportion (22%) commute into central London (Central London being London Borough's of Southwark, Westminster, City Of London).

5.11 There is also a significant number of people that commute into the borough - most notably from south Hertfordshire (Watford, Hertsmere) and adjacent London Boroughs such as Hillingdon, Brent and Ealing.

Table 3 Place of Residence for Harrow Workers

Rank	Location	2008 Flow
1	Harrow	45.8%
2	Hillingdon	12.3%
3	Brent	10.5%
4	Ealing	5.7%

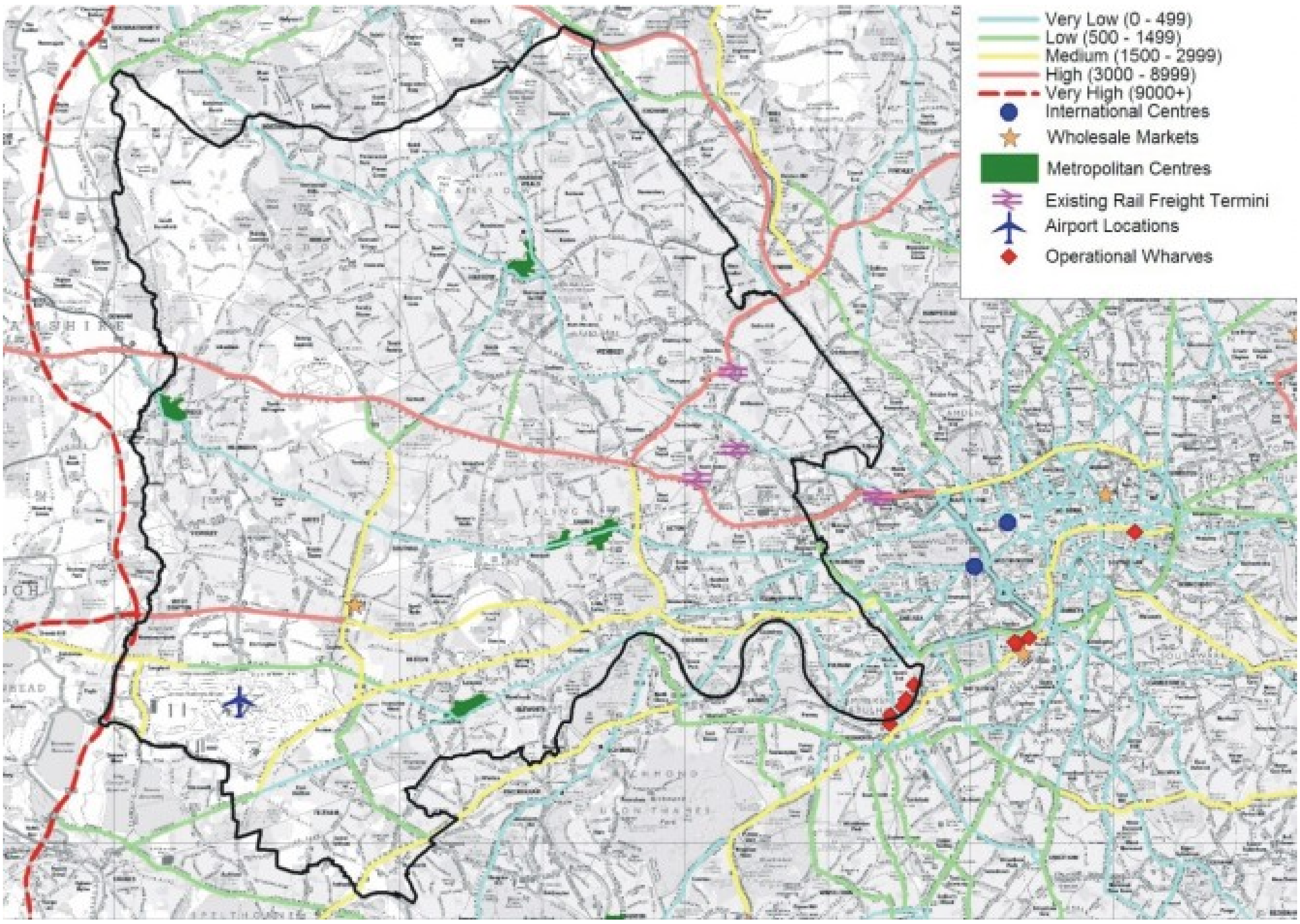
Rank	Location	2008 Flow
5	Hertsmere	3.4%
6	Watford	2.6%
7	Camden	1.4%

Source: APS Annual Population Survey 2008

Trading links and Movement of Goods and Services

5.12 There are relatively low levels of movement of goods through the borough when compared to the rest of West London. Map 2 'HGV flows in West London - Annual Average Daily Flows Based on DfT Counts' shows that the majority of HGV flows occur along the M1/A406/A40/M4 corridors.

Map 2 HGV flows in West London - Annual Average Daily Flows Based on DfT Counts



Source: West London - Developing a Sub-Regional Transport Plan, Interim Report on Challenges and Opportunities

Note: HGV are vehicles greater than 3,500Kg

Population **6**

Local Economic Assessment

6 Population

6.1 According to the Government's 2009 Mid-Year Estimates (MYEs), the borough has a population of 228,100. It is the 12th largest borough in Greater London in terms of size and 23rd in terms of population. The average density in Harrow was 4,284 persons per square kilometre (ONS, 2008), which is lower than the London average of 4,847. Over a fifth of Harrow is designated Green Belt, where population densities are considerably lower than the built up areas of the borough.

6.2 The population of the Borough is predicted to increase slowly reaching 232,847 in 2016 and 234,474 in 2020 (Source: GLA; Harrow Analysis).

Table 4 Population Structure by Ethnic Group

Ethnic Group	**Number**	**%**
White: British	101,100	47.1
Asian or Asian British: Indian	47,900	22.3
Asian or Asian British: Other Asian	12,000	5.6
White: Other White	10,400	4.8
Black or Black British: Black African	7,700	3.6
White: Irish	7,300	3.4
Black or Black British: Black Caribbean	6,600	3.1
Asian or Asian British: Pakistani	6,100	2.8
Chinese or Other Ethnic Group: Other	4,300	2.0
Chinese or Other Ethnic Group: Chinese	2,900	1.4
Mixed: White and Asian	2,200	1.0
Mixed: Other Mixed	1,900	0.9
Mixed: White and Black Caribbean	1,600	0.7
Asian or Asian British: Bangladeshi	1,500	0.7
Black or Black British: Other Black	1,100	0.5
Mixed: White and Black African	1,000	0.5
Total	**214,600**	-

Note: Figures are 'experimental estimates'

Figures may not sum due to rounding

Source: 2007 ONS Population Esitmates by Ethnic Group (original release data)

Inclusion 7

Local Economic Assessment

7 Inclusion

7.1 The Government's 2007 Indices of Deprivation show that whilst multiple deprivation in Harrow is well below the national average, with Harrow ranking 197th out of 354 districts in England, Harrow's position has worsened since the 2004 Indices, when the borough was ranked in 232nd place. This situation is mirrored in the London rankings too, with a 25th ranking (out of 33), compared to 29th place in 2004, where 1st is the most deprived.

7.2 There are however pockets of deprivation especially in relation to employment[1] deprivation and income deprivation[2].

7.3 For employment deprivation, eight of Harrow's 137 Lower Super Output Areas (LSOAs) are in England's most deprived 20% (compared to three in 2004).

7.4 For income deprivation**,** 20 of Harrow's 137 LSOAs (spread across 13 wards) are in England's most deprived 20%, seven of these being in the country's most deprived 10% of LSOAs.

7.5 Map 4 'Income Deprivation by LSOA & Location of Soical Housing' and Map 5 'Employment Deprivation by LSOA & Location of Social Housing' show the geographical spread of these small pockets of income deprivation and employment deprivation and also maps the location and the number of units of social housing by Super Output Area (Lower). These two maps show a strong correlation between high levels of income and employment deprivation and locations of social housing.

Key economic/social barriers to economic participation

7.6 The Council's Worklessness assessment (see Appendix 4 '(Draft) Harrow Worklessness Assessment') shows that the key economic and social barriers to economic participation in the borough reflect the national factors which can be classified as follows:

- **Supply-side** factors (the skills, qualifications and attitudes of workless people)
- **Demand-side** factors (the number, type and location of jobs and local recruitment practices)
- **Institutional** factors (the way in which housing markets, transport systems, childcare availability, etc. work to support or hinder access to work)

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1 Employment deprivation in the ID 2007 is a basket of indicators: recipients of Jobseekers Allowance (JSA); Incapacity Benefit and Severe Disablement Allowance (all these among people of working age);and people taking part in New Deal programmes (not in receipt of JSA) and New Deal for Lone Parents.

2 Indicators constituting Income Deprivation in the ID 2007 are: adults and children in Income Support households; adults and children in income based Job Seekers Allowance households; adults and children in Working Families Tax Credit households whose income is below 60% before cost of housing; adults and children in Disabled Person's Tax Credit households whose income is below 60% of median before housing costs; National Asylum Support Service supported asylum seekers in England in receipt of subsistence only and accommodation support.

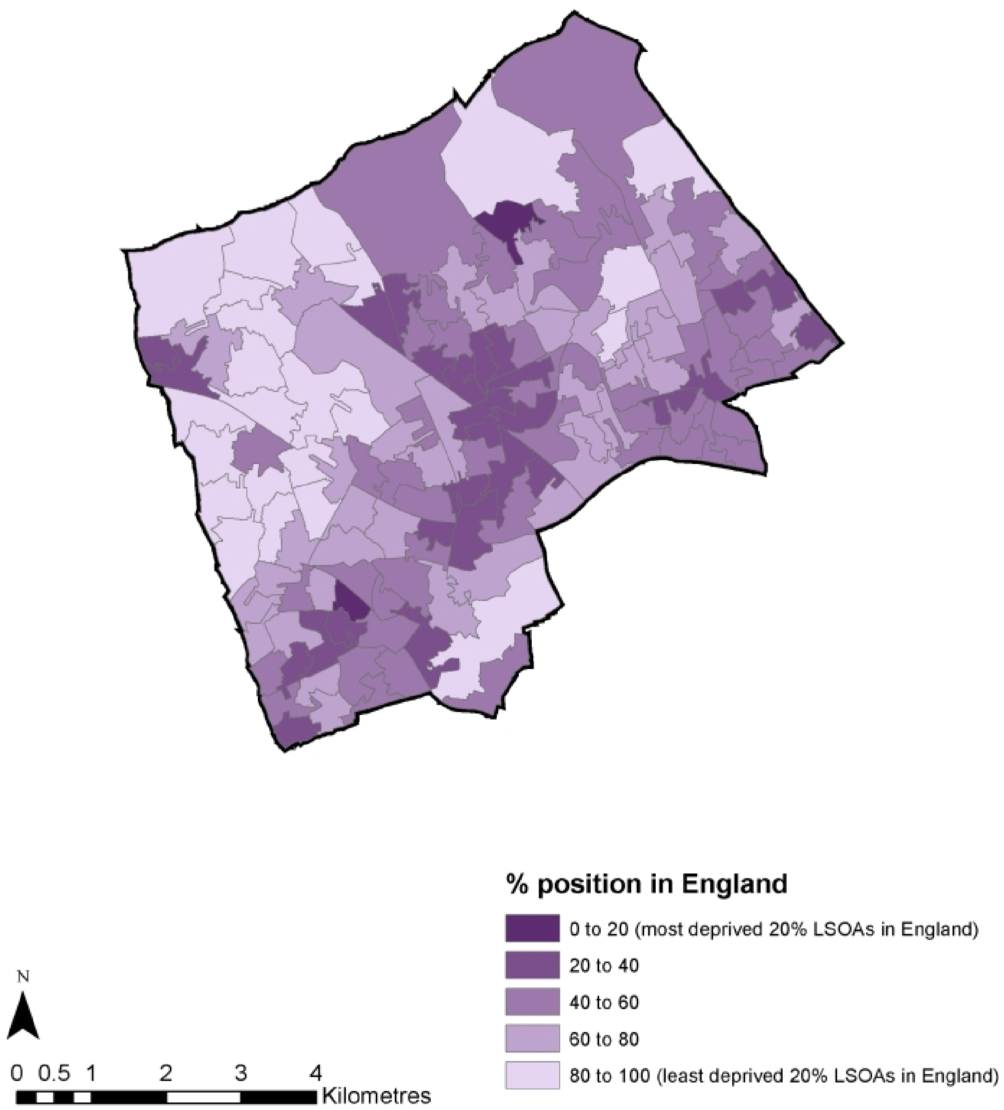
7.7 Within Harrow as elsewhere, a ‘culture’ of worklessness has been cited, particularly among families in areas where concentrations of worklessness are greatest and there is a family history of lack of work. Linked with this, length of time away from the labour market is also likely to reduce self-confidence and aspiration.

7.8 In addition, long-term incapacity benefit claims in Harrow are somewhat greater than elsewhere in the country. It is suggested that low-wage, low-skilled and insecure jobs are often unattractive, particularly for incapacity benefit claimants who could potentially access work but who would give up the security of long-term benefits to do so.

7.9 The impact of the informal economy on the willingness of workless people to access employment is debatable, with studies suggesting that informal economic activity is often supplementary to formal work and helps individuals manage low pay and instability associated with some legitimate forms of work.

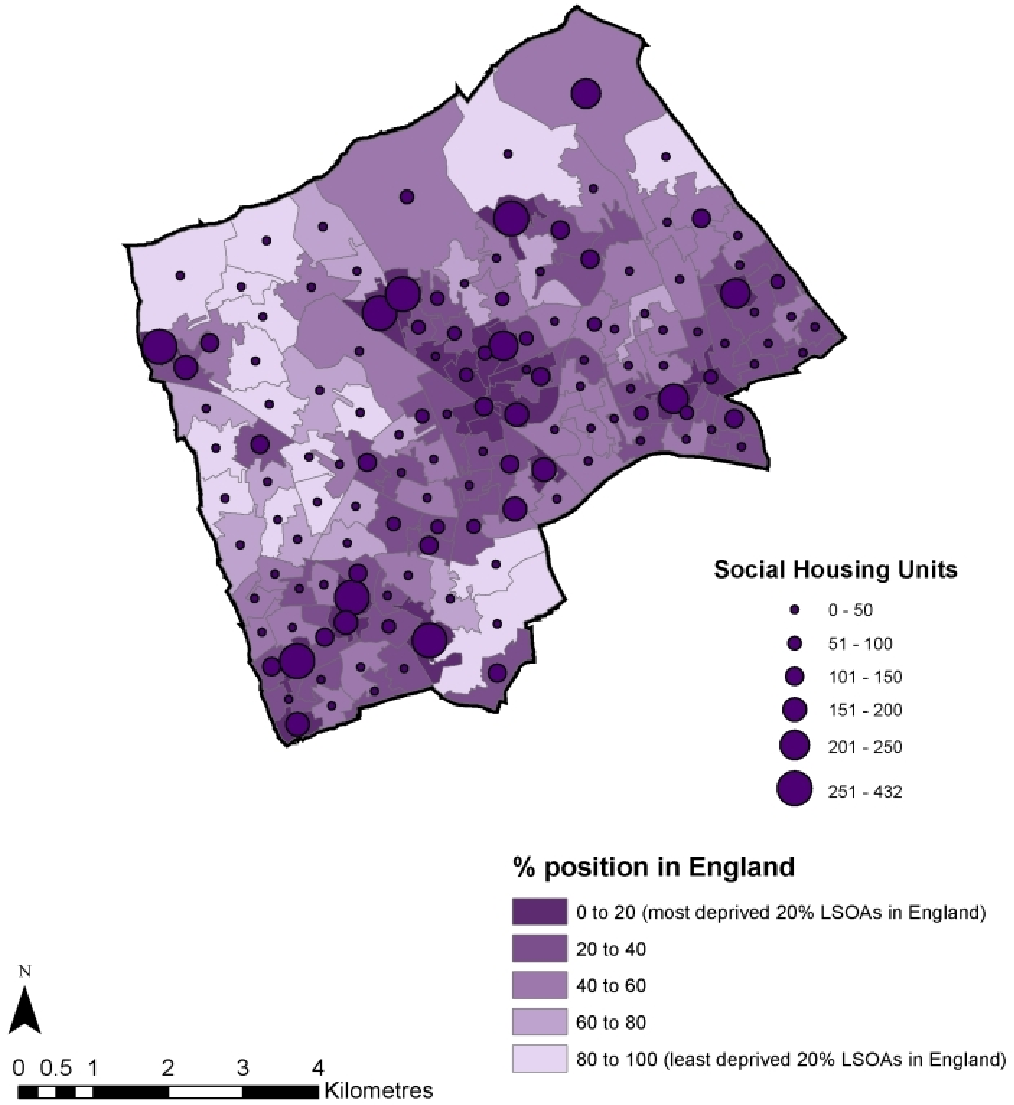
7.10 Finally, anecdotal evidence suggests that there is a reluctance to travel far to access employment opportunities with personal safety on public transport often cited as a reason.

Map 3 Index of Multiple Deprivation



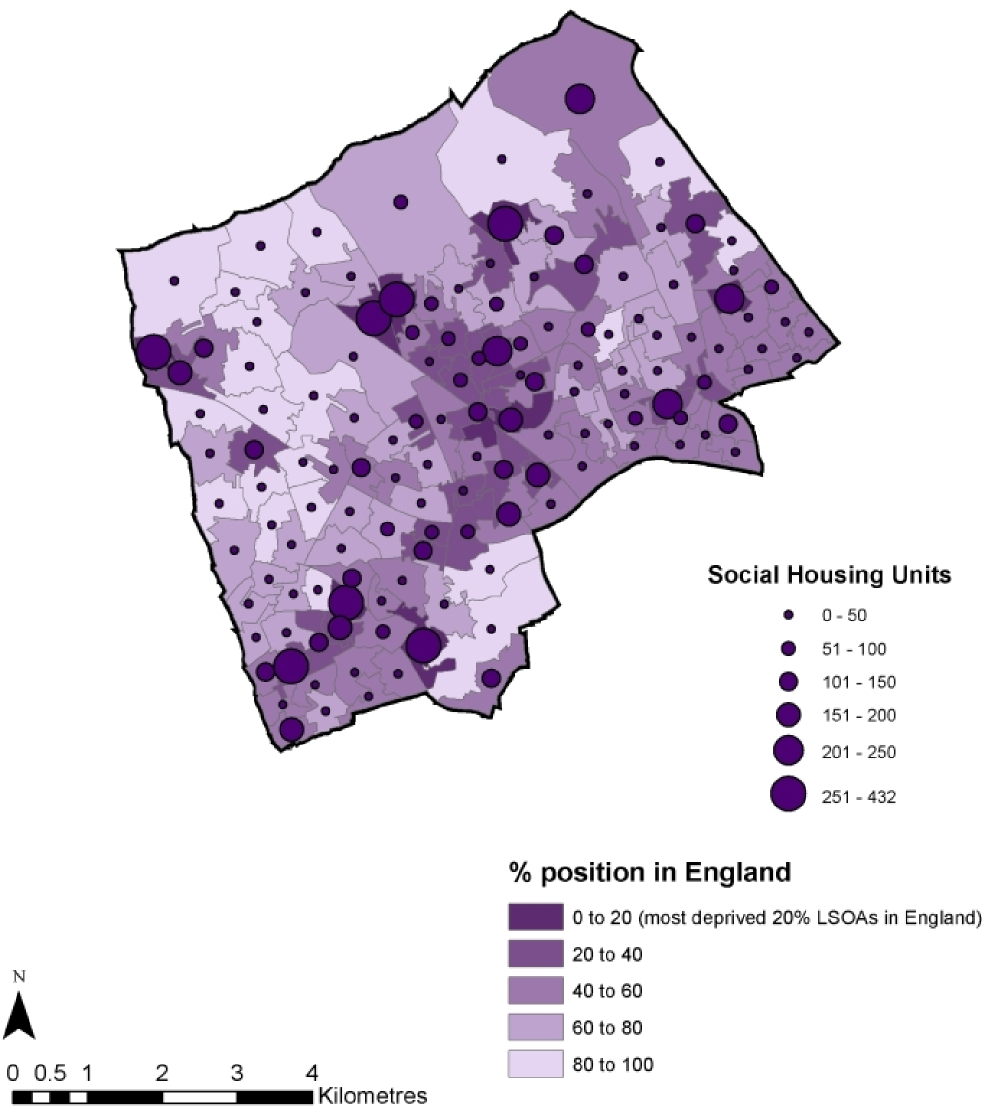
Source: Indices of Deprivation 2007, CLG

Map 4 Income Deprivation by LSOA & Location of Soical Housing



Source: Indices of Deprivation 2007, CLG

Map 5 Employment Deprivation by LSOA & Location of Social Housing



Source: Indices of Deprivation 2007, CLG

Economic Activity

7.11 Harrow has the highest levels of economic activity of all the West London boroughs with 78% of its population economically active, compared to 75.5% for London.

Table 5 Employment and Unemployment (Oct 2008 - Sept 2009)

	Harrow	Brent	Ealing	H'smith & Fulham	Hillingdon	Hounslow	London
Economically Active	78.0	77.1	76.0	74.3	77.5	77.1	75.8
In Employment	71.4	70.8	67.3	68.1	73.2	71.2	69.3
Employees	60.9	57.4	56.1	56.3	63.9	61.2	58.1
Self Employed	10.5	13.2	11.2	11.3	9.0	9.6	10.8
Unemployed (model based)	7.2	8.6	9.3	8.8	6.8	7.4	8.4

Source: ONS Annual Population Survey

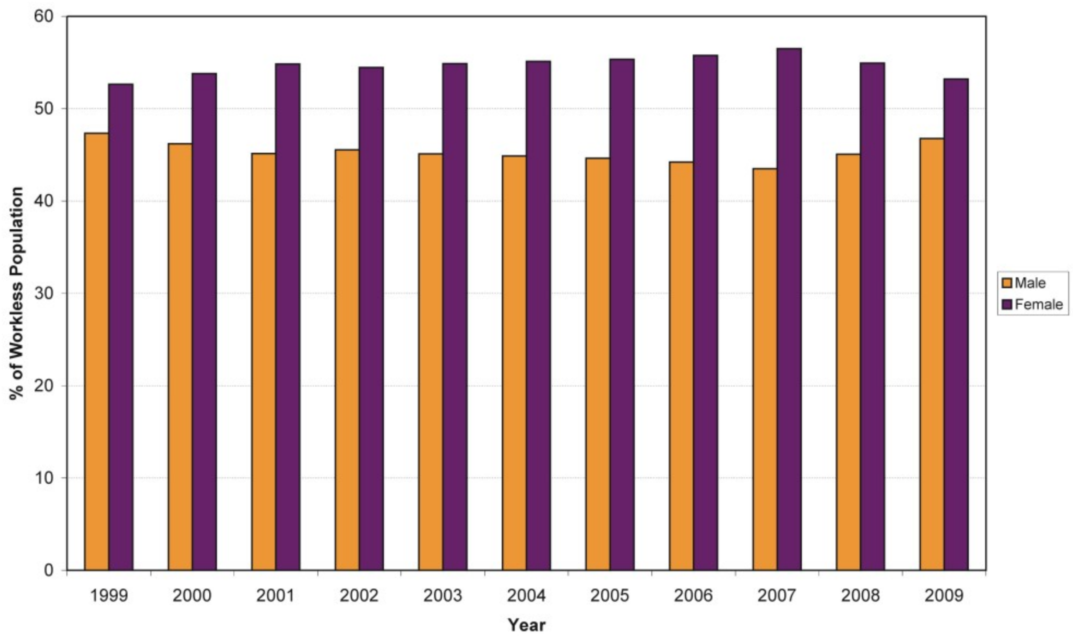
Note: Figures are a percentage of working age population (16-59/64), % economically active population

Worklessness

7.12 The Council's Worklessness Assessment (see Appendix 4 '(Draft) Harrow Worklessness Assessment') shows that:

- There has been a slow but steady increase in the levels of worklessness in the borough
- There are concentrations of worklessness in certain wards

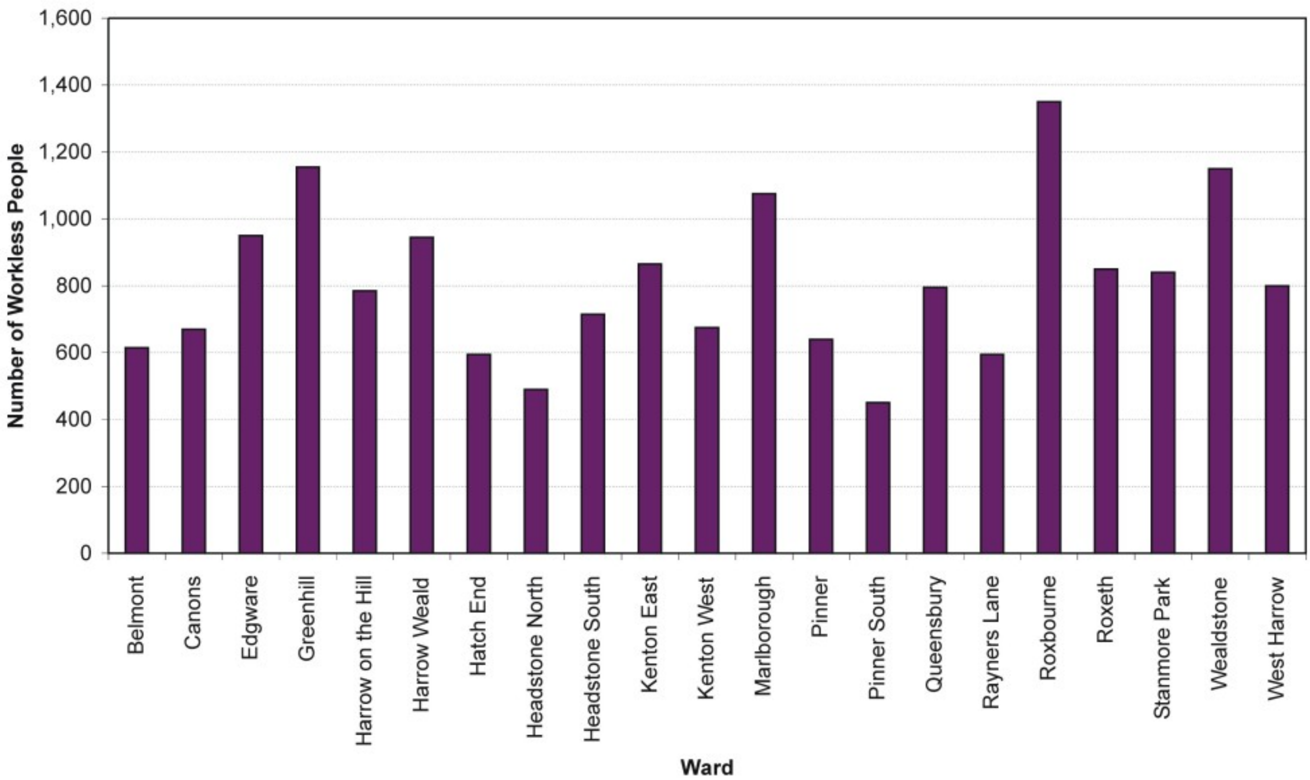
Figure 1 Gender of Workless Population over Time



Source: DWP Neighbourhood Statistics Data, Working Age Client Group

Note: Data from November quarterly return of each year

Figure 2 Worlessness in Harrow by Ward



Source: DWP Neighbourhood Statistics Data, Working Age Client Group, November 2009

7.13 Furthermore, a link has now been made between social housing and worklessness. It is recognised that workless households are often concentrated in particular neighbourhoods, including areas of social housing (see Section 11 'Housing'), where worklessness and poverty are part of a cycle of disadvantage: including ill-health; crime; substance abuse; lower levels of attainment at school and family breakdown.

Income and pay

7.14 Gross weekly pay for full time residents in Harrow is £600. This compares with a London wide figure of £598 and west London figures which range from £525 in Brent to £670 in Hammersmith & Fulham.

Table 6 Earnings by Residence 2009

	Harrow	Brent	Ealing	H'smith & Fulham	Hillingdon	Hounslow	London
Full-time Workers	600.9	524.6	542.7	670.8	540.0	536.6	598.6
Male full-time workers	702.4	526.8	581.4	728.3	605.3	581.9	642.0
Female full-time workers	526.5	518.2	497.9	618.7	503.6	499.8	551.0
Source: ONS Annual Survey of Hours and Earnings - Resident Analysis Note: Median of full-time workers gross weekly pay (NI 166)							

7.15 It should be noted that the gross weekly pay for male full time residents in Harrow is £702. This is the second highest of all the West London Boroughs after Hammersmith and Fulham and also higher than the London wide figure of £642. Figures for female full time residents (at £526) are also the second highest of the West London boroughs after Hammersmith and Fulham but are lower than the London wide figure of £551.

7.16 By comparison, the average pay of full time workers (NI 166) in Harrow is £557.30. Hammersmith and Fulham, Hillingdon and Hounslow all offer higher levels.

Table 7 Earnings by Workplace 2009

	Harrow	Brent	Ealing	H'smith & Fulham	Hillingdon	Hounslow	London
Full-time Workers	557.3	524.0	542.7	673.4	606.1	591.0	627.4
Male full-time workers	579.4	536.4	581.4	751.6	659.2	632.1	689.9
Female full-time workers	533.2	503.6	497.9	593.4	521.7	534.6	565.1

Source: ONS Annual Survey of Hours and Earnings - Workplace Analysis

Note: Median of full-time workers gross weekly pay (NI 166)

Skills **8**

Local Economic Assessment

8 Skills

8.1 Harrow has a significantly high proportion (after Brent) of residents with “Other qualifications” (27.7%).

Table 8 Qualifications of Residents

	Harrow Total	Harrow %	Brent %	Ealing %	H'smith & Fulham %	Hillingdon %	Hounslow %	London %
NVQ 4 & above	40,500	29.2	26.7	41.7	52.3	24.4	35.9	38.6
NVQ 3 & above	57,800	41.8	38.6	53.1	63.1	40.3	48.3	51.6
NVQ 2 & above	78,100	56.5	48.7	63.6	70.3	58.7	59.0	63.8
NVQ 1 & above	88,000	63.6	56.5	70.4	79.0	71.5	69.3	73.7
Other Qualifications	38,300	27.7	35.3	17.8	13.6	15.8	16.2	14.2
No Qualifications	12,100	8.7	8.1	11.8	7.5	12.7	14.5	12.0

Source:ONS Annual Population Survey

Note: % is proportion of working age population (16 - 59/64) of area

Training infrastructure & match with employers’ demands (evidence of gaps)

8.2 Harrow has a number of further education facilities that provide training and education to the local workforce. These include Harrow College and Stanmore College and the University of Westminster which is located just over the Borough Boundary in Brent.

Skills shortages, Training etc

Skills shortages in Harrow reflect the needs identified at a west London sub regional level. Further research would be required to identify if there are specific Harrow related skills shortages.

8.3 The West London section of London’s Regional Priority Statement 2011/12 sets out the skills shortages at a sub regional level (see Appendix 3 'Extract from London's Regional Priority Statement 2011/12').

8.4 In summary, there is clear evidence of a skills gap in West London. Around 20 per cent of residents have a Level two qualification or lower but only around 10 per cent of jobs are suitable for individuals with skills at this level. Whilst 50 per cent of jobs are at the higher skill level compared with 45 per cent of the West London workforce.

8.5 Forecasts indicate that future skills and employment needs of the economy will be at an increasingly high level, predicting that there is likely to a greater demand for skills at NVQ level 4 or above. However, it is also recognised that many service-sector jobs in West London are relatively low skilled and that a comprehensive approach to skills provision is required.

8.6 Assessment of the local economy indicates that there will continue to be a high proportion of both high skilled and lower-skilled (level 2 or below) jobs within the local economy.

Employment **9**

Local Economic Assessment

9 Employment

Employment numbers and growth

9.1 In 2008 a total of 66,600 jobs were identified in Harrow, down from a peak of 69,500 in 2001 but an increase of 16.9% since 1995 (see Figure 3 'Employee Jobs in Harrow').

9.2 Figure 4 'Relative Change in Employee Jobs in West London'shows that, when compared with the other West London Boroughs, the percentage increase in the number of jobs in Hammersmith and Fulham, Hillingdon and Hounslow has been larger than Harrow over the same time period, while Ealing and Brent has seen smaller increases,

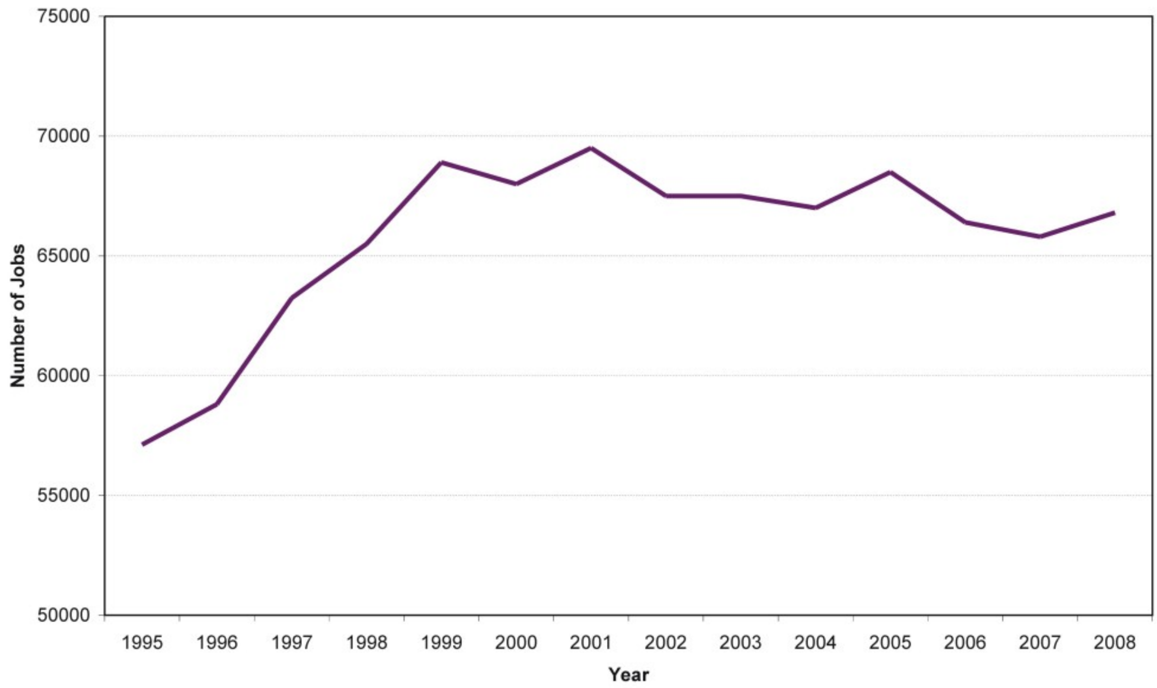
9.3 Table 9 'Employee Jobs by Industry' shows that there are around 66,600 employee jobs in Harrow. This is significantly lower than any of the West London Boroughs. Brent is the next smallest borough but has almost 94,000 employees within the borough while Hillingdon has the largest at almost 188,000.

9.4 Generally, Harrow's split between the number of employees in the service and manufacturing sectors is consistent with London and the other West London boroughs[3].

9.5 However, within the service sector, it should be noted that there is a higher proportion of employees in Harrow in the Public administration, Education, and Health sectors than in any of the other West London boroughs. This may have implications for levels of employment in the Borough as public spending is reduced significantly over the coming years.

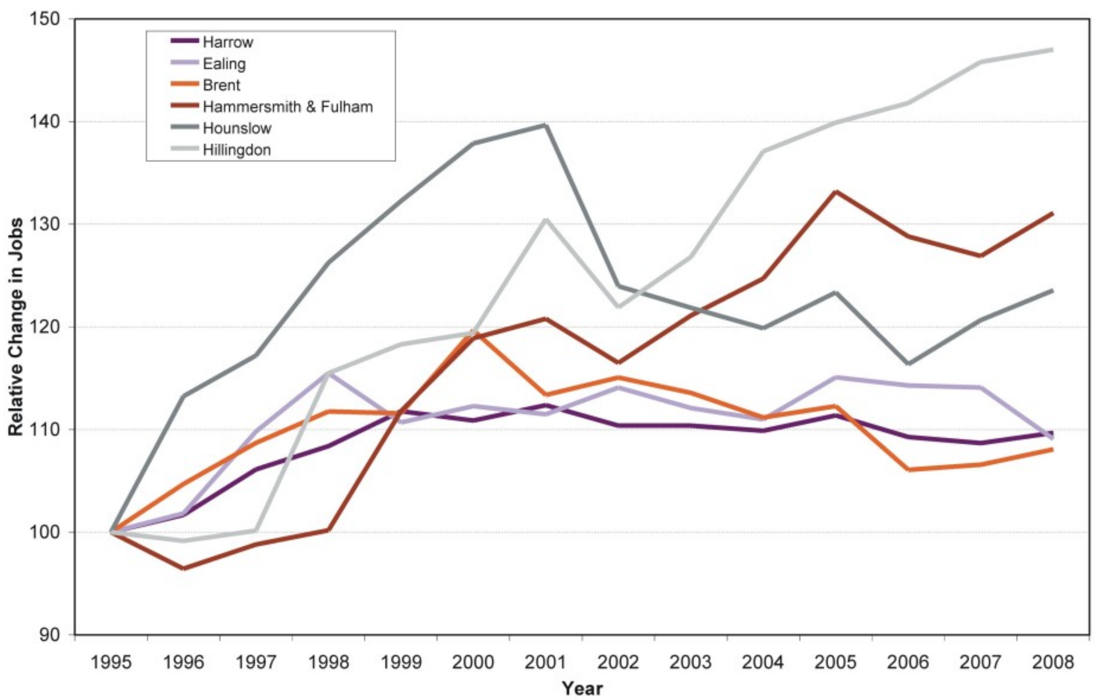
3 The table shows a significantly higher proportion of people employed in the construction sector in Harrow when compared with London and comparison Boroughs. However, this is due to the allocation of all of Bovis Lend Lease's employees across the country to their head office which is based in the Borough.

Figure 3 Employee Jobs in Harrow



Source: ONS Annual Business Inquiry

Figure 4 Relative Change in Employee Jobs in West London



Source: ONS Annual Business Inquiry, Harrow Analysis

Note: 1995 = 100

Table 9 Employee Jobs by Industry

	Harrow	Brent	Ealing	H'smith & Fulham	Hillingdon	Hounslow	London
Manufacturing	3,700	8,600	10,200	5,000	7,500	4,500	-
%	5.6	9.2	9.1	4.2	4.0	3.7	4.3
Construction	5,200	4,800	4,700	1,700	5,500	4,200	-
%	7.8	5.1	4.2	1.4	2.9	3.5	2.9
Services	57,700	80,300	97,200	111,000	174,800	112,400	-
%	86.6	85.7	86.7	94.3	93.1	92.8	92.4
Total	**66,600**	**93,700**	**112,100**	**117,700**	**187,800**	**121,100**	**-**

Source: ONS Annual Buisness Inquiry, Employee Analysis

Note: Percentages are proportion of total employee jobs

Employee jobs excludes self-employed, government supported trainees and HM Forces

Table 10 Employee Jobs within the Service Industry

	Harrow	Brent	Ealing	H'smith & Fulham	Hillingdon	Hounslow	London
Distribution, Hotels & Restaurants	15,200	26,400	32,200	22,900	39,600	29,300	-
Percent	22.8	28.2	28.7	19.5	21.1	24.2	21
Transport & Communication	2,600	8,900	9,800	4,700	67,000	16,000	-
Percent	3.9	9.5	8.7	4.0	35.7	13.2	7.4
Finance, IT & Other Business	17,000	15,100	26,900	39,200	35,500	33,900	-
Percent	25.5	16.1	24.0	33.3	18.9	28.0	34.7
Public Admin, Education & Health	18,100	23,400	22,400	23,900	28,300	20,700	-
Percent	27.2	25.0	20.0	20.3	15.1	17.1	22.2
Other Services	4,800	6,500	5,800	20,300	4,400	12,400	-
Percent	7.2	6.9	5.2	17.2	2.3	10.2	7.2

	Harrow	Brent	Ealing	H'smith & Fulham	Hillingdon	Hounslow	London
Tourism Related	5,700	5,500	7,100	10,300	12,100	7,100	-
Percent	8.6	5.9	6.3	8.8	6.4	5.9	8.3

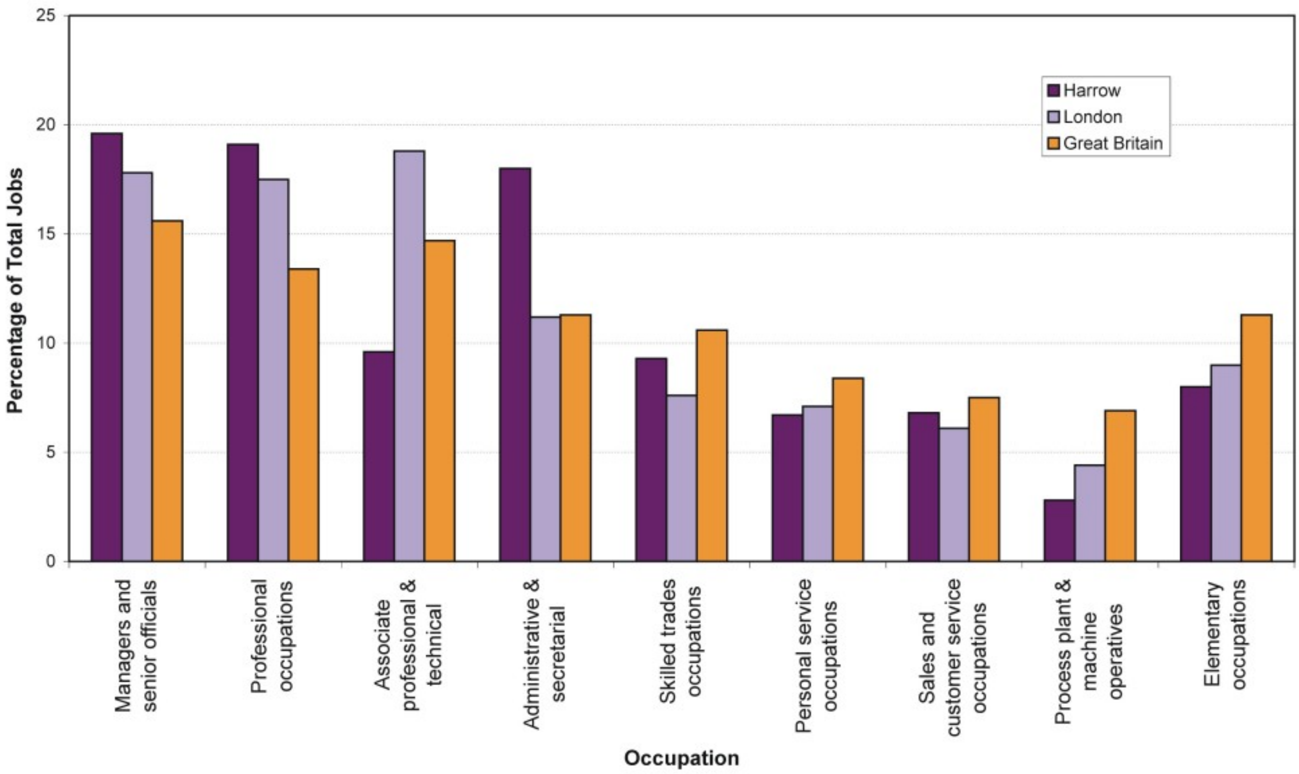
Source: ONS Annual Business Inquiry, Employee Analysis

Note: Percentages are proportion of total employee jobs

Employee jobs excludes self-employed, government supported trainees and HM Forces

Tourism consists of industries that are part of the services industry

Figure 5 Employment by Occupation

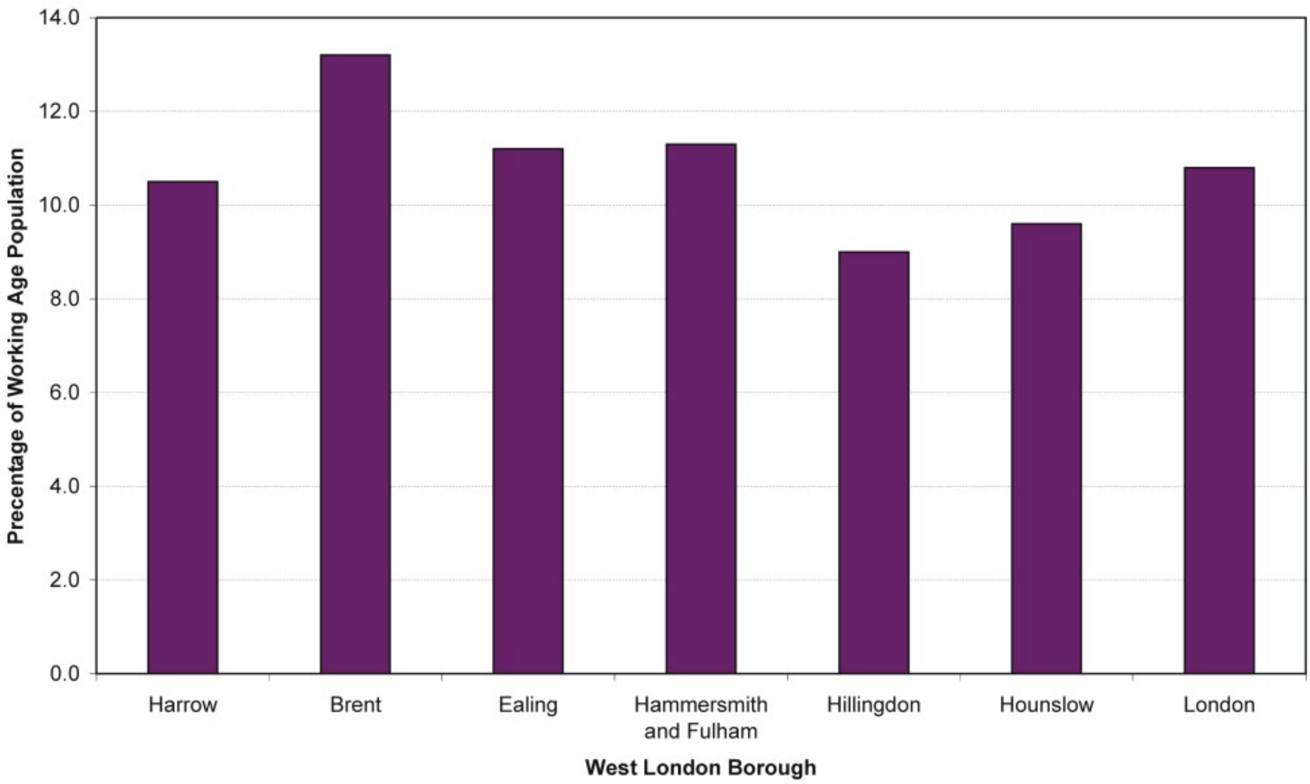


Source: ONS Annual Population Survey (July 08 - June 09)

Self employment

9.6 Around 10.5% of Harrow’s employed population is self employed. This compares with a London average of 10.8%. In comparison with the other West London boroughs, Brent, Ealing and Hammersmith & Fulham all have higher proportions of self employed (see Figure 5 'Employment by Occupation').

Figure 6 Proportion of 16+ Population who are Self Employed



Source: ONS Annual Population Survey (Oct 08 - Sept 09)

Business and Enterprise **10**

Local Economic Assessment

10 Business and Enterprise

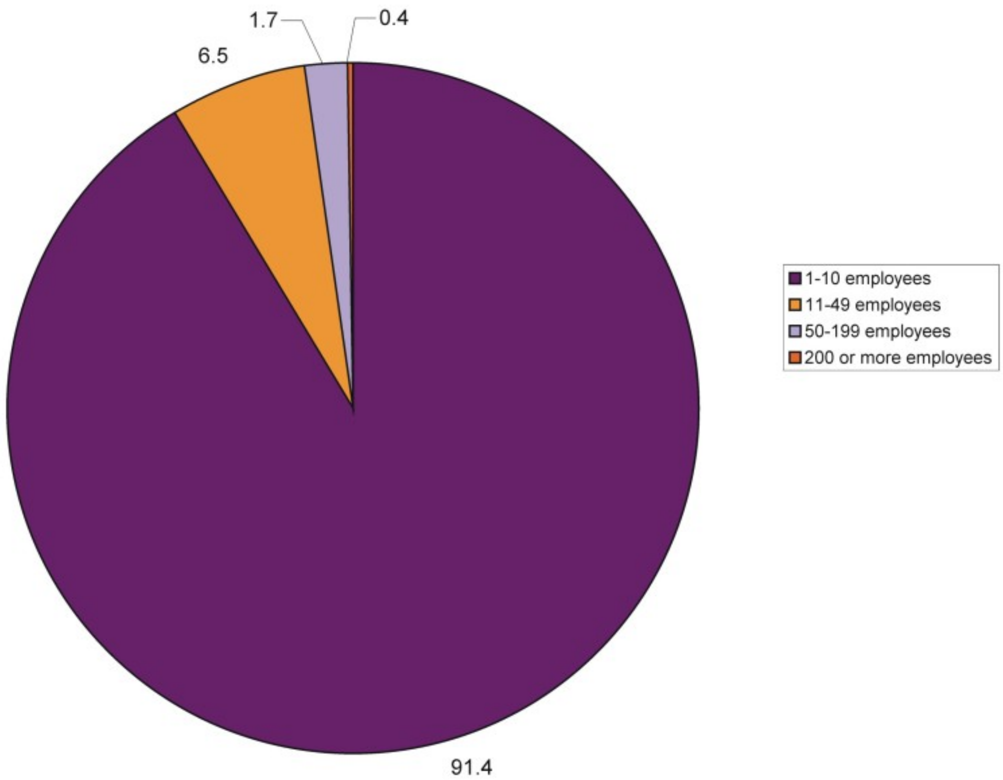
An understanding of the mix of businesses in an area, both in terms of size and by sector, is important in directing support services, training and infrastructure. In Harrow, there is a large proportion of micro businesses (employing under 4 people) and no significant or dominant sectors although there are relative high levels of employment within the public sector.

Structure of the Local Economy

Number & Type of Businesses/Organisations

10.1 There are just over 10,000 businesses in the Borough (Annual Business Inquiry – Workplace Analysis 2008). Just over 91% of these are small businesses employing between 1 and 10 people. There are only 38 businesses (0.4%) in the borough that employ 200 or more people.

Figure 7 Businesses Size in Harrow (Number of Employees)



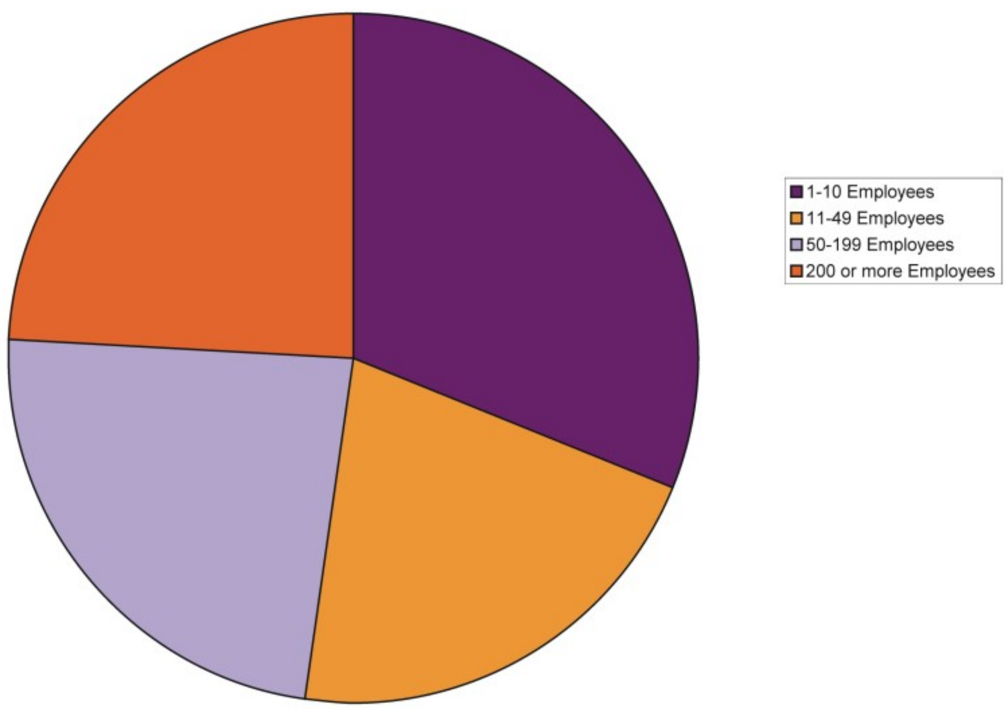
Source: Annual Business Inquiry Workplace Analysis

10.2 However, it should be noted that these 38 businesses provide almost 25% of the total number of jobs in the borough (see Figure 8 'Percent of Workforce Employed by Business Size').

Table 11 Local Units by Employment Size Band

	Harrow	Brent	Ealing	H'smith & Fulham	Hillingdon	Hounslow	London
0 to 4 persons	7,985	9,060	10,625	8,710	7,550	7,425	288,870
Per cent	78.2	75.3	75.8	74.2	68	71.4	72.0
5 to 9 persons	1,165	1,475	1,615	1,400	1,490	1,360	52,335
Per cent	11.4	12.3	11.5	11.9	13.4	13.1	13.0
10 to 19 persons	545	755	855	770	840	725	29,105
Per cent	5.3	6.3	6.1	6.6	7.6	7.0	7.3
20 or more persons	520	745	915	860	1,225	895	31,135
Per cent	5.1	6.2	6.5	7.3	11.0	8.6	7.8
All Units (Total)	**10,215**	**12,035**	**14,010**	**11,740**	**11,105**	**10,405**	**401,445**
Source: ONS Neighbourhood March 2009							

Figure 8 Percent of Workforce Employed by Business Size



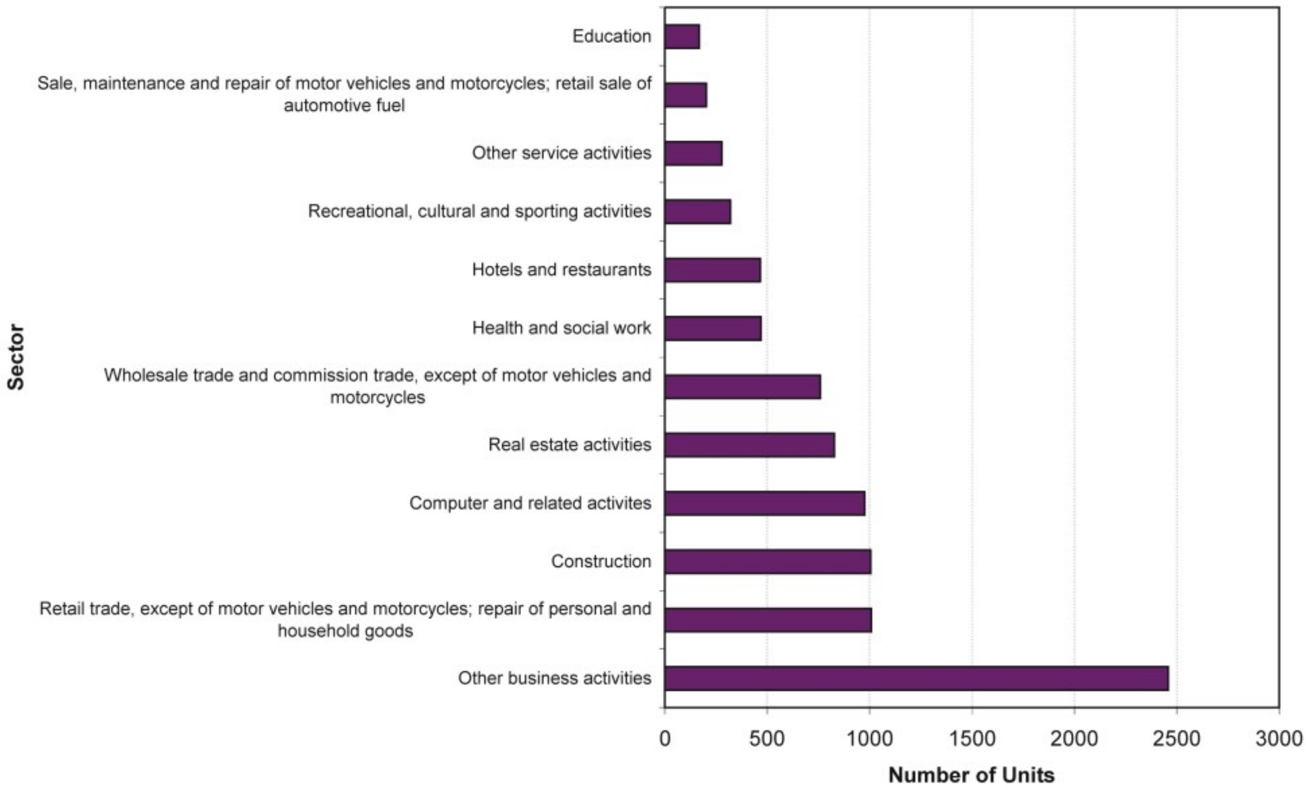
Source: Annual Business Inquiry Employee Analysis, Harrow Analysis

10.3 Of the small businesses i.e. those employing between 0 and 10 people, there is a significant bias towards micro businesses i.e. those employing 0-4 people with 78% of businesses in Harrow falling into this category (see Table 11 'Local Units by Employment Size Band'Table 11 'Local Units by Employment Size Band'). This is the highest proportion of any of the West London boroughs.

Sectors

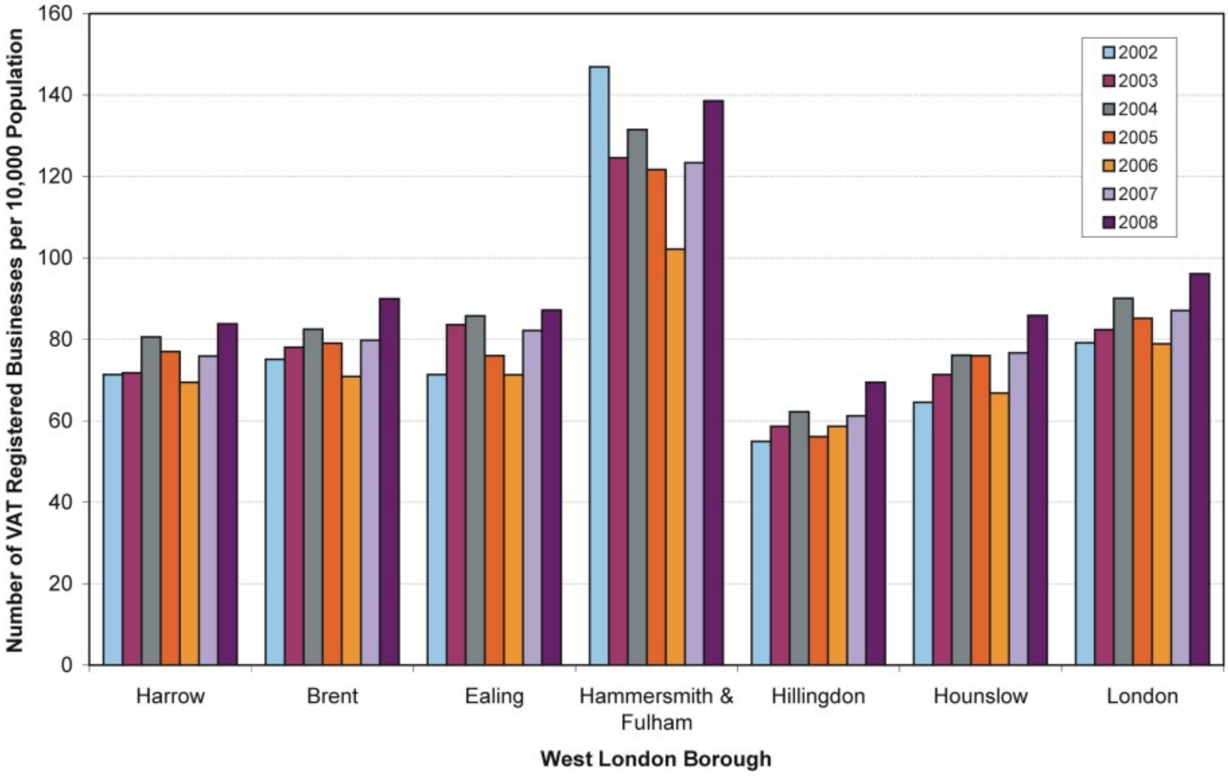
10.4 There are no significant dominant employment sectors in Harrow with proportions broadly following the London wide sectors (see Figure 11 'Businesses by Broad Industry Group'). However, as can be seen in Figure 9 'Top 12 Sectors by Number of Units', there are a large number of businesses in the Other Business activities sector.

Figure 9 Top 12 Sectors by Number of Units



Source: Annual Business Inquiry, Workplace Analysis (Harrow Analysis)

Figure 10 New Business Registration Rates (NI 171)



Source: www.fti.neighbourhood.gov.uk

Note: Number of VAT registered businesses per 1000 population

10.5 There has been a strong growth in new business formation recently with an increasing rate of VAT registration over the period 2006 - 2008 rising to over 80 registrations per 10000 adults. This compares well with the other West London boroughs with only Hammersmith & Fulham having a significantly higher rate.

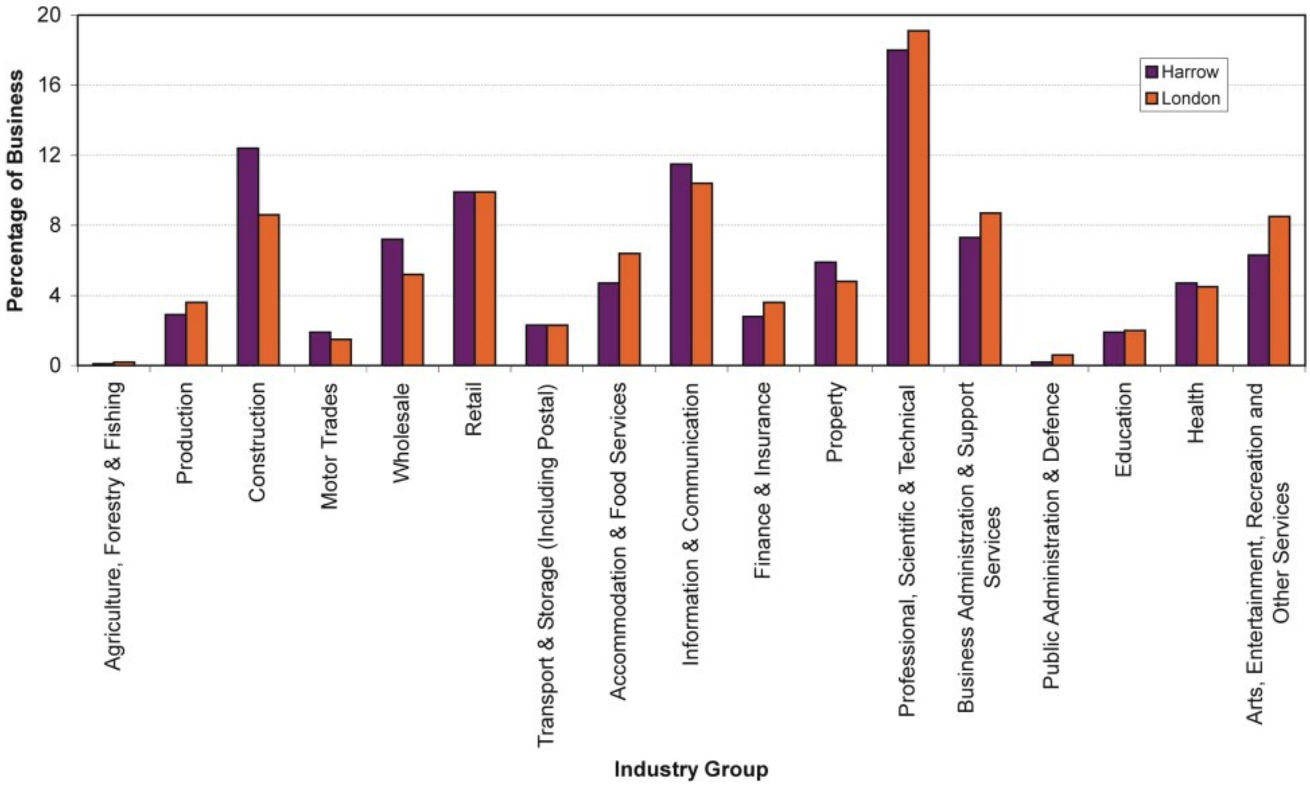
10.6 Table 12 'Top 15 New Business Start-ups by Industry (cumulative)' shows that since 2008, the largest number of new businesses start ups has been in the legal accountancy and other business support sector followed by Construction, Personal and Community Service and Retail Trade and Repairs Sectors.

Table 12 Top 15 New Business Start-ups by Industry (cumulative)

	2008				2009				2010	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Legal, accountancy, consultancy & other business	178	350	530	674	841	1026	1196	1398	1632	1867
Construction	197	306	420	494	602	718	790	884	1023	1172
Personal & community Services	103	180	265	316	384	448	520	574	652	737
Retail trade & repair	37	98	145	192	268	334	402	483	559	644
Computer & related activities	56	116	173	208	251	325	384	451	520	620
Developing, buying and selling and renting real estate	63	103	144	177	218	255	293	330	374	414
Wholesale trade	20	53	83	115	150	198	244	280	312	353
Hotels & restaurants	24	52	73	96	118	143	170	205	243	277
Recreational, cultural & sporting	21	44	71	95	117	135	153	181	207	230
Health & social work	11	28	48	69	88	109	137	164	192	221
Transport, storage & communication	24	45	70	84	106	132	155	167	188	220
Education	14	30	40	57	71	90	112	135	166	200
Sale & repair of motor vehicles and fuel	9	19	34	42	68	93	119	134	160	181
Pulp, paper, publishing & printing	11	14	25	31	40	46	52	57	66	73
Renting of machinery & equipment	1	4	7	10	10	13	19	23	31	33

Source: BankSearch Information Consultancy Ltd., July 2010

Figure 11 Businesses by Broad Industry Group



Source: ONS, 2009

Growth of knowledge industries

The growth in the knowledge based business sectors is seen as key to maintaining the competitiveness of the UK economy. It is generally agreed that the larger the proportion of knowledge based businesses, the stronger and more resilient the economy.

10.7 The Centre for International Competitiveness publishes an analysis of knowledge based businesses by Borough on an annual basis.

10.8 The latest survey places Harrow 10th in London in terms of the proportion of knowledge based industries with 29% of its businesses classed as knowledge based (see Glossary for definition of "Knowledge based Businesses").

10.9 This is a decrease in ranking by one place compared to the 2007 survey even though the actual score has increased over the year.

Table 13 Knowledge-Based Businesses (% of all business)

	2007		2008	
	Score	**London Rank**	**Score**	**London Rank**
City of London	64.9	2	62.9	1
Camden	39.1	1	40.3	2
Richmond upon Thames	37.1	3	38.5	3
Westminster	34.4	4	35.8	4
Islington	32.8	5	34.9	5
Hammersmith & Fulham	31.4	6	33.5	6=
Wandsworth	30.1	7	33.5	6=
Tower Hamlets	29.6	8	32.7	8
Southwark	29.0	12	31.9	9
Harrow	**29.6**	**9**	**31.3**	**10**
Merton	29.3	11=	31.1	11
Kingston upon Thames	29.3	11=	31.0	12
Lambeth	27.0	13	30.5	13
Hounslow	26.1	18	28.7	14
Kensington & Chelsea	26.4	15	28.1	15
Bromley	26.8	14	27.2	16=
Barnet	26.2	16	27.2	16=
Croydon	26.2	17	27.0	18=
Ealing	25.5	19	27.0	18=
Hackney	23.6	20	25.8	20
Redbridge	23.2	22	25.6	21
Lewisham	22.0	25	25.3	22
Haringey	23.0	23	24.8	23
Sutton	23.6	21	24.6	24
Brent	22.7	24	24.3	25
Greenwich	21.8	27	24.1	26
Hillingdon	21.9	26	23.6	27
Enfield	21.4	28	22.1	28
Bexley	18.9	29	19.6	29
Newham	14.9	31	19.2	30
Havering	16.1	30	17.0	31
Barking & Degenham	13.3	32	15.0	32

Source: 2010 Edition of the UK Competitiveness Index, Centre for International Competitiveness (LB Harrow analysis)

10.10 Table 13 'Knowledge-Based Businesses (% of all business)' shows that Harrow has a relatively large proportion of knowledge based businesses within London. As already mentioned, this should help maintain the strength of the local economy over the coming years.

Constraints to Business Investment and Economic Growth

10.11 Due to the low level of (office) rents in Harrow, there has not been any significant office development in the Borough for over 15 years and in the current economic climate, it seems unlikely that this position will change in the foreseeable future.

10.12 This view is backed up by the GLA's London Office Policy Review (LOPR) 2009. This summarises the prospects for district centres as follows:

- Office rental values should be at, or forecast to reach, £323 sq m (£30 sq ft) to stimulate speculative office development.
- The Central/Outer London rent differential is critical in shifting demand.
- Residential values out-price office values in many locations in Outer London and demand is forecast to continue in the medium term.

10.13 Specifically, it recognises that Harrow is likely to feel the impact of large-scale development at Brent Cross/Cricklewood and is exposed to competition from more westerly centres and from Watford and Hemel Hempstead to the north.

10.14 The relatively poor road capacity in the Borough could also be seen to limit potential for investment with businesses preferring to locate on the northern side of the M25 or along the A4/M4 where access to the transport network is quicker than in Harrow.

Housing **11**

Local Economic Assessment

11 Housing

Tenure

11.1 Table 14 'Tenure of Housing' shows that the private sector (owner occupied and privately rented) constitutes upwards of 90% of the stock in Harrow which is very high in comparison to the wider London region. Consequently, Harrow has a much lower percentage stock of social rented affordable housing than London as a whole.

11.2 In comparison with the wider London average, Harrow has a low level of households residing in the private rented sector.

Table 14 Tenure of Housing

Tenure	Harrow %	London %	England %
Owner Occupied: Owns Outright	32.19	22.05	29.19
Owner Occupied: Mortgage or Loan	42.08	33.51	35.88
Sub Total	**74.27**	**55.56**	**68.07**
Owner Occupied: Shared Ownership	0.9	0.96	0.65
Sub Total	**0.9**	**0.96**	**0.65**
Rented: Council (Local Authority)	7.03	17.12	13.12
Rented: Housing Association / Registered Social Landlord	4.1	9.09	6.05
Sub Total	**12.03**	**27.17**	**19.91**
Rented: Private Landlord or Letting Agency	10.51	14.34	8.8
Rented: Other	3.2	2.93	3.22
Sub Total	**13.71**	**17.27**	**12.02**
Source: Census 2001 (updated 2004)			

11.3 In comparison with other West London boroughs, Harrow also has a high level of owner occupation and the lowest concentration of social housing stock.

Table 15 Tenure of Housing in West London

	LA (incl owned by other LA's)	RSL	Other Public Sector	Private Sector (non RSL)	Total
Harrow	5,091	3,710	175	75,638	84,614
%	6	4	1	89	-
Brent	9,792	15,814	133	81,763	107,502
%	9	15	0	76	-
Ealing	13,364	11,921	110	100,050	125,445
%	11	10	1	80	-
Hammersmith & Fulham	13,213	12,889	744	53,480	80,326
%	16	16	1	67	-
Hillingdon	10,661	6,405	1,298	84,136	102,500
%	10	6	1	82	-
Hounslow	12,942	7,504	158	72,384	92,988
%	14	8	1	78	-

Source: London Borough of Harrow Housing Strategy

Note: Percentages may not sum due to rounding

11.4 As shown in the above tables, Harrow has a relatively low concentration of social housing stock in comparison with its neighbours and Greater London.

Affordability

11.5 CLG guidance on affordability maintains that a household can be considered able to afford to buy a home if it costs no more than 3.5 times the gross household income for a single earner household or 2.9 times the gross household income for dual-income households (Strategic Housing Market Assessment Guidance, CLG, 2007).

Table 16 Income to House Price Ratios in Harrow

Lower Quartile									
2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
7.00	7.69	9.07	8.97	8.94	9.72	10.57	10.72	11.25	8.96
Median Ratios									
6.59	7.19	8.18	9.41	9.59	9.62	9.42	10.63	10.25	8.60

11.6 The average lower quartile house price in Harrow in 2009 was £196,000 (CLG Live Table 583). A single earner household would need to earn £56,000 per annum and a dual income household £67,000 per annum to be able to access such a property.

11.7 According to the Annual Survey of Household Earnings (2009), the average lower quartile earnings for full time males in Harrow was around £24,000 and full time females was around £20,000. Even taking these figures together as a full time lower quartile average, the combined lower quartile earnings figure is someway short of accessing even the lowest cost open market housing.

Development and Infrastructure **12**

Local Economic Assessment

12 Development and Infrastructure

The provision of appropriate buildings and floorspace is essential to the efficient running of the local economy. In line with national trends, there has been a slow decrease in the amount of manufacturing floorspace in the borough while the loss of office accommodation reflects outer London trends.

Little recent private sector investment in office and light industrial accommodation in the borough is a key concern although this is also an issue across outer London.

Existing Floorspace by Type

Table 17 Commercial Floorspace - Total Stock Changes 1998 - 2008

	Squre Metres (thousands)			
Floorspace (2005 revaluation)	**1998**	**2008**	**Change (m^2)**	**Change (%)**
Retail Premises	350	348	-2	-0.6
Offices	327	270	-57	-17.4
Commercial Offices	275	218	-57	-20.7
Other Offices	52	52	0	0
Factories	234	221	-13	-5.6
Warehouses	135	152	17	12.6
Other Bulk Premises	-	28	28	-
Total: All Bulk Classes	1046	1018	-28	-2.7

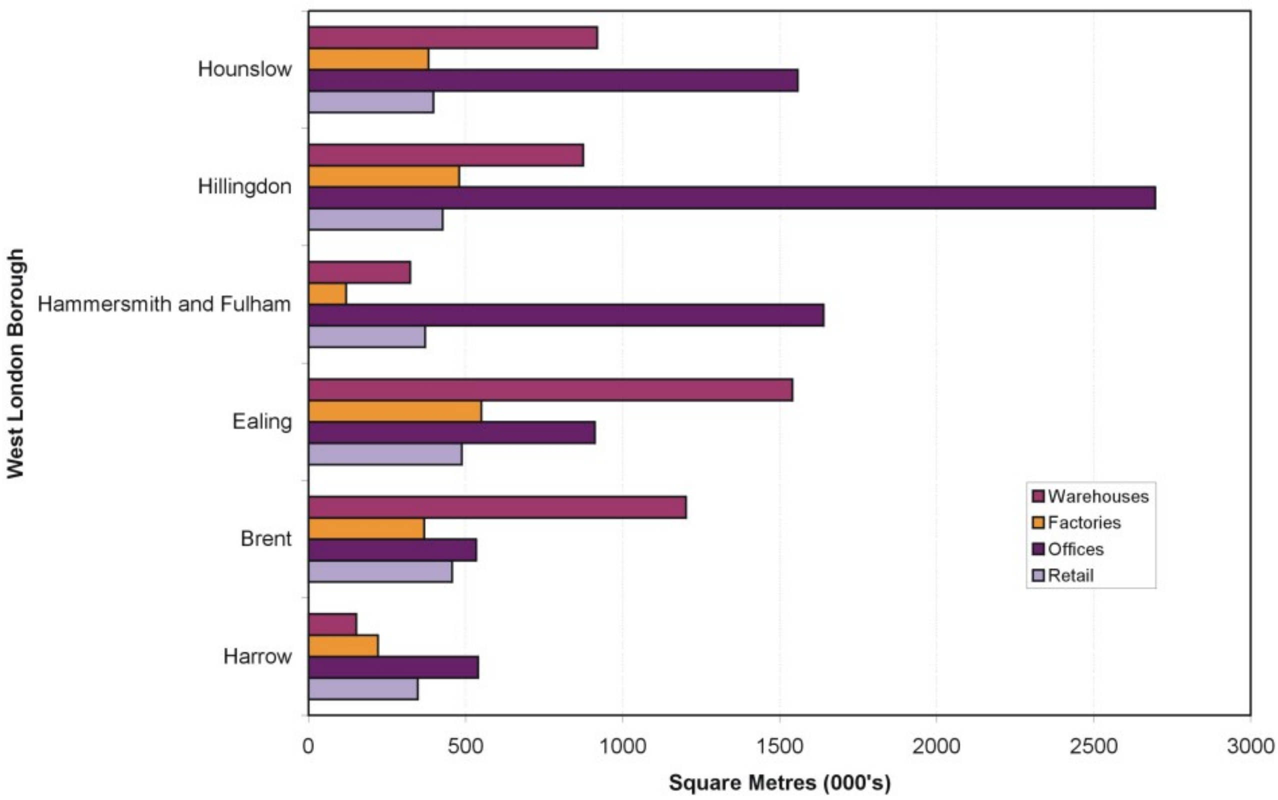
Source: Valuation Office Agency via neighbourhood.statistics.gov.uk (LDB Harrow analysis)

Note: Due to rounding there may be differences in the totals derived at different class levels

12.1 Table 17 'Commercial Floorspace - Total Stock Changes 1998 - 2008' shows that the Borough's stock is relatively evenly split between the main types of space with retail taking the largest share (34%) followed by offices (26%), factories (22%) and warehousing (15%).

12.2 Overall, the Borough has a relatively modest supply of floorspace with less office and warehousing space than the surrounding London Boroughs, although the Hertfordshire districts of Hertsmere and ThreeRivers generally have smaller stocks.

Picture 1 Retail, Office, Factory and Warehouse Floorspace in West London



Source: Valuation Office Agency, Harrow Analysis

12.3 Picture 1 'Retail, Office, Factory and Warehouse Floorspace in West London' shows that Harrow in general has significantly less total amounts of commercial floorspace than the other West London boroughs.

12.4 As shown in Table 17 'Commercial Floorspace - Total Stock Changes 1998 - 2008', Harrow has lost factory (-6%) and particularly office accommodation (-21%) over the last decade whilst seeing modest growth in warehousing (13%).

12.5 Much of the office (B1) use class has been lost from change of uses to residential rather than demolition reflecting the relative higher land values for residential use that have existed in the borough.

12.6 This difference in land values continues despite the recent down turn in the economy. The pressure for changes of use from lower land uses (office, light industrial) to higher value land uses (residential, retail) is likely to continue.

12.7 It should be noted that this loss of floor space is not mirrored in the total number of individual units that are eligible for business rates ('hereditaments'). Over the period 1998 to 2008, this has shown an increase of 5.5 % from 4154 to 4379 hereditaments. This means that the average floorspace size of business unit is declining.

Sites – Opportunities & Planning Permissions

12.8 The Harrow Intensification Area (IA) that is being proposed through the local Development Framework offers a major opportunity in terms of the economic development of the Borough.

12.9 A number of key sites in the Borough are located within the proposed IA, including:

- The former Kodak Site, Wealdstone
- Greenhill Car Park site, Greenhill Way, Harrow Town Centre
- Harrow on the Hill (former Post Office site, College road, Harrow Town Centre

Rents by Grade, Office & Other Land Values

Retail

12.10 In Harrow Town Centre (Prime) rent is £2660 per sq ft Zone A.

12.11 Whereas in Edgware Town Centre rent is just £1022 per sq ft Zone A.

Office

12.12 Office rents within the Borough vary between about £10 per sq ft and £18 per sq ft. Prime office in Harrow Town Centre: £15 - £18 per sq ft. Older buildings in Harrow town centre, albeit still with a reasonable specification tend to achieve around £12-14 per sq ft whilst more peripheral parts of the Borough will only achieve about £10 per sq ft.

12.13 In comparison, rents of £20 – 25 per square metre are usually achieved by modern space in Uxbridge and Watford town centres.

Light industrial

12.14 For industrial property, rents are typically between £6 per sq ft and £8 per sq ft in Harrow. This level is generally lower than Watford (£9 per sq ft) and the A40 corridor in west London (£9-10 per sq ft)

Infrastructure Capacity - Transport, Energy / Utilities & Broadband

Transport

12.15 There are no major transport infrastructure proposals planned for Harrow over the coming years.

12.16 Proposals for upgrading Harrow on the Hill train station and bus station have been hit by public spending cuts and lack of private sector development funding although it is seen as a key investment requirement to maintain the competitiveness of Harrow town centre.

12.17 Recent studies have shown that there continues to be sufficient capacity on the Underground and overground lines to take account of future population growth in the town centre (Mouchel Harrow LDF Core Strategy Transport Audit, July 2010).

Energy/Utilities

12.18 There are no major energy and other utility infrastructure proposals planned for Harrow over the coming years.

Broadband

12.19 BT is currently deploying its “Super Fast Fibre Access” (SFFA) in the Borough with an expected completion date of December 2010. This will provide up to 40Mb per second download speeds and up to 10Mb upload speeds.

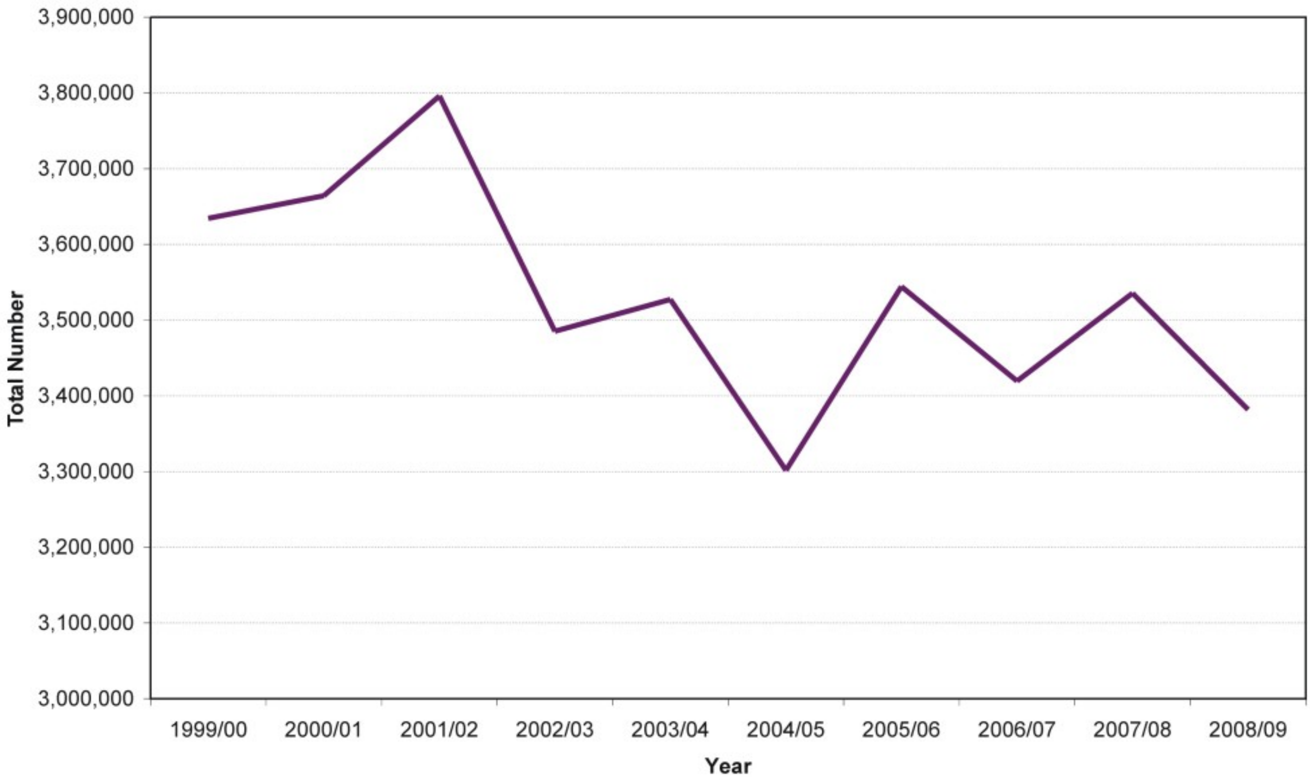
Town Centres

12.20 The Borough of Harrow has 9 District Centres and 6 Local Centres.

12.21 Together, they provide a significant number of jobs for local residents as well as providing for social and community needs.

12.22 The Council undertakes regular surveys of these town centres to assess their relative strength.

Figure 12 Total Pedestrian Count Across All Town Centres

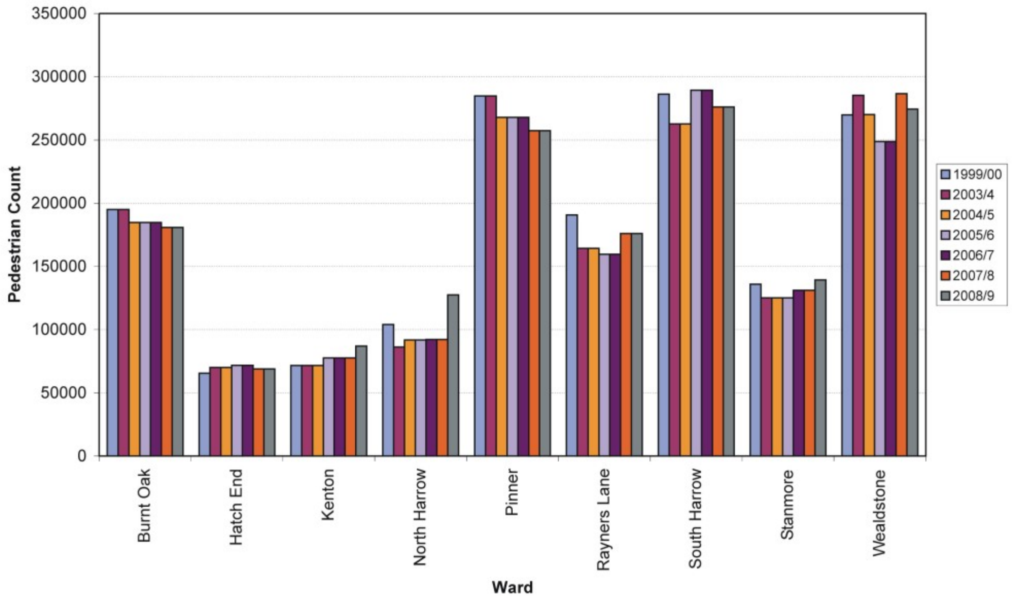


Source: Harrow Annual Monitoring Report 2008-09

12.23 Figure 12 'Total Pedestrian Count Across All Town Centres' shows an overall footfall decline within the centres of 252,505 from 1999 levels which equates to an overall fall of 6.95%.

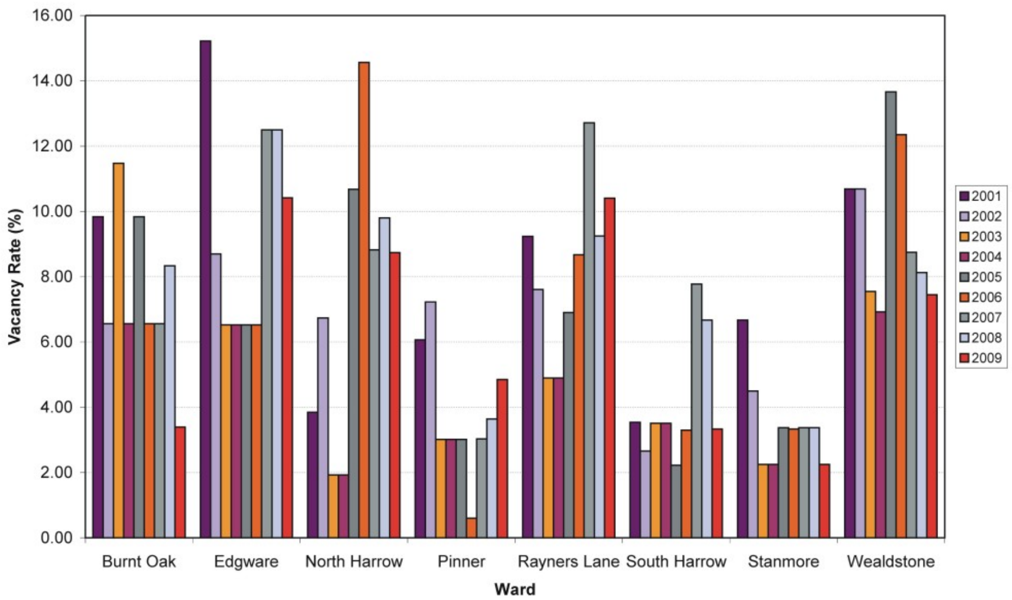
12.24 However, the district centres in general still seem to be relatively healthy with pedestrian counts remaining steady (see Figure 13 'Pedestrian Counts in District Centres') and vacancy levels remaining relatively low over a long period (see Figure 14 'Vacancy Rates in District Centres').

Figure 13 Pedestrian Counts in District Centres



Source: Harrow Council Monitoring

Figure 14 Vacancy Rates in District Centres



Source: Harrow Council Monitoring

Natural Amenities and Environment **13**

Local Economic Assessment

13 Natural Amenities and Environment

Air Quality

13.1 Table 18 'Total CO2 Emissions per Capita' shows levels of CO_2 emissions across West London. Harrow has the lowest levels of CO_2 emissions of the West London boroughs both at a domestic and commercial level and is in the best 20% of all the London boroughs.

Table 18 Total CO2 Emissions per Capita

	Tonnes per Capita (industry & commercial, domestic and transport)	Comparison with all London Boroughs	Tonnes per Capita (only industry and commercial)	Comparison with All London Boroughs
Harrow	4.4	In top 20%	1.3	In top 20%
Brent	5.0	Average	2.0	Average
Ealing	5.3	In top 20%	2.2	In top third
Hammersmith & Fulham	6.1	In bottom third	2.2	In bottom third
Hillingdon	8.0	In bottom 10%	4.0	In bottom 20%
Hounslow	6.7	In bottom 20%	3.1	In bottom third
Source: Oneplace 2010				

13.2 The general trend of decreased nitrogen dioxide (NO_2) concentrations across the borough continues since 2003 levels. The average measurements over all four monitoring sites although slightly higher than last year, is still lower than 2001 to 2005.

13.3 Harrow is below the national average for measures of airborne particulates. However, there has been an overall decreasing trend nationally since 1993, whereas the background concentrations for Harrow have remained relatively constant.

Issues and Analysis **14**

Local Economic Assessment

14 Issues and Analysis

Key Facts

- A good employment and sector mix mainly focused on business services and professional/skilled staff
- A relatively well skilled workforce
- High relative household earnings
- Small geographical areas where there are concentrations of deprivation and worklessness
- A wide range of local businesses with a significant number of micro businesses (i.e. those employing between 0 and 4 people)
- A few very large companies provide a quarter of jobs in the borough
- Steady loss of some large employers (Metroline, Land Registry, Crown Prosecution Service)
- No key or dominant employment sectors
- Close to some of the growing employment areas in North and West London and others marked out for expansion and renewal
- Relatively good radial (public) transport links
- Steady loss of employment (office, light industrial) land and property due to land value differences and/or lack of demand
- Little recent private investment in commercial areas (town Centres and industrial and employment areas)
- Slow decrease in footfall in Harrow town centre

Key Issues

- Need to maintain business/employment base in borough despite pressure for redevelopment of (increasingly outdated) employment sites and buildings for other uses
- Need to maintain mix of local jobs
- Need to maintain attractiveness of Borough as place to invest in light of competition from sub region and south Hertfordshire
- Increasing competition from neighbouring town centres and other forms of retailing could effect Harrow town centre's status as a Metropolitan Centre
- No key sectors – this helps in times of recession but makes it difficult to target business and sector support
- Loss of major employers (through closures or relocation) will have significant affect on the local economy
- Ensure good transport links to employment opportunities outside the borough

Analysis

14.1 The local economy will need to retain employment growth matched to population growth, increase the supply of higher skilled workers in line with skills forecasts, retain a significant proportion of large businesses in the borough, maintain the supply and improve the quality of employment land and buildings and attract new investment including mixed uses to the Borough's town centres.

14.2 To do this the Council and its partners will need to focus on:

- Up-skilling and re-skilling of local residents
- Keeping Harrow's large employers in the area to maintain their employment
- Supporting the creation of new businesses as well as more established SMEs to provide future jobs in the local economy
- Improving the quality of employment land, and buildings
- Promoting and securing investment in the Intensification Area including Harrow town centre
- Improving traffic flow and reducing congestion
- Ensuring public transport links to employment opportunities outside the area are maintained and enhanced

Key Data Set **Appendix 1**

Local Economic Assessment

Appendix 1 Key Data Set

For a copy of the Key Data Set please email david.sklair@harrow.gov.uk.

Extract from WLB Business Sentiment Survey **Appendix 2**

Appendix 2 Extract from WLB Business Sentiment Survey

2.1 The West London Business Sentiment survey has been conducted annually at the beginning of each year since 2008, tracking trends among businesses operating in the West London area. The survey is developed for West London Business (WLB), the sub-regional Chamber of Commerce that aims to support commercial growth in West London. The specific objectives of the research are to:

- understand the current business environment in the area;
- determine future challenges and potential for growth or decline;
- track trends over time;
- inform lobbying for resources from regional and national government; and
- inform the direction of WLB and support required to businesses.

2.2 WLB produce a Harrow specific report that presents the findings for businesses based in the London Borough of Harrow. Results for the Harrow borough in 2010 are compared to 2009, and other West London Boroughs in 2010.

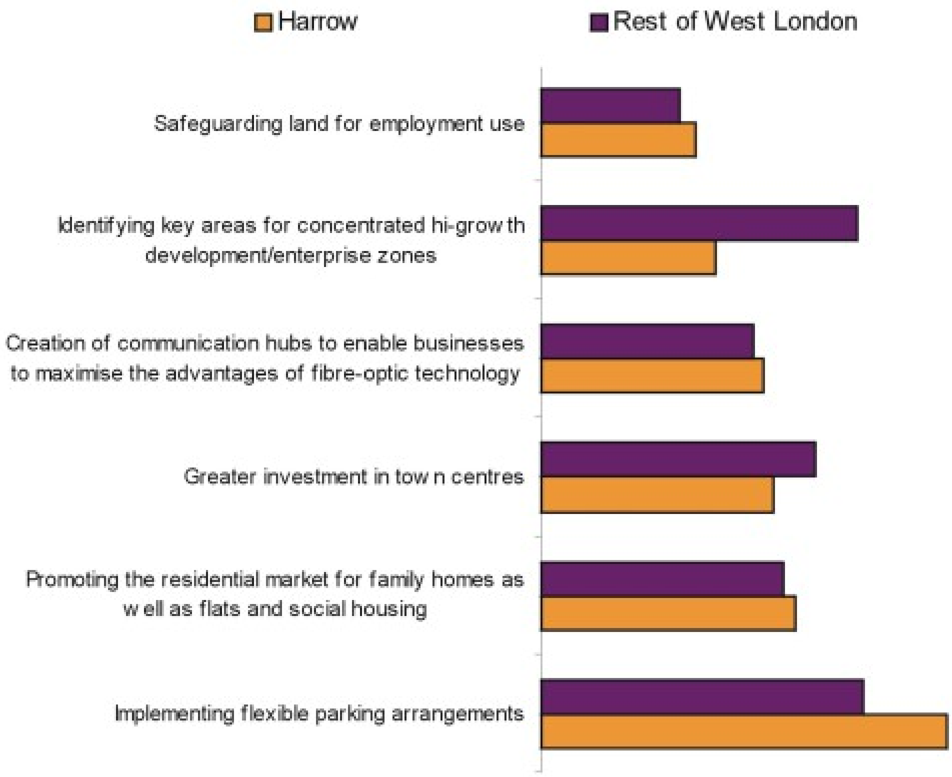
2.3 The following section summarises some of the key findings of the report in relation to Harrow's Local Economic Assessment .

2.4 According to West London Business' March 2010 [draft] **Business Sentiment Survey,** 94 per cent of Harrow businesses are likely to remain in West London. This shows an increase from 90 per cent in 2009. Harrow businesses that said they were unlikely to stay cited high costs of both labour and commercial premises, poor quality of environment and high crime levels.

2.5 In response to the question "Why do you expect to remain in West London?", Harrow businesses that are likely to stay in West London stated no choice (live in area) followed by good access to markets and clients as the top 3 reasons for remaining in the area. They were significantly less likely than the rest of West London to state good transport links as a reason for remaining in West London, although this did also rise from 2009.

2.6 In response to the questions, Given the expectation that public finances will be cut post election, which of the following measures do you consider to be important in order to sustain the West London economy?" flexible parking arrangements are key for Harrow business, stated as important by 77 per cent, compared to 61 per cent of the rest of West London. This was also the key measure for micro businesses, while a greater proportion of mid-large corporates rated Enterprise Zones and hi-growth development areas as important. Harrow businesses were significantly less likely to rate concentrated areas of high growth development as important.

Figure 1 Importance of West London Policy Measures 2010

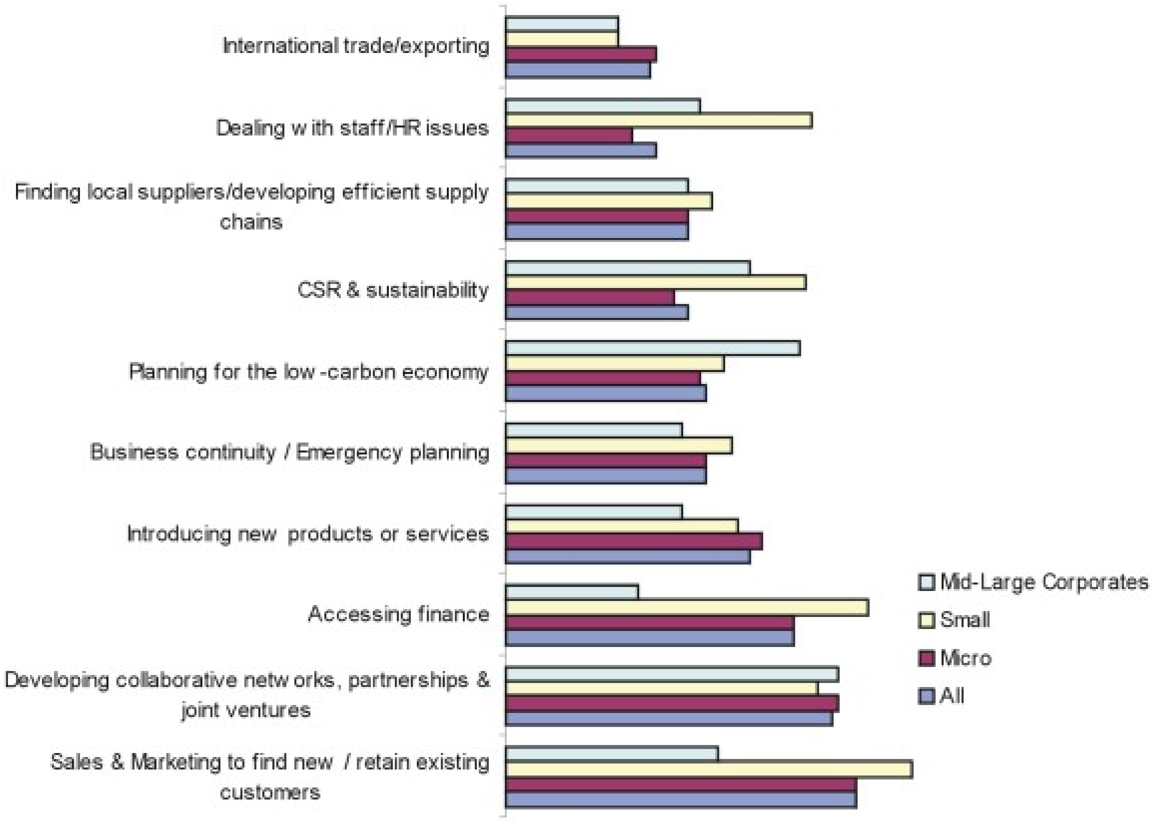


Business support requirements

2.7 Respondents were asked to identify external help and support needs for their business. Sales and marketing remains the key area for West London businesses, reflecting findings from the previous surveys. Two thirds of small businesses with 10-49 employees identified this support need. Over half of the West London sample would like support to develop collaborative networks and partnerships, but this declined to 42 per cent in Harrow. Harrow businesses were also significantly less likely to require support in planning for the low carbon economy (17 per cent), and international trade / exporting (14 per cent).

2.8 Accessing finance was important for 42 per cent of those based in Harrow. One third of Harrow businesses would like support to introduce new products or services (34 per cent), fewer than the West London average (40 per cent), and 34 per cent would like support developing efficient supply chains, above the West London average (28 per cent). Business continuity was also requested by one third of Harrow respondents (32 per cent), in line with the rest of West London.

Figure 2 External Business Help and Support Requirements



Q16b. Now thinking about the external help and support your business may require, please rate how much your business needs support? (Base = 334 / 180 / 71 / 82)

2.9 West London businesses intend to use a range of support services in 2010. Harrow respondents are significantly more likely to use Professional Advisers, than others in West London. Generally mid-large corporates would be the most likely to use professional advisers. Harrow businesses are also more likely to go to peers/colleagues, family and local colleges, but are less likely to use local business support agencies, West London Business or their Borough.

Figure 3 Likelihood to Use Different Support Services

Q19b. How likely are you to use the following support services in the next 12 months?

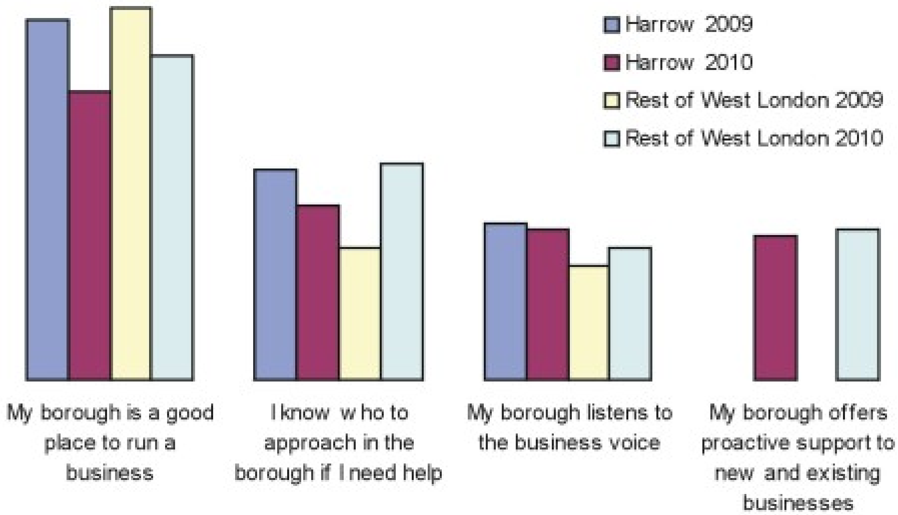
2.10 A greater proportion of Harrow businesses had accessed business support from their local borough during the previous year than across the rest of West London (18 per cent in Harrow compared to 13 per cent elsewhere). This was more common across West London, among both micro employers and the very large businesses.

2.11 Harrow businesses also had lower perceptions of their borough, declining from the 2009 survey. The proportion of businesses in other West London boroughs that felt that they know who to approach in the borough for support had increased significantly from 2009 but showed a decline in Harrow. Over half of businesses in West London agreed that their borough is a good place to run a business. This was slightly lower in Harrow and had declined significantly from 2009. However, Harrow businesses were more likely to agree that their borough listens to the business voice.

Exporting

2.12 One third of West London businesses currently export, and a further four per cent do not but would like to know how to, as shown in the following chart. The proportion exporting has increased marginally over time, up from one quarter in 2008. This increase was mainly owing to a rise in exporting across small and mid-large businesses rather than micro businesses where exporting remains limited to less than 5 per cent. 22 per cent of mid-large corporates were experienced exporters in 2010, increasing from 14 per cent of this group in 2009.

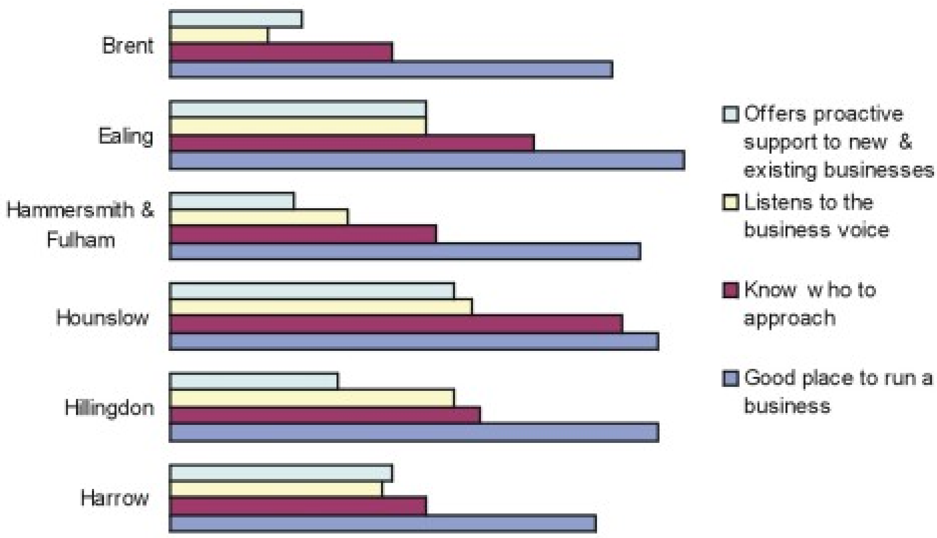
Picture 4 Perceptions of Business Support in the Borough (2009-10)



Q19b. To what extent do you agree with the following statements about your borough? (Bases = 84 / 250 / 101 / 349)

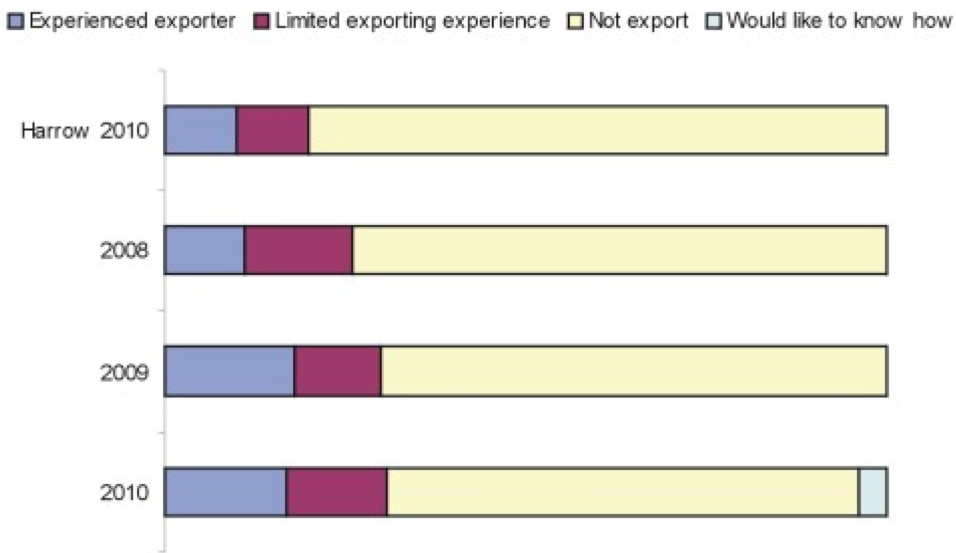
2.13 Businesses operating in the boroughs of Hounslow and Ealing were the most positive regarding their borough, as shown in the following chart. Due to the low base sizes, this finding can only be viewed qualitatively as robust statistical comparisons cannot be made.

Picture 5 Perceptions of Business Support by Borough 2010



2.14 Businesses in Harrow were less likely to have exporting experience, with 8 in 10 not exporting and none stating that they 'would like to but don't know how'. The proportion of Harrow businesses exporting declined marginally from 13 per cent in 2009.

Picture 6 Exporting Experience



Q18. Now thinking about exporting, would you say your company is..?

Extract from London's Regional Priority Statement 2011/12 **Appendix 3**

Local Economic Assessment

Appendix 3 Extract from London's Regional Priority Statement 2011/12

Draft Sub-Regional Analysis: West London

1. Sub-regional Current and Future Economic Demand

This section should provide a current snapshot of the sub-regional economy, both spatially and sectorally.

1.1 West London comprises six London Boroughs (Brent, Ealing, H&F, Harrow, Hillingdon and Hounslow) lying between central London to the east and Surrey, Berkshire, Buckinghamshire and Hertfordshire to the West. It is home to 1.4million people, 800,000 jobs and 70,000 VAT registered businesses.

1.2 Spatially, West London has a variety of centres of economic activity and employment sites located along established radial transport corridors connecting West London with Central London and the Outer Metropolitan Area. These corridors comprise a mix of town centres, employment land and clusters of businesses (as well as including Opportunity Areas where most future employment growth and housing development will occur).

1.3 Broadly, these transport corridors can be described as follows:

- M4/Great Western Rail/Uxbridge Road, extending from Hammersmith and Earls Court through Ealing; Southall and north of Heathrow via Hayes and StockleyPark beyond London to Slough (importantly also the alignment for the Crossrail Route);
- A4/A30/South West Rail, diverging from the above at Brentford through Hounslow and Feltham, and beyond to Staines;
- A40/rail corridor from WhiteCity, Park Royal and Old Oak via Perivale and Northolt out to Uxbridge,
- North-west rail corridor from Willesden junction (also underground lines) to Wembley and Harrow, continuing to Watford; related to the A5/M1 North West London corridor.

1.4 Sectorally, the structure of the West London economy shares many of the features of the London economy – services dominate, accounting for 89% of employment (c/w 92% for London) across London. Between 1991 and 2008 the highest levels of employment growth were in the Banking & Finance and Transport & Communications sectors with the largest decline in employment being in the manufacturing sector.

1.5 That said, there are some key sectoral characteristics that set West London apart from the regional picture:

- The transport and communications sector accounts for a high proportion of employment in West London, at 16 per cent this is more than double the London average, reflecting the importance of Heathrow.
- The distribution, hotels and restaurants sector has also been able to grow relatively rapidly in West London. Employment in the sector rose by 19 per cent between

1995 and 2005 (compared to 12 per cent across the capital) before reducing slightly across London between 2005 and 2008.

- Representation of the banking, finance, and insurance sector is relatively low in West London, accounting for 24 per cent of employment (35 per cent in the capital).

1.6 Further to this, West London has particular strengths in the following areas:

Transport and communications: The transport and communications sector accounts for 16 percent of all employment in West London, almost twice the London average.

Logistics: Around 18% of employment in West London is in logistics related sectors (129,000 jobs). Demand in London is strongest around Heathrow and Park Royal where the concentration of warehousing is amongst the highest in London.

Creative industries: This sector has a strong presence in the West London economy, particularly media related jobs and clusters of businesses located proximate to the BBC and BSkyB.

The health and social care sector: The health and social care sector has an increasingly strong presence in West London and accounts for 9 per cent of all employment (60,000 employees). Much of the growth has been linked with employment in local NHS Trusts and Primary Care Trusts. Pharmaceutical companies also have a presence with GSK headquartered in the sub-region.

High technology services: Around 6.5% of employment is in high-tech services (46,000 jobs). The area has alarge number of IT services firms, including Cisco Systems, Adobe and Apple, and is well located for accessing Central London corporate clients as well as new technology firms in the Thames Valley.

Tourism: Employment in the tourism industry expanded by 20 per cent in West London over the period 1998 to 2005, The tourism and leisure sector is an important provider of jobs at a wide range of skill levels. There are a number of popular visitor sites in the sub-region including exhibition centres at Earl's Court and Kensington Olympia and the National Stadium and entertainment venues at Wembley.

Food and drink: While the food and drink manufacturing industry contracted in London over the period 1998 to 2005, employment in West London expanded by 15 per cent and in 2005 accounted for 14,400 jobs.

2. Sub-regional current Skills Levels and Skills Gaps

This should describe demand inherent in the structure of the sub-regional economy (i.e. skills required to meet growing sectors/replacement demand), demand associated with regional objectives (i.e. strategic skills to support growth sectors and technologies) and specific demand issues identified from the evidence base (such as sub-regional weaknesses in management and leadership skills, regeneration areas).

Key points could include:

1. *Any mismatches in skills profile and demand inherent in occupational and sectoral structure*
2. *Projected replacement demand by sector and occupations, including skills gaps and progression needs;*

3. *Projected expansion/growth demand*
4. *Key areas of unmet demand articulated by employers*

2.1 Further to the Interim West London Work and Skills Plan and West London Economic Assessment attached.

2.2 Demand for skills to support strategic growth sectors

The Mayor's draft Replacement London Plan is articulating a new policy framework to support above trend employment growth in Outer London. Strategic Outer London Development Centres (SOLDCs) are spatial locations with specialist sectoral strengths which (or potentially could) function above the sub-regional level and which could generate significant growth. For West London, these sectors include:

- Leisure and Tourism
- Media and creative industries
- Logistics
- Transport related functions
- Higher education

If these sectors are to achieve long term above trend growth then clearly there is need and demand for skills and training to support these growing sectors.

Added to this, a potential growth sector would be the development of 'green industries' across the sub-region (and possibly particularly at Park Royal). Although this is a very broad catch-all term, potential skills required could be around waste management, energy from waste, design, development and manufacturing of low carbon technologies, renewable energy technologies etc.

It is also worth noting the impact that major developments (infrastructure – such as Crossrail, major sites – such as Uxbridge and Wembley and commercial – such as Heathrow) will have on the demand for construction skills across West London.

The 'Working Futures 2007 to 2017' report highlighted the following information about employment projections in West London.

- Food & Drink production, Communications and Public Sector are all predicted to decline.
- Other Business Services and Computing Services show the largest predicted increases.
- Managers, Professional & Technical Occupations & Personal Service occupations are predicted to increase.

2.3 Skills gaps

When the qualifications of the available workforce are compared with employers' demands for skills there is clear evidence of a skills gap in West London. Around 20 per cent of residents have a Level two qualification or lower but only around 10 per cent of jobs are suitable for individuals with skills at this level. Whilst 50 per cent of jobs are at the higher skill level compared with 45 per cent of the West London workforce. Forecasts indicate that future skills and employment needs of the economy will be at an increasingly high level, predicting that there is likely to a greater demand for skills at NVQ level 4 or above. However, it is also recognised that many service-sector jobs in West London are relatively low skilled and that a comprehensive approach to skills provision is required.

Employers in West London face recruitment problems associated with skill shortages. Of the 12,000 vacancies reported by employers in the LondonWest LSC area in 2005, 80 per cent were hard to fill due to skill shortages in comparison to 60 per cent nationally.

Assessment of the local economy indicates that there will continue to be a high proportion of both high skilled and lower-skilled (level 2 or below) jobs within the local economy.

Sector Skills Councils (SSC)report a need for a more skilled workforce across the range of elementary to senior occupations with, for example, the Logistics SSC (Logistics being a key West London employer) predicting greater skills requirements amongst the relatively low-skilled (and older) workforce.

3. Sub-Regional skills Objectives and Priorities

This section should provide a high level overview of the sub-regional strategic skills objectives and priorities. These include:

- *Agreed sub-regional priority sectors and technologies identified as key to regional economic growth;*
- *Key workforce skills challenges;*
- *Agreed priorities in generic skills and job-specific/workforce development skills.*

3.1 Further to the Interim West London Work and Skills Plan and West London Economic Assessment attached.

3.2 Agreed sub-regional priority sectors and technologies identified as key to regional economic growth

- Further to section 2.2 above, key priority sectors will be:
- Logistics
- Creative Industries and the Media
- Leisure / tourism / hospitality
- Food manufacture
- Green industries
- Construction

It is also important to reference the skills requirements of Heathrow – these will include demand for logistics, construction, transport and aviation functions as well as softer skills relating to customer service and hospitality.

3.3 Key workforce / resident skills challenges

- 13% of West London residents (approx 170,000 people) have no formal qualifications
- 20% (almost 300,000) lack basic literacy and numeracy skills.

- Overcoming spatial concentrations of unqualified or poorly qualified people in certain areas (e.g. parts of Hounslow and Hillingdon) and across some ethnic groups (Bangladeshi, Black Caribbean and Irish).
- High number of NEETs in some areas - 256 (7.7 per cent) in Hammersmith & Fulham to 762 (7.2 per cent) in Harrow. This compares with a figure for West London of 1,673 (5%), London at 5.4% and England 6.5%.
- Mismatch between qualifications and employer demands (i.e. high number of people qualified to Level 2 or lower compared with actual number of jobs available at this level).

(Draft) Harrow Worklessness Assessment **Appendix 4**

Local Economic Assessment

Appendix 4 (Draft) Harrow Worklessness Assessment

Contents

Introduction

4.1 Worklessness is difficult to define, but is often researched in terms of the unemployed and economically inactive. The unemployed populations 'are people who are without a job, want a job, have actively sought work in the last four weeks and are available to start work in the next two weeks or are out of work, have found a job and are waiting to start it in the next two weeks'. The economically inactive populations are 'those without a job who have not actively sought work in the last four weeks, and/or are not available to start work in the next two weeks' (Publication Hub 2009a; 2009b).

4.2 *Department of Work and Pensions* – Defines the workless population as "people of working age who are not in formal employment, but who are looking for a job (the unemployed), together with people of working age who are neither formally employed nor looking for formal employment (the economically inactive)"

4.3 *The Social Exclusion Unit* – Defines the workless population to be all those of 'working age who are not employed and who are claiming a benefit. These benefits can include: Jobseekers allowance; incapacity benefit/Severe Disablement Allowance; Income Support; Disability Living Allowance; Carers Allowance: Bereavement Benefit; Pension credit; and Widows Benefit.

4.4 Worklessness is most commonly defined as the number of people claiming Working Age Client Group benefits expressed as a percentage of the working age population. Working age is classed as people who are aged between 16 and 59 for women and 16 and 64 for men. Working age people claiming out of work benefitsare frequently used as a measure of worklessness.

4.5 DWP statistics refers to 'Income replacement' benefits - those that are paid as replacement for an earned income. These are: JSA, IB, IS, SDA, CA. Using the Statistical Group analysis this includes Jobseekers, Incapacity benefits, lone parents, Carers and other income related.

The 'Disabled' category refers to those claiming Disability Living Allowance and no Income Related benefit - many of those in receipt particularly of the mobility element are working. Bereavement Allowance is also not conditioned on being out of work. Also, Disability Living Allowance is not related to employment status. DLA is paid to meet the additional costs of disability and not as an out of work benefit.

The total figure includes these two groups who may be in work.

Of course some can be claiming Income replacement benefits and working under 16 hours and therefore be classed under APS (Annual Population Survey) definitions as in work and under benefit definitions as workless, but the numbers here are likely to be small.

In APS terms I include the unemployed and the economically inactive of working age. The rate should be based on the working age population.

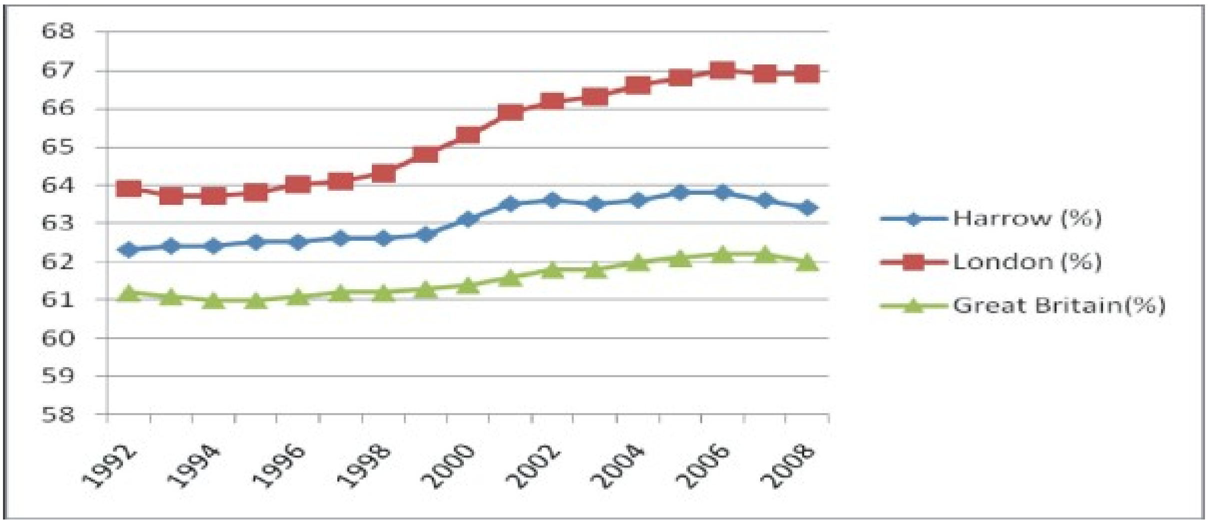
I don't go with those who want to restrict the term to exclude those who say they do not want to work on the grounds that large numbers of the inactive who say they do not want to work are found in work later on using the Labour Force Survey longitudinal datasets from the Data Archive - wanting to work is not a great predictor of later on being in work.

About this Data

4.6 The most recent data available has been used in this assessment. However, some data sets are more up to date than others. For example, JSA claimant count numbers are released every month for the preceding month, but incapacity benefit claimant numbers have a longer delay before publication.

The Scale of Worklessness

Figure 1 Working Age Population



4.7 It should be noted that more recent monthly Jobseekers Allowance figures are available and the JSA total for West London reached 41,071 in January 2010. The recession and rise in Jobseekers Allowance totals has led to a rapid increase in the proportion of the workless total in receipt of JSA. Between May 2008 and August 2009 Jobseekers Allowance increased from 19% to 31% as a proportion of the out of work benefits total in West London, and will continue to rise as subsequent quarterly benefits data for 2009 is released.

Changes in Worklessness Over Time

4.8 Working Age Client Group data provides counts of working age claimants of key benefits. It shows breakdowns by their statistical group (their main reason for interacting with the benefit system), gender and age. The main advantage of this dataset is that the double counting of claimants on more than one benefit has been removed so that a more accurate picture will be available of benefit claiming and worklessness at a small area level.

4.9 The Lone Parents client group total for West London fell by 2,100 between May 2008 and August 2009; this is partly due to welfare reform changes for lone parents based on the age of their youngest child and transfers from Income Support to Jobseekers Allowance or Employment & Support Allowance.

Figure 2 Claimants by Type of Benefit Over Time (Harrow)

Out of Work Benefit Ratios

4.10 The composition of the stock of out of work benefit claimants by benefit type provides an indication of the nature of worklessness in an area, highlighting the extent to which worklessness is concentrated in the economically active population (claiming JSA) or those that are outside the labour market and likely to be harder to reach. Logically, where there are higher proportions of incapacity benefit or IS(LP) claimants in the stock of workless people, it is likely to be more difficult to reduce overall workless rates.

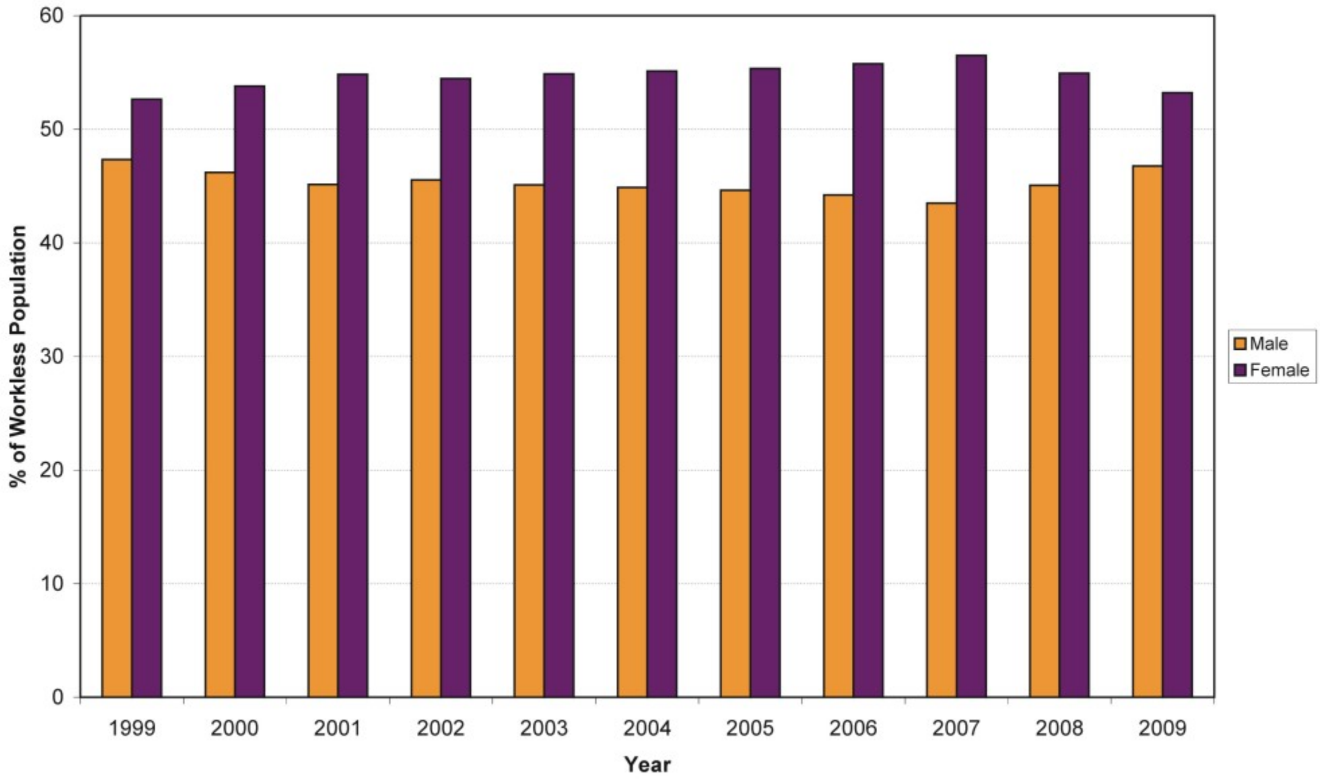
4.11 Recent research has noted that where worklessness is higher, the proportion of JSA claimants in the workless population is higher, even if total incapacity benefit and IS (LP) claimant numbers are higher. This makes sense; given that there will obviously be a certain proportion of people unable to work in any population, however affluent.

Characteristics of Worklessness

4.12 This chapter looks more closely at the make-up of the different groups of benefit claimants that comprise the workless population, comparing the age, gender and length of time out of work for workless people in Harrow with the county-wide and national pictures, and presenting recent changes. Because of data availability (better figures are available for JSA claimants than for other benefit recipients), the following sections look at the composition of each group of workless people in turn, followed by some overall conclusions.

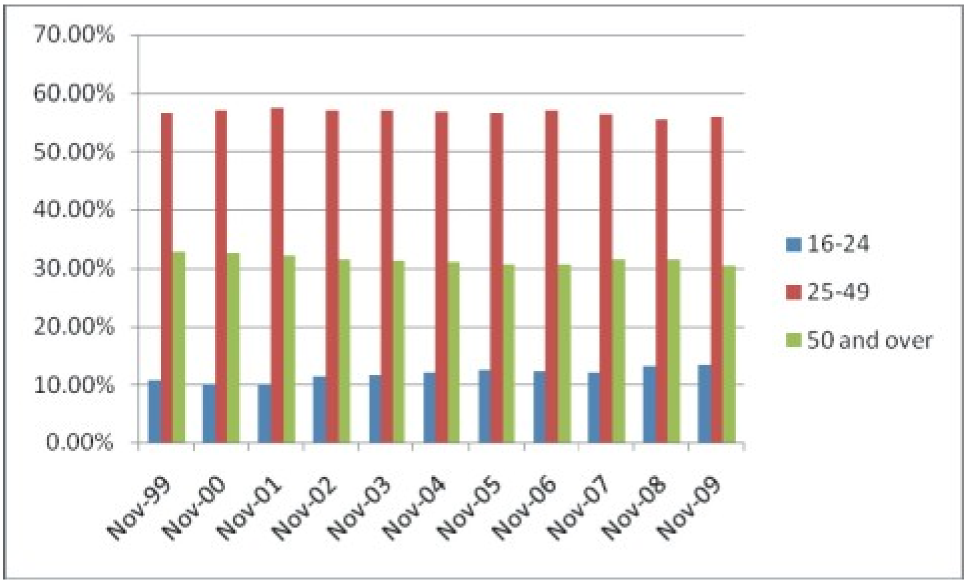
Who makes up the workless population?

Figure 3 Gender of Workless Population Over Time



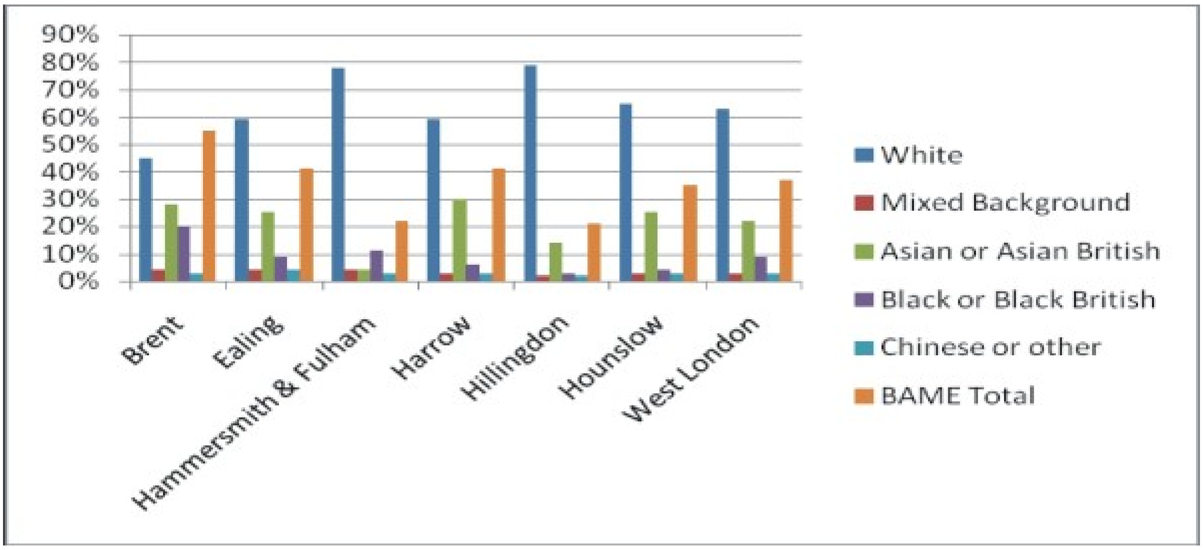
Source: DWP Information Directorate

Picture 4 Age Range of Workless Population Over Time



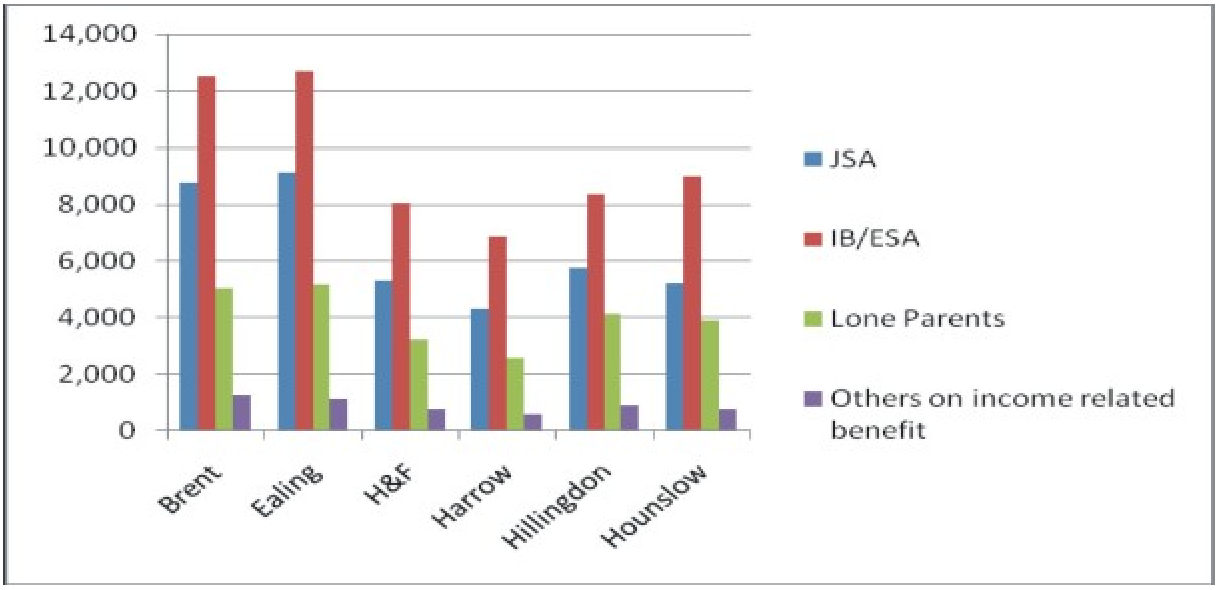
Source: DWP Information Directorate

Figure 5 Ethnicity (West London)



Source: 2001 Census

Figure 6 NI 152 Out od Work Behnefits Client Groups (August 2009)



Source: DWP

Claimant Characteristics

Table 1 Employment and Unemployment (Oct 2008 - Sept 2009)

	Harrow	Harrow %	London %	Great Britain %
All people				
Economically Active	133,200	78.0	75.8	78.9
In Employment	103,400	71.4	69.3	72.9
Employees	87,300	60.9	58.1	63.4
Self Employed	15,900	10.5	10.8	9.1
Unemployed (model-based)	8,000	7.2	8.4	7.4
Males				
Economically Active	64,700	84.9	82.7	83.2
In Employment	58,600	77.4	76.0	76.3
Employees	46,700	62.5	60.8	63.1
Self Employed	11,900	14.9	14.9	12.7
Unemployed (model-based)	6,100	9.5	8.0	8.2
Females				
Economically Active	48,500	70.6	68.3	74.2
In Employment	44,800	64.9	62.1	69.2
Employees	40,600	59.2	55.3	63.6
Self Employed	4,000	5.7	6.3	5.2

	Harrow	Harrow %	London %	Great Britain %
Unemployed (model-based)	3,700	7.7	8.8	6.4

Source: ONS Anuual Population Survey

Note: Figures for those aged 16 and over, percentages are proportion of working age population (16-59/64)

Note: Unemployment % is a proportion of the economically active

Lone Parents

4.13 Nearly one in four children (24%) now lives in lone parent families, up from only 8% in 1972. (ONS, 2008a) The employment rate of lone parents is 56%, compared to 72% for married/cohabiting mothers and 91% for married/cohabiting fathers. (ONS, 2008b) This gives a worklessness rate for lone parents of 44%, much higher than for married or cohabiting parents. However, over the last decade the employment rates of lone parents have increased quite dramatically, up by 10 percentage points between 1998 and 2008. Over the same time period, the employment rates of married/cohabiting mothers and fathers also increased but the increases were smaller, 3 and 2 percentage points respectively.

4.14 The increase in the employment rates of lone parents is partly in response to changes in Government policy. Over the last decade the Government has introduced various measures to try to increase the number of lone parents in employment (the target is 70% by 2010), such as the New Deal for Lone Parents, tax credits, and the availability of more childcare. This strategy is continuing with the recent reduction in the age of the youngest child at which the parent is expected to look for work instead of claim benefits. A lone parent cannot currently claim Income Support, and must instead look for work, when their youngest child reaches 12, and by 2010 this will reduce to 7.

Young People not in Employment, Education or Training

4.15 Young people not in employment, education or training (NEET) are generally regarded as a priority group to support into the labour or learning markets.Being NEET between the ages of 16–18 is a major predictor of later unemployment, low income, teenage motherhood, depression and poor physical health. No single agency holds all the keys to reducing NEET; LAs, schools, the Learning and Skills Council, youth support services and employers all have key roles to play.

4.16 A recent survey of young offenders identified that entry to employment training provision was considered one of the most important factors that would prevent them re-offending.

The Characteristics of Worklessness: Some Conclusions

4.17 The main factors identified as influencing flows in and out of the labour market can be summarised as:

4.18 Length of time out of work – the longer a person was out of work the less likely they were to return to the labour market, making quick interventions important. This was true for several groups who may have had different initial triggers for worklessness, but was particularly true for those who were disabled or in poor health.

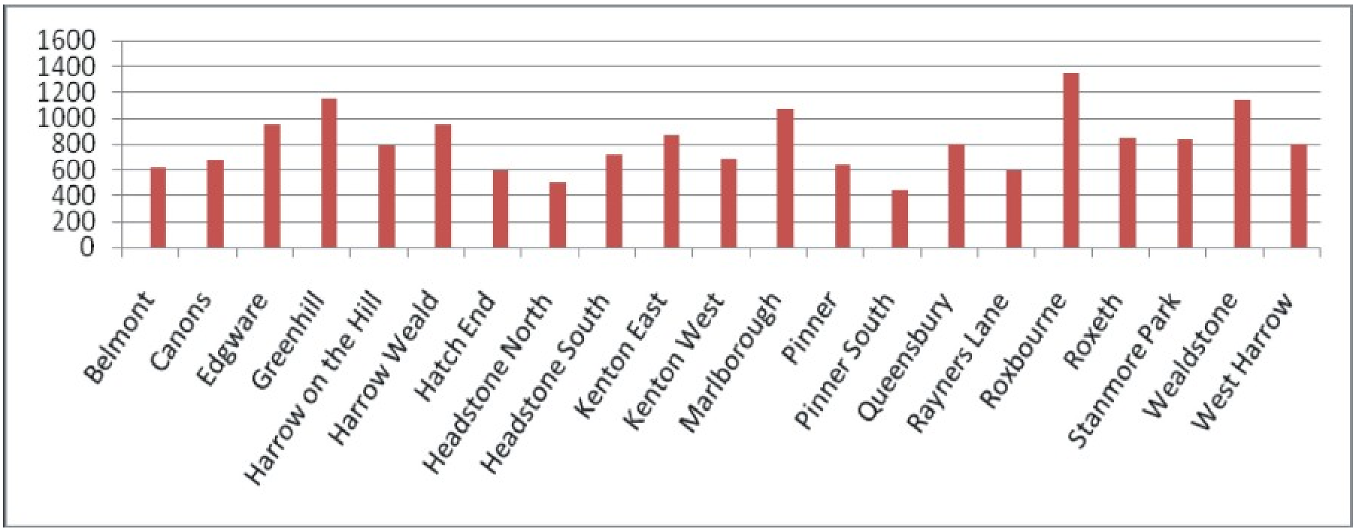
4.19 Financial reasons (incentives and disincentives) played an important part in people's decisions about leaving/entering employment. For people claiming benefits, the management of the transition period between benefits and work was important.

Concentrations of Worklessness

Worklessness at Local Level

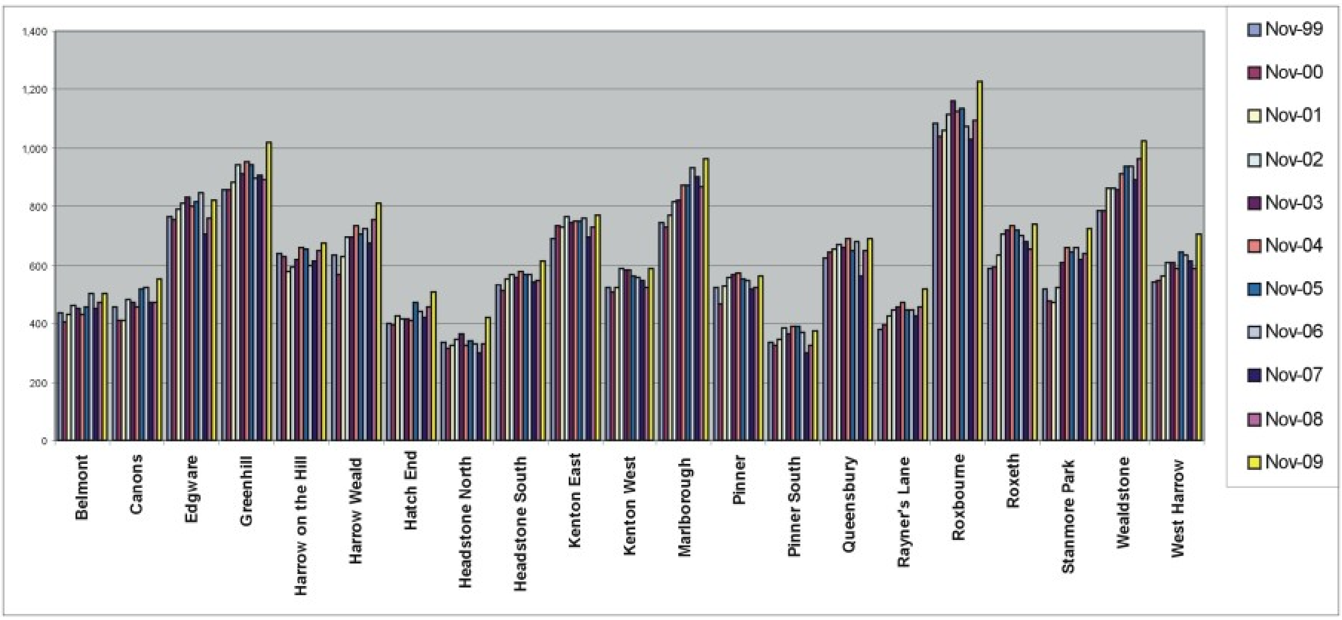
4.20 The previous chapters have provided a picture of the workless population in Harrow at borough-wide level, comparing it with the national and sub-regional position. However, worklessness rates vary substantially between local areas. This chapter maps out worklessness by ward and highlights areas of concentration.

Figure 7 Worklessness in Harrow - Breakdown by Ward (Nov 2009)



Source: DWP

Figure 8 Worklessness in Harroe - Breakdown by Ward (Nov 99 - Nov 09)



Source: DWP

The Impact of Recession: Recent Changes in Workless Numbers

4.21 Looking at JSA claimant numbers (which are released more frequently), it appears that while there have been rises in unemployment everywhere; the increases are particularly marked in the Borough's most deprived areas.

Barriers to work

4.22 Recent evidence from worklessness reduction programmes and other research identifies three main sets of barriers to work which provide the structure for this chapter:

- **Supply-side** factors (the skills, qualifications and attitudes of workless people)
- **Demand-side** factors (the number, type and location of jobs and local recruitment practices)
- **Institutional** factors (the way in which housing markets, transport systems, childcare availability, etc. work to support or hinder access to work)
    - Access to affordable and flexible childcare. Childcare is a minimum of £6 per hour and makes it extremely expensive for people with entry level jobs at least until the kids are at school.
    - Finding jobs that fit with school hours and holidays.
    - Difficult to do shift work after 6pm due to child minders being unwilling to work late.
    - Numbers of vacancies generated by job centre plus are considerably down.
    - Small businesses are postponing recruitment until they are feeling more secure.
    - Inflexibility of benefits – fear of leaving some forms of benefit because if job doesn't work out the difficulties of getting back on back onto benefit are a barrier.

Physical and Mental Health is a Barrier to Work

4.23 The limited active desire on the part of many incapacity benefit claimants to seek work, reflecting frequent long-term detachment from the labour market. It is likely that in some cases, employer discrimination (or perceptions that employers may be discriminatory) towards those with physical or mental disabilities also hampers the ability of some to find employment.

4.24 The review by Dame Carol Black (National Director for Health & Work) 'Working for a healthier tomorrow' (2008) of the health of the working population noted the need to provide better information and advice to employers on support for staff with poor health, despite some evidence of an improvement in employer approaches.

Attitudinal and Aspirational Barriers

4.25 Within Harrow as elsewhere, a 'culture' of worklessness has been cited, particularly among families in areas where concentrations of worklessness are greatest and there is a family history of lack of work.

4.26 Such a culture may be reinforced by the expectations gap referred to above, especially if the short-term economic gain from work is – or is perceived to be - marginal (or even negative, once child-care and transport costs are taken into account).

4.27 Linked with this, length of time away from the labour market is also likely to reduce self-confidence and aspiration (as set out earlier, long-term incapacity benefit claims in Harrow are somewhat greater than elsewhere in the country), and it is suggested that low-wage, low-skilled and insecure jobs are often unattractive, particularly for incapacity benefit claimants who could potentially access work but who would give up the security of long-term benefits to do so.

4.28 The impact of the informal economy on the willingness of workless people to access employment is debatable, with some studies suggesting that informal economic activity is often supplementary to formal work and “tends not to exist as a separate world outside the formal economy [but] helps individuals manage low pay and instability associated with some legitimate forms of work.

Worklessness Provisions in Harrow

4.29 Local approaches to tackling worklessness have been framed by area-based initiatives and regeneration programs. However, the development of Local Strategic Partnerships (LSPs) and multi-agency bodies, which correspond to local authority boundaries, have helped to bring together the efforts of different mainstream agencies to address deep-seated and multi-faceted problems. Most local authorities and their LSP partners in London have now established Local Area Agreements. These set out the priorities for a local area agreed between central government and key partners at the local level, including measures to improve the rates of employment.

4.30 A quarter of all London children live in workless households (LDA, 2004) and the largest out-of-work group in London are people with dependent children (Harker, 2006). Worklessness levels in London among childless households are around the national average, levels of worklessness among households with children are much higher (Harker, 2006).The lone parent employment rate is particularly poor in London, one of the factors being the high cost of childcare in London.

4.31 Parents remain disproportionately underemployed in London (Harker, 2006). Parents, especially lone mothers, often seek part-time employment to enable them to juggle caring and earning responsibilities. London has a shortage of part-time jobs and the low employment rate of parents in London can almost entirely be accounted for by this shortage. The London Child Poverty Commission has produced a monitoring report, which looks closely at the employment rates (full and part-time) of parents in London.

4.32 Childcare is generally seen as one of the biggest barriers to parental employment nationally. But it is even more important in London where costs are much higher. The national average for a nursery place for a child under two is around £152 per week, whereas the average in Inner London is £205 per week and in Outer London £1823. Other research shows that childcare is a major barrier to employment especially among low-income families (Skinner, 2006) while over twice as many lone parents (17%) cited childcare costs as the main reason why they did not work compared with couple mothers (8%) (Barnes et al, 2005). The childcare element of the Working Tax Credit and the Childcare Affordability Program pilots are attempting to reduce the cost of childcare in London, but the overall cost of childcare is still a problem.

4.33 An outreach personal coaching service was delivered in-house by the Xcite team from 2008 - 2010 in close cooperation with Job Centre Plus, Local Colleges, tenants and residents associations, Mind, HAD, HASVO and 4 registered social landlords. This has now been superseded by a new project Xcite for Parents (under the auspices of the Childcare Affordability Program) which specifically targets workless parents.

Employment demand

4.34 Current employment and skills demand by sector and occupation; • forecast employment and skills demand by sector and occupation; • demand arising from key developments; and, • employer skills shortages/gaps and recruitment difficulties.

Table 2 West London Business Employee Size Bands

		Number of Employees				
	Total Businesses	1 - 4	5 - 10	11 - 49	50 - 199	200 +
Brent	11,963	9,416	1,321	928	241	57
Ealing	13,976	11,030	1,442	1,143	298	63
Hammersmith & Fulham	11,744	9,119	1,270	1,011	266	78
Harrow	**10,092**	**8,159**	**1,064**	**657**	**174**	**38**
Hillingdon	11,025	7,948	1,337	1,213	386	141
Hounslow	10,308	7,643	1,262	1,005	308	90
West London	69,108	53,315	7,696	5,957	1,673	467
Source: Annual Business Inquiry 2008						

Table 3 West London Employment Growth

	Employees 1989	Employees 2008	Employment Change 1989-2008
Brent	97,703	93,969	-4%
Ealing	112,962	112,242	-1%
Hammersmith & Fulham	78,662	117,824	50%
Harrow	**56,619**	**66,748**	**18%**
Hillingdon	107,888	188,590	75%
Hounslow	135,518	121,541	-10%
West London	589,352	700,914	19%
London	3,480,721	4,168,527	20%
Source: Annual Business Inquiry 2008, Census of Employment 1989			

Table 4 Employee Jobs (2008)

	Harrow	Harrow %	London %	Great Britain %
Total Employee Jobs	66,800	-	-	-
Full-time	45,600	68.3	73.9	68.8
Part-time	21,100	31.7	26.1	31.2
Source: ONS Annual Business Inquiry, Employee Analysis				

Table 5 Employment by Occupation (Oct 2008 - Sept 2009)

	Harrow	Harrow %	London %	Great Britain %
Soc 2000 major group 1-3	49,500	47.9	54.1	44.0
Mangers and Senior Officals	20,200	19.6	17.8	15.7
Professional Occupations	19,100	18.5	17.1	13.4
Associate Professional & Technical	10,100	9.8	18.8	14.8
Soc 2000 major group 4-5	29,200	28.3	18.8	21.8
Administrative & Secretarial	19,400	18.7	11.1	11.2
Skilled Trades and Occupations	9,800	9.5	7.6	10.4
Soc 2000 major group 6-7	13,800	13.3	13.2	16.0
Personal Service Occupations	6,500	6.3	7.1	8.5
Sales and Customer Service Occupations	7,300	7.0	6.1	7.5
Soc 2000 major group 8-9	10,900	10.5	13.9	18.2
Process Plant & Machine Operatives	3,500	3.3	4.6	6.8
Elementary Occupations	7,400	7.2	9.2	11.3
Source: ONS ANnual Population Survey Note: Numbers and % are for those aged 16+ Note: % is a proportion of all those in employment				

Table 6 Jobcentre Plus Vacancies (April 2010)

	Harrow	London	Great Britain
Unfilled jobcentre vacancies	472	24,408	244,241
Unfilled jobcentre vacancies Per 10,000 worknig age population	34	48	66
JSA claimants per unfilled jobcentre vancany	9.4	9.1	6.2
Source: Jobcentre Plus Vacancies - summary analysis			

Table 7 GLA Long-Run Borough Employment Projections

	Projected Employment Change 2007 - 2016	Projected Employment Change 2007 - 2031
Brent	5%	12%
Ealing	-1%	11%
Hammersmith & Fulham	13%	35%
Harrow	**1%**	**7%**
Hillingdon	0%	7%
Hounslow	-4%	3%
West London	2%	12%
London	6%	17%

Source: GLA Working Paper 39: Borough Employment Projections

Table 8 Employment Projections to 2031

	2007 Employment	Trend	Site Capacity	Accessibility	Overall Projection
Brent	110	104	133	119	124
Ealing	139	129	151	148	154
Hammersmith & Fulham	132	196	163	156	178
Harrow	**82**	**92**	**84**	**85**	**88**
Hillingdon	203	274	221	209	217
Hounslow	134	127	148	133	138

Source: GLA Working Paper 39: Borough Employment Projections

Note: Figures are 1000's

4.35 This review has provided a summary of the issues relating to the causes and dynamics of worklessness. Future work could take a more focused approach to look at any of the themes identified in this review. There are also some specific areas that provide opportunities for further research:

- **Multiple risk factors in the region** – to look at the number of people in the region who belong to more than one of the high risk groups and face multiple disadvantage.
- **Specific high risk groups** – there is currently only limited data available on the following groups: offenders, refugees and asylum seekers, carers, homeless people, and people with mental health problems.
- **Characteristics of Incapacity Benefit claimants** – only limited demographic data are available. Ethnicity data, for example, are not available.

- **Causal direction** – Some of the causes of worklessness identified in this review may in fact be consequences of being workless but there is little evidence to show this.
- **Dynamics of worklessness in the region** – to look at the reasons and flows of entry and exit from the labour market within the region.
- **Issues for specific ethnic groups** – to look at the differences between different minority ethnic groups with respect to causes of worklessness and barriers to employment that they face.

Information Sources **Appendix 5**

Local Economic Assessment

Appendix 5 Information Sources

National

Office for National Statistics

Annual Population Survey

Via Nomisweb.co.uk, Statistics.gov.uk,

LSEO

DCSF, from Connexions

London Region

West London

West London Business: Business Sentiment Survey March 2010

Other

UK Competitiveness Index, Centre for International Competitiveness

Glossary **Appendix 6**

Local Economic Assessment

Appendix 6 Glossary

Lower Super Output Area (LSOA)

They are a unit of geography used in the UK for statistical analysis. They are developed and released by Neighbourhood Statistics. Each LSOA equates to roughly around 1,500 people.

Knowledge Based Businesses: Definition

This is OECD definition used by the Centre for International Competitiveness and includes the following business types:

- Pharmaceuticals
- Office machinery and computers
- Aerospace
- Precision instruments
- Electrical/Electronic engineering
- Telecommunications
- Financial intermediation, except Insurance and pension funding
- Insurance and pension funding, except compulsory social security
- Activities auxiliary to financial intermediation
- Computer and related activities
- R&D
- Other business activities
- Motion Picture and video activities
- Radio & television activities

Abbreviations

BME – Black and Minority Ethnic

GLA – Greater London Authority

DRLP – Draft Replacement London Plan

JSA – Jobseekers Allowance

LDF – Local Development Framework

LEA – Local Economic Assessment

LSC – Learning and Skills Council

NESS – National Employers Skills Survey

NHPAU – National Housing and Planning Advisory Unit

NVQ – National Vocational Qualification

NHSCR – National Health Service Central Register

ONS – Office for National Statistics

OMA – Outer Metropolitan Area

SDS – Spatial Development Strategy

SOLDC – Strategic Outer London Development Centre

WLA – West London Alliance

WLB – West London Business

WLEA – West London Economic Assessment

WLP – West London Partnership

WLSHMA – West London Strategic Housing Market Assessment

WLW – West London Working