Uneven growth across London: causes, consequences and concerns

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'How far must ,or should, economic growth in London be centralised?'
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Focus of the Seminar/Presentation

- London is a complex city – spatially as well as structurally – but with two main axes of differentiation: east / west and inner / outer
- The explicit strategic content of the 2002 SDS/London Plan emphasises the first of these – with a ‘go east’ reversal of past trends
- The inner/outer dimension is not so emphasised – and the proposed revision of sub-regions (dissolving the Centre) will further obscure it
- But the Plan did actually involve a strong emphasis on the CBD in its judgement of economic trends and its reliance on ‘global city’ prospects to rationalise overall expectations of strong growth
- Purpose of seminar is to open up the question of inner/outer balance as a subject for serious consideration in discussions of the Plan review – both in relation to the *inevitability* (or not) of continuing centralisation and its *desirability/sustainability*
- And more generally – to encourage a move away from ‘inevitable trends’ and single strategies to thinking about PLAN B

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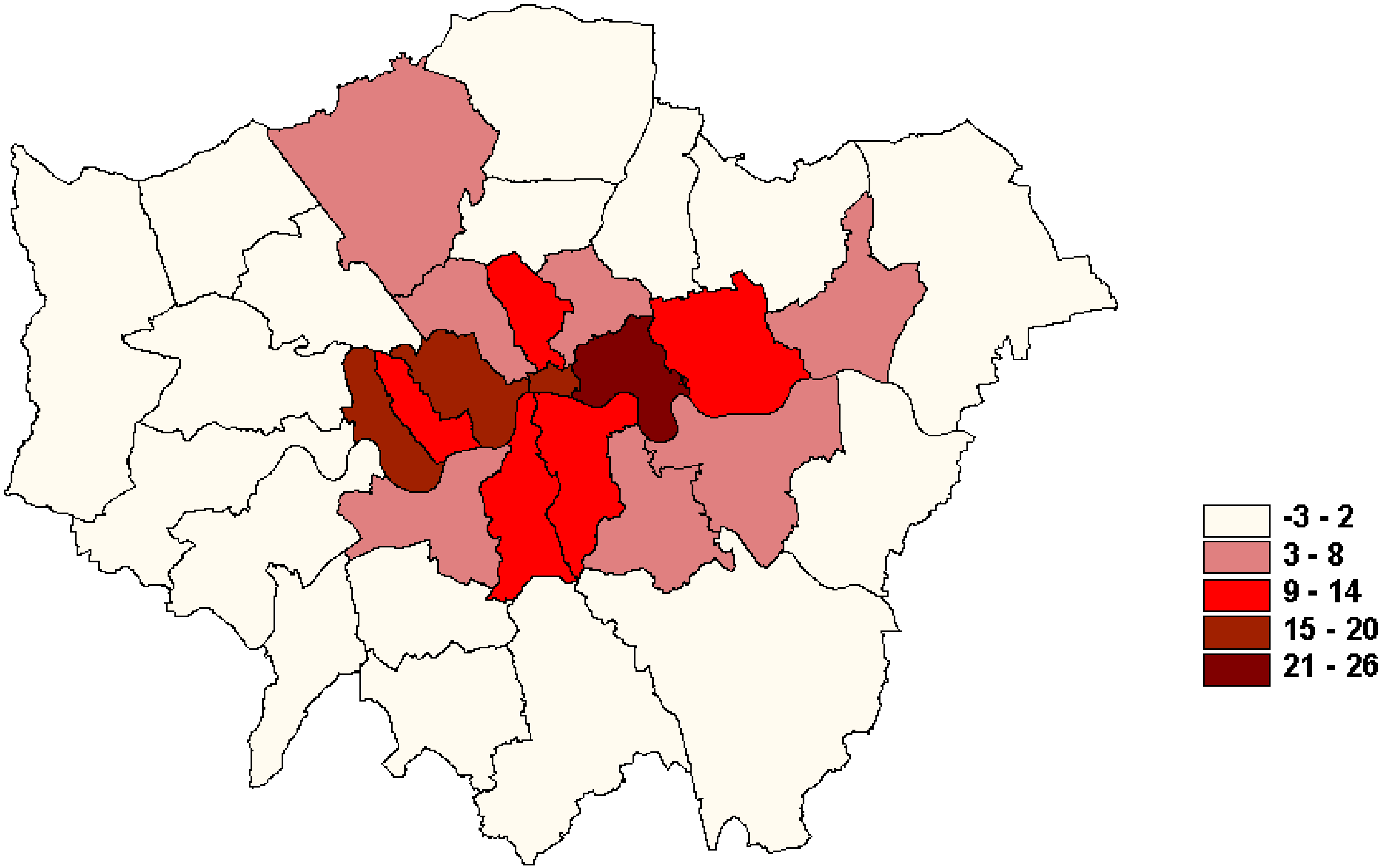
Forecasts of Employment Growth Distribution Within London

- Forecasts used for 2002 Plan (RTP advice + GLA decision) → strong concentration of job growth within Inner London
  - questioned by outer boroughs for heavy dependence (70%) on space supply estimates – arguably biased toward large (Inner) sites and areas of policy activity
  - but (on other side) did not take direct account of slower growth trends, within given sector, in (most) outer London

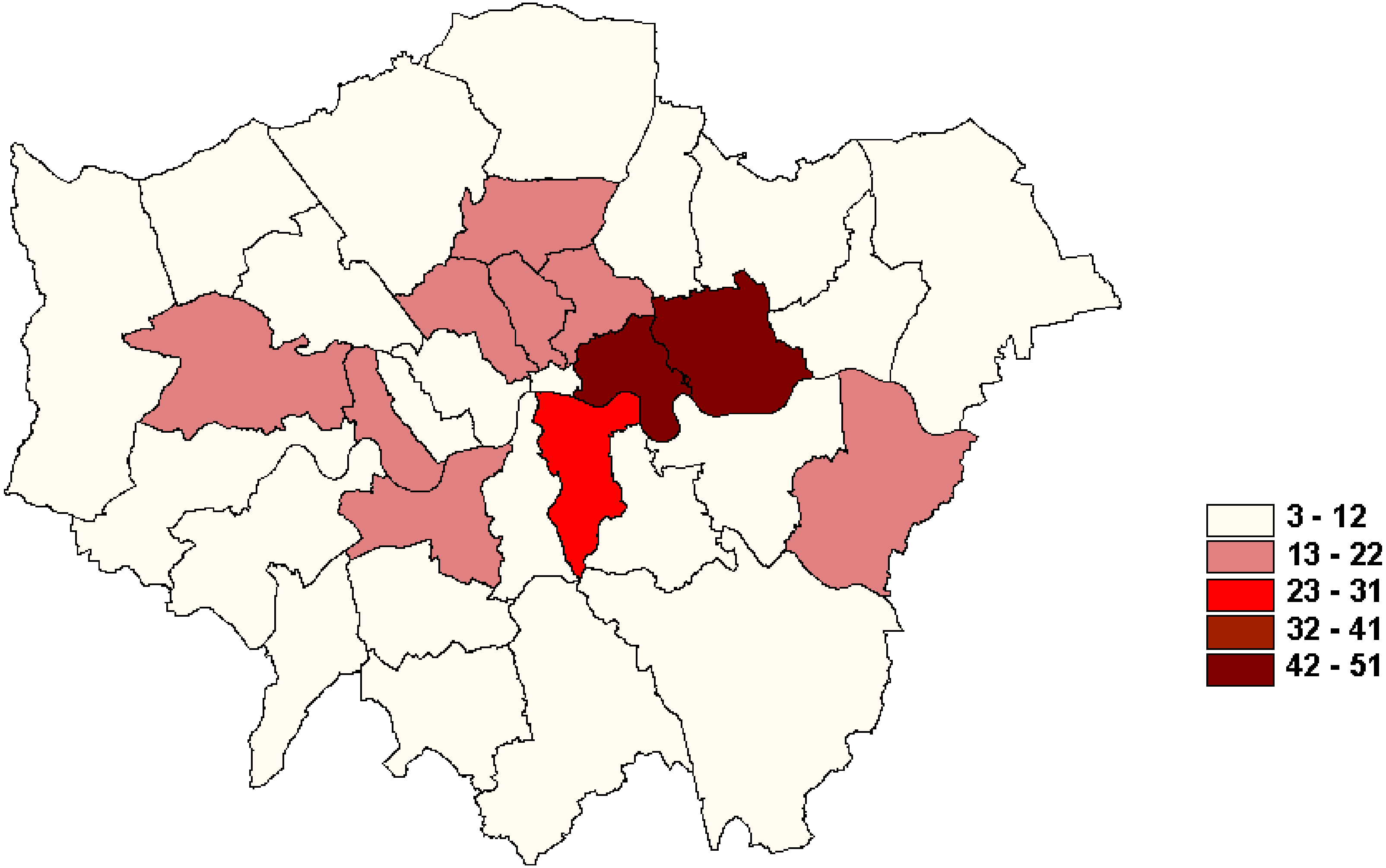
- New (May 2006) forecasts (from GLA Economics) again predict strong concentration of job growth within Inner London
  - 90% 2003-11 (*108%* 2001-11 !) then 74% 2011-26 (cf 56% of base)

- More sophisticated 'triangulation' methodology (trend, space, accessibility improvement)
  - implies less emphasis on space (tho' may still be bias questions) and assumes implementation of Mayor's Transport Strategy (?)
  - may well want to question when full report published
  - but not grossly out of line with past trends (especially after 2011)

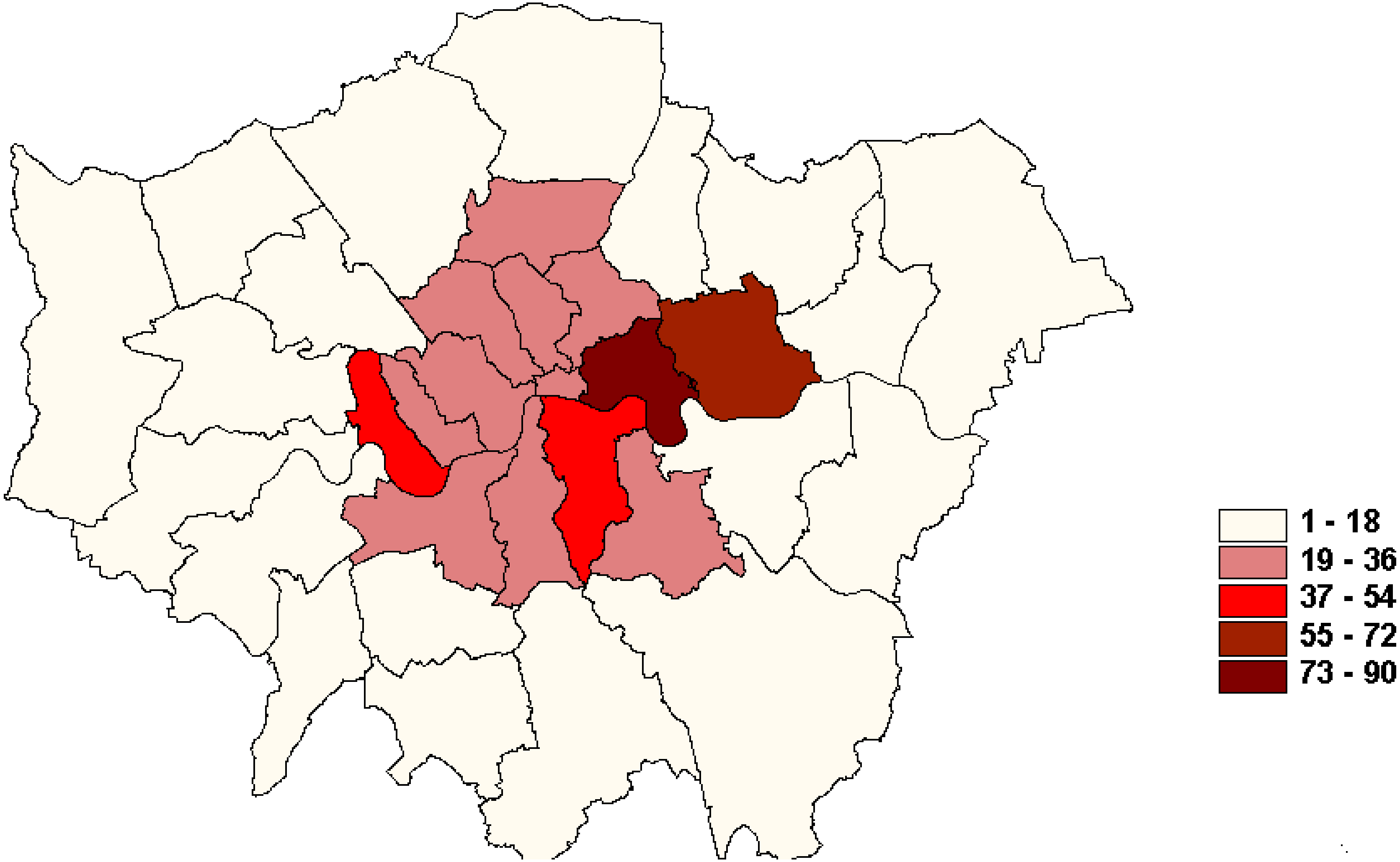
Projected Growth 2003-11 (%)



Projected Growth 2011-26 (%)



Projected Growth 2003-26 (%)



Employment Change by workplace 1991-2001
(Census of Population)

	Employment by Workplace		
	1991	1991-2001 change	% change
Inner London	1809	359	19.8
Outer London	1540	97	6.3
London Fringe	801	120	15.0
Rest of Outer Metro Area	1544	224	14.5
London Metropolitan Region (total)	5694	800	14.0

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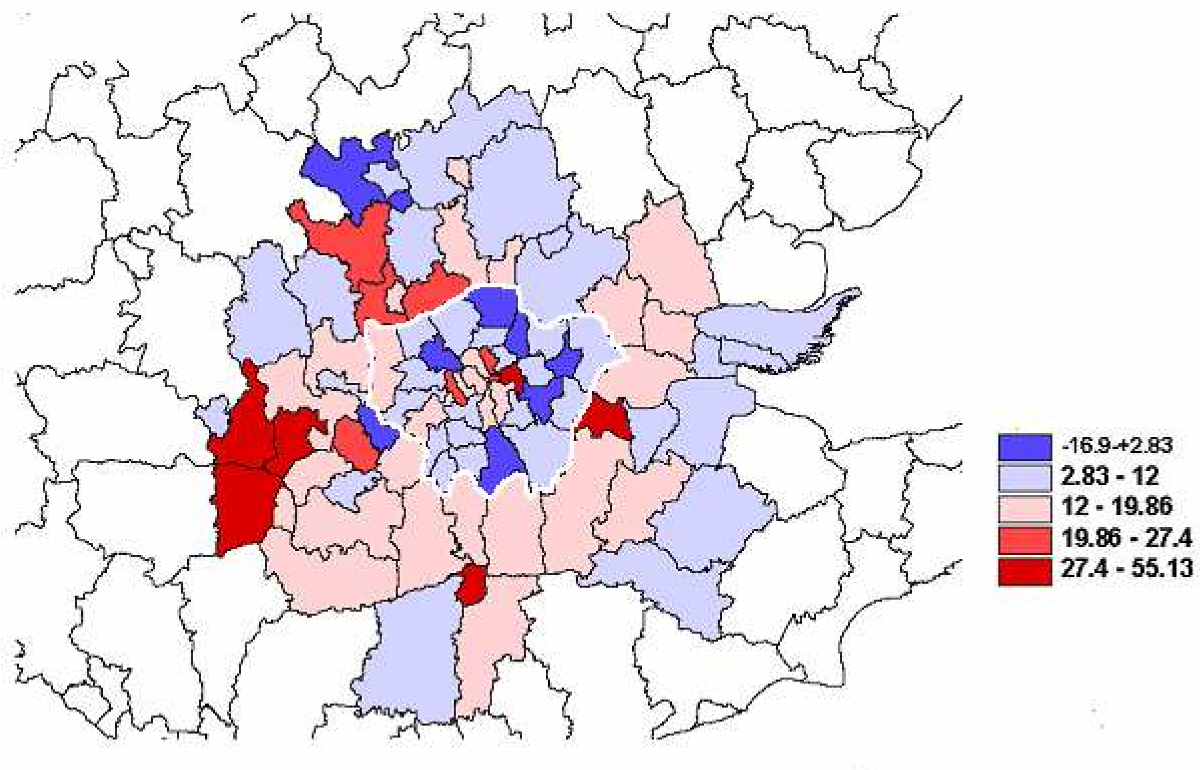
Employment Growth by District (%)

GL + Outer Metropolitan Area 1991-2001



Outer London as the Failing Ring of the London Region ?

- Whether (or not) GLA Econ projections are ‘right’/’best guess’, (over long run) they do reflect the pattern of the last 15 years or so
  - tho’ not that of 70s/80s when IL was the ‘basket case’ [losing its goods sectors, and becoming congested first]
- So, key issues are:
  - to understand why OL employment is less dynamic than IL or OMA;
  - whether it matters if growth stays unbalanced – or becomes more so ;
  - whether Plan (+EDS and Transport Strat) exacerbate LT imbalance;
  - what could be done (inside/outside Plan) to facilitate more polycentric structure for LT

Understanding the Weaker Growth Performance of Outer London

- Employment structure still rather biased toward manual/goods activities rather than knowledge
- Not much more localised in market areas – more within borough, but less across GL – and just as much outside/abroad
- In terms of two main patterns of location factors for different activities (identified from TeCSEM survey 1995) *falling between the two stools* of:
  - strong local concentrations of specialist services, excellent access to rail services, both to access the UK market and the wider region's skilled labour pools, and infrastructure support for regenerated ex-transport sites [*Best in the Centre*] and
  - abundant space, locally resident skill concentrations, superior motorway/port (and even airport) access, and second-best rail access both nationally and to central London [*Best in OMA/RGSE*]
- Productivity/competitiveness indicators variable – good in west, weaker in north and east

Inner versus Outer London
Employment Structure 2004

	Inner London	Outer London
Printing and Publishing	3%	1%
Other Manufacturing	1%	6%
Construction and Energy	2%	5%
Transport and Wholesale Retail and Catering	9% 16%	16% 20%
Financial and Business Services	38%	22%
Public services	21%	25%
Culture/recreation	5%	3%
Other consumer services	3%	2%

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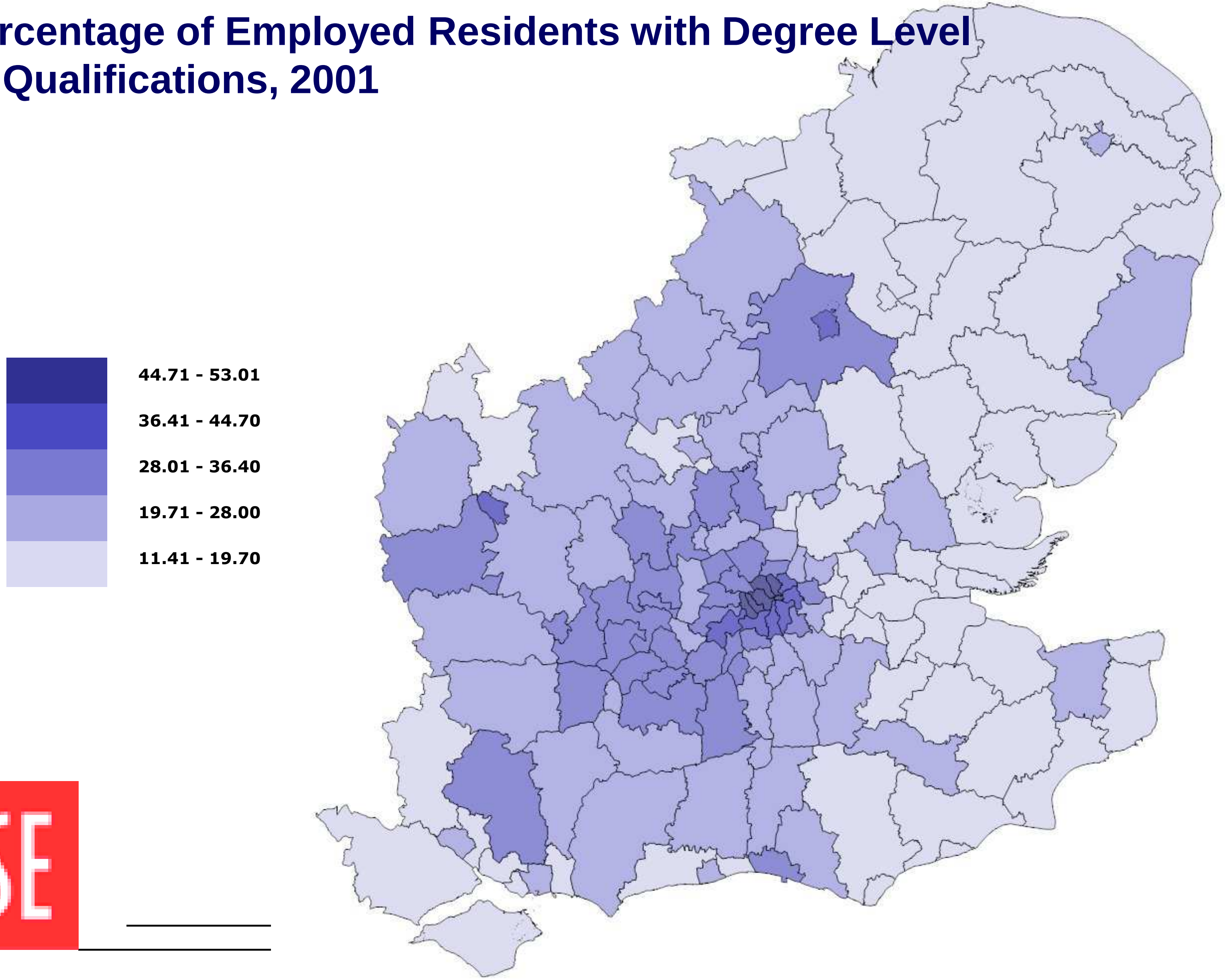
Percentage of Employed Residents with Degree Level Qualifications, 2001



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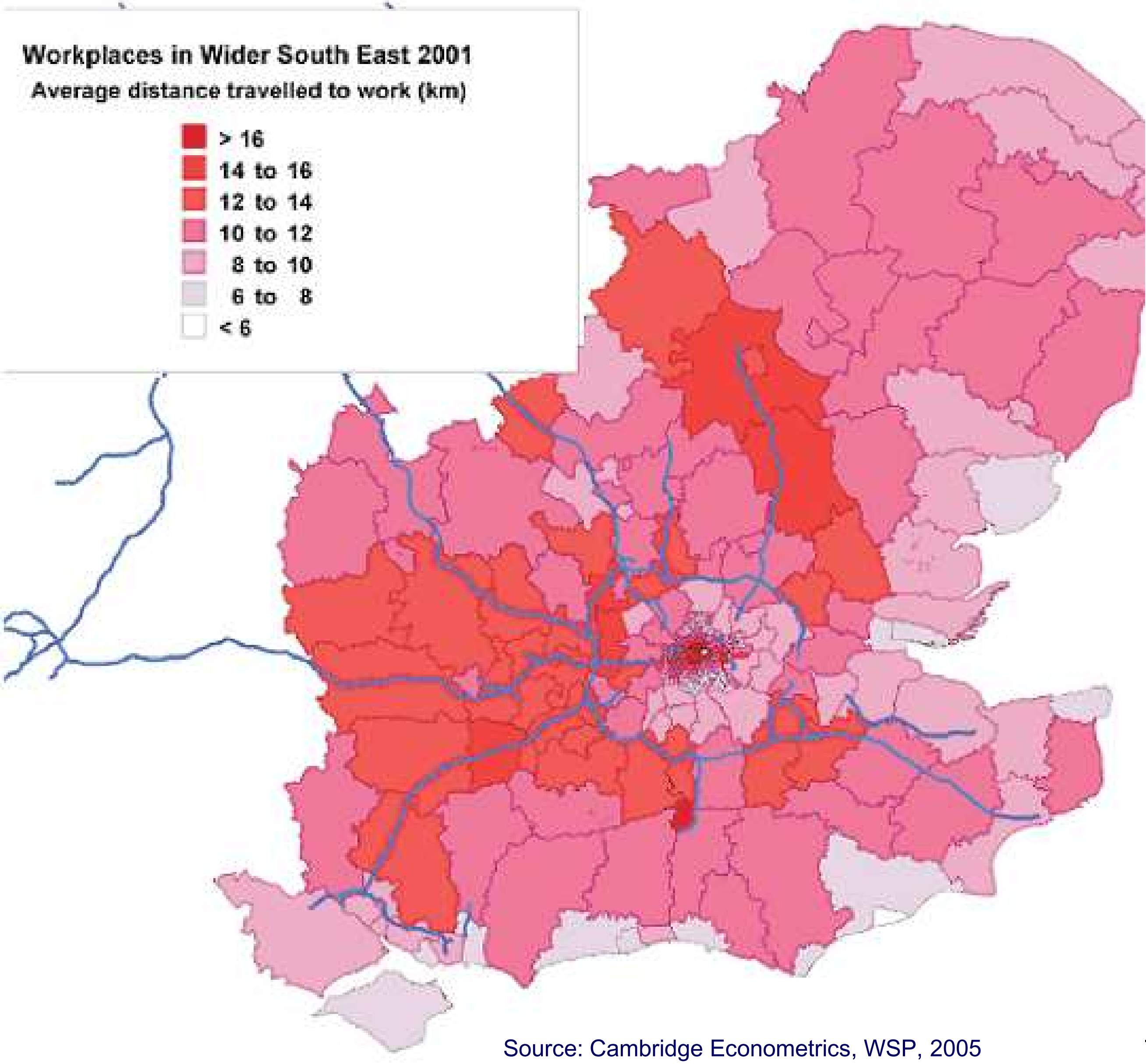

Source: Cambridge Econometrics, WSP, 2005

Why Might it Matter ?

- Probably not in terms of unemployment / deprivation in outer boroughs:
  - commuting is a powerful adjuster across the metro region
  - Even heavy (manual) job loss in Inner London was not cause of its deprivation levels in 70s/80s (or now!)
- But potentially in terms of transport capacity for commuting flows to IL and environmental effects of (car) commuting out to OMA
  - given scale of residence-workplace imbalance (with large growth expected for OL's working population) cf. CE (2005) commuting study
- And also probably in sustaining/developing OL centres to provide for larger growth anticipated in later years, as inner locations fill up.

Projected Residence:Workplace Balances

	Employment by Workplace			Employment by Residence			Net Commuting	
	2001 (Census)	2001-16 Change (GLAEcon & CE)	% change	2001 (Census)	2001-16 change (CE)	% change (CE)	2001	2016
Inner London	2168	565	0.22122	1249	189	15.1	919	1295
Outer London	1637	28	0.01406	2056	186	9	-419	-577
London Fringe	921	119	12.9	990	57	5.8	-69	-7
Rest of Outer Metro Area	1768	243	13.7	1900	123	6.5	-132	12
London Metropolitan Region (total)	6494	955	14.7	6195	555	6.2	299	699

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Towards a Debate on Balance and Alternatives

- The new employment forecasts for boroughs provide stimulus to open up debate about inner-outer balance within London
- Not primarily about whether right/wrong – though may be reasonable concerns about:
  - circular relation with policy; and
  - need to explore effects of other transport assumptions
- More about scope to build up viable/competitive secondary centres within London (as well as outside):
  - what this requires in terms of transport connectedness; and
  - danger of closing this option off via the forecast decade of stagnation eroding existing centres
- And about the feasibility/desirability of the scale of commuting implied from Outer London (both inward and outward)

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The Geographic 'Rings' of the London Metropolitan Region

AREA	DISTANCE from CENTRE of LONDON	CHARACTER
CENTRAL LONDON	0-3 kms	Central Business District (CBD) (City + West End)
INNER LONDON	0-8 kms	CBD + inner residential areas
OUTER LONDON	8-25 kms	Mainly residential suburbs
GREATER LONDON	0-25 kms	Inner + Outer London
OUTER METROPOLITAN AREA	25-50 kms	Green Belt + Freestanding Towns
LONDON METROPOLITAN REGION	0-50 kms	Greater London + Outer Metropolitan Area More or less equal to the Functional Urban Region

NB: Heathrow airport is at the (western) edge of Greater London; and Gatwick airport at the (southern) edge of the Outer Metropolitan Area