Hounslow Local Economic Assessment

Meeting with the Hounslow Local Strategic Partnership
16th May 2011
The scope and purpose of the LEA: A reminder

- Upper Tier local authorities have a statutory responsibility to complete an assessment of economic conditions in their area.
- The LEA needs to get to the bottom of:
  - "what makes Hounslow’s economy work?"
  - "what are the key opportunities and constraints in terms of economic growth?"
- The LEA is an assessment, not a strategy.

Positioning Hounslow for sustained and sustainable economic growth

Emerging and evolving LEP configurations

Preparation of the LDF, recognising changes to the planning system

Development and implementation of other strategies and plans led by Hounslow Council

Local Economic Assessment

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Process of developing the LEA

**Phase I (Dec): Set-up and scoping, including**
- Review of documentation and scoping consultations
- Scoping report (including survey design)

**Phase II (Jan/Feb): Data gathering and analysis, including**
- Survey of 500 businesses
- Secondary data gathering and analysis
- Stakeholder/business consultations
- Literature review

**Phase III (Mar/Apr): LEA testing and reporting, including**
- Draft and final reports
- Workshops and council presentations

Hounslow Economic Forum
1 – 09/12/10

Hounslow Economic Forum
2 – 02/02/11

Hounslow Economic Forum
3 – 12/04/11

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Outputs from the process

Hounslow Local Economic Assessment, encompassing:

**Part I: Overview Report**
- Distillation of overall headlines and policy implications for the London Borough of Hounslow

**Part II: Economic Evidence Base**
- Detailed review and analysis of secondary data: the "evidence bank"

**Part III: Report on the Business Survey**
- Report on a survey of 500 firms “doing business” within the London Borough of Hounslow
An economy of “flows” and “places” (i)

Within Hounslow:
- Four very different town centres
- Key employment locations outside of the town centres – both industrial sites and office locations
- Substantial green spaces and heritage assets

Two outside “places”:
- Heathrow Airport to the west
- Central London to the east
An economy of “flows” and “places” (ii)

Hounslow’s residence-based economy

- Resident population of the London Borough of Hounslow: 234,000
- Resident population of working age: 164,000
- Resident working population: 116,000
- Unemployed & economically inactive population

Hounslow residents working outside the Borough: c. 70,000
(Of these, about 11,000 work at Heathrow Airport)

Hounslow residents working in Hounslow: c. 40,000

In-commuters to Hounslow from elsewhere: c. 80,000

Hounslow’s workplace economy

10,000 businesses, some of which supply Heathrow Airport
Hounslow’s overall competitiveness

- UK Competitiveness Index, 2010:
  - Hounslow is 40th best performing area (of 379 nationally)
  - Comparators:
    - Slough – 51st
    - Ealing – 65th
- In economic terms, Hounslow needs to be understood in relation to its “flows” and its “places”: huge diversity within it
“Doing business” in Hounslow: the workplace economy

- Over 10,000 active business units – the vast majority employ less than 5 people
- Much churn within the business base: high birth rate and high failure rate
- Heathrow Airport supply chain appears to account for 10-20% of Hounslow’s economy (in direct terms) and it also has wider effects:
  - provision of employment land, particularly in the west of the Borough
  - increased interest in Hounslow from the hotels sector
- Major corporates on Great West Road are integral to the local economy although links to Hounslow are mixed
- Hounslow’s ethnic business population is an important part of the mix: 42% of our survey respondents
- Sectoral profile of Hounslow reflects all of these influences

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Hounslow’s people and communities – the residence-based economy

- Skills profile of Hounslow’s resident working age population is weaker than that of London and West London
- Compared to London, Hounslow’s residents are more likely to work in
  - distribution/hotels/restaurants and transport/communications
  - lower level occupations
- Over 10% of Hounslow’s working population works at Heathrow (c. 11,000 people)
- Unemployment rates rose in 2008 and 2009 before falling in 2010 – but were lower than for comparators
- High rates of benefits claimants within the Borough at a localised level
- Pockets of acute deprivation locally with little overall change between IMD2007 and IMD2010 – other than perhaps around Feltham?
Environmental dimensions

• Patterns of resource-use are mixed:
  ➢ per capita CO₂ emissions linked to road transport are higher than for London as a whole
  ➢ consumption of energy is similar to the UK average but worse than London
  ➢ levels of household recycling are low

• Hounslow’s transport infrastructure is under pressure…
  ➢ use of sustainable travel to work modes is lower than across London
  ➢ high levels of car use in relation to short journeys to work
  ➢ plans in place to increase the efficiency of transport use
  ➢ intrinsic challenges given the range of employment sites

• …as is its housing market
  ➢ levels of dwelling completion have been quite high
  ➢ but the proportion of households on local authority waiting lists is high
Prospects for growth

• GLA Economics’ employment projections suggest modest growth: Hounslow won’t recover to pre-recession levels until mid 2020s
• Business survey suggested a mixed picture
• But:
  ➢ prospects for employment growth in Hounslow amongst the major corporates seemed strong
  ➢ prospects linked to Heathrow are uncertain: overall growth but a change in composition
  ➢ town centre regeneration ought to deliver jobs growth
  ➢ Hounslow is less dependent on the public sector than many other local economies

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Agenda for Action: Thematic elements

1. Encourage Hounslow businesses to employ Hounslow people
2. Encourage and support processes of entrepreneurship, including among BAME groups
3. Create “social and networking spaces” for “doing 21st century business”, particularly within the town centres
4. Develop a long term vision for businesses within the Golden Mile (to complement – and add weight to – policies set out in the Brentford Area Action Plan)
5. Actively nurture specialist, knowledge-based, clusters, focusing particularly on the town centres
6. Harness more effectively Hounslow’s “green spaces” in order to promote the Borough as a place for “doing business”
7. Encourage the development of more, and higher quality, housing such that Hounslow might become a place to stay for the long term
8. Prioritise continuing efforts to develop more sustainable transport solutions
9. Build resilience into the Heathrow Airport supply chain
Agenda for Action: Spatial dimensions

- Feltham
  - building connections between the town centre and Leisure West
  - recognising the area's dependence on Heathrow, and building in resilience
- Hounslow
  - promoting retail, leisure, culture, recreation and tourism
  - encouraging high value-added knowledge-based activities
  - encouraging the growth of the ethnic business community
- Brentford
  - creating a vibrant urban environment for “doing business”
  - developing a stronger functional relationship with Chiswick
  - exploring the scope for growth linked to sports and physical activity
- Chiswick
  - recognising – and responding creatively to – issues relating to housing

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Agenda for Action: Notes of Caution

- The LEA is a Local Economic Assessment, not an economic strategy....
- The Agenda for Action will need testing and development, if it is to form the basis for strategy.
- However the priorities identified within it are, we think, consistent with the evidence.
Issues for discussion

• Is the “economic story” of Hounslow set out in the draft LEA Overview Report one that you recognise?
• In the light of the evidence considered in the Overview Report, what do you consider to be the most important opportunities and challenges in relation to the Borough’s economic future over the next (a) 3 years and (b) 10 years?
• Does the Agenda for Action ring true – and which are the two most important action areas within it?
• In progressing the delivery of the Agenda for Action, what contribution might be made by (a) you/your organisation and (b) the Local Strategic Partnership?
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