London Borough of Hammersmith & Fulham

West London Economic Prosperity Board

Agenda

Wednesday 26 May 2021 at 2.30 pm
Online - Virtual Meeting

MEMBERSHIP

Councillor Stephen Cowan - Chair (Hammersmith & Fulham)
Councillor Dan Thomas (Barnet)
Councillor Muhammed Butt (Brent)
Councillor Julian Bell (Ealing)
Councillor Graham Henson (Harrow)
Councillor Steve Curran (Hounslow)

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Date Issued: 18 May 2021

London Borough of Hammersmith & Fulham

West London Economic Prosperity Board
Agenda

26 May 2021

West London Economic Prosperity Board

Minutes

Wednesday 17 February 2021

PRESENT

Members
Councillor Stephen Cowan – Chair (Hammersmith & Fulham)
Councillor Dan Thomas (Barnet)
Councillor Muhammed Butt (Brent)
Councillor Graham Henson (Harrow)

Other Attendees
Tony Clements (Hammersmith & Fulham), Niall Bolger (Hounslow), Cath Shaw (Barnet), Paul Walker (Harrow), David Francis, Andrew Barry-Purssell, David Pack (West London Alliance), and Andrew Dakers (West London Business)

NOTE: This meeting was held remotely – youtu.be/kvH6osbo00U

1. WELCOME, APOLOGIES FOR ABSENCE, AND DECLARATIONS OF INTEREST

Apologies for absence were received from Councillors Bell (Ealing), Curran (Hounslow), and Rajawat (Hounslow).

There were no declarations of interest.

2. MINUTES OF THE PREVIOUS MEETING

RESOLVED
The minutes of the meeting held on 3 July 2020 were approved.

3. DATA TO INFORM ECONOMIC RECOVERY

David Francis (Director, West London Alliance) presented the item that outlined work to develop a data dashboard of economic indicators at the sub-

Minutes are subject to confirmation at the next meeting as a correct record of the proceedings and any amendments arising will be recorded in the minutes of that subsequent meeting.

regional level to inform delivery of the Build and Recover plan and understand key areas of focus as the economic impact of the pandemic evolves.

The dashboard presented both data which can be collected from published sources - sub-regionally and at borough level - and includes opportunities to draw on new work undertaken at London level by GLA Economics to analyse and present relevant data previously unavailable to or not readily accessible to boroughs.

The Chair highlighted the worrying unemployment numbers and the need for an effective economic plan to tackle the crisis.

Councillor Henson added that there was also a mental health crisis as a result of the pandemic which would impact the employment situation and needed to be addressed. David Francis noted that, prior to the pandemic, work had been done on barriers to employment with heath and care partners. Inequalities was a big focus of the recovery.

Councillor Tatler supported the work and said the region needed to press the Government on the levelling up agenda – London shouldn't lose out. The Chair agreed and said the city needed to make it clear to Government that London would play a key role in leading the country out of recession. Levelling down London would level down the rest of the country.

RESOLVED
The report was noted.

4. APPROACH TO INFLUENCING AND COMMUNICATIONS

David Francis (Director, West London Alliance) presented the item that outlined a proposed approach to influencing and communicating to support delivery of the Build and Recover plan.

He added that there was a need for a distinct strategy for West London, but it should be joined up with the wider London strategy. There would be a review of the approach in mid-March after the Government's budget announcement, and more was known about the future of the furlough scheme.

Councillor Henson said councils should be seeking out more major employers to work with them. The Chair agreed and noted that was a key part of the recovery task force – they were keen to amplify the voices of businesses. He said there needed to be an alliance across West London.

Members supported the proposed approach to influencing and communications associated with the Build and Recover plan.

RESOLVED
The report was noted.

5. UPDATE ON APPROACH TO GREEN RECOVERY

Paul Walker (Corporate Director – Community, London Borough of Harrow) presented the item that set out progress on elements of the green recovery strand of the Build and Recover plan.

Councillor Henson asked how West London could make better use of available Government funds. There were lots of good ideas out there, but they needed funding.

Paul Walker agreed that the opportunities were there. London Councils coordinated funding applications and it was a very complicated system – so more could be done to improve that. The issue had been raised at London Recovery Board.

Niall Bolger (Chief Executive of Hounslow Council) said the 'Green New Deal' mission was one of most advanced in terms of detail. A positive working relationship had been secured with Eco-Cities for carbon mitigation plans, with the proposal being presented at COP26 (the UN Climate Change Conference). The intention was to work with London boroughs and other cities to put together a business case for large scale investment. West London was in a strong position with a number of investable projects.

The Chair said everyone was passionate about a green recovery, but the challenge was how to shift unemployed people to green economy jobs. There needed to be practical measures that provided people losing work with clear routes into good jobs in the green economy after the recession, to include details of the employment journey and opportunities to bid for Government funding. Niall Bolger noted that this topic was a live debate at the skills and employment board and the work should be joined up. A report on progress with this work would be provided at this board's next meeting.

ACTION: David Francis / Niall Bolger

RESOLVED
The report was noted.

6. WEST LONDON INNOVATION DISTRICT CONCEPT

David Francis (Director, West London Alliance) presented the item that set out a proposed way forward to establish a shared definition of the innovation district concept for West London. West London had a number of world leading clusters – officers had identified White City, the Old Oak and Park Royal Development Corporation, and Heathrow. The proposal was to bring together stakeholders to get funding and support for these areas.

Andrew Dakers (CEO of West London Business) gave a short presentation on the 'London West' innovation district.

Councillor Henson raised the importance of good transportation links to these sites. The Chair said HS2 was supposed to include a superfast train link from

White City to Heathrow. Andrew Dakers added that there were also new considerations with the rise of remote working. Niall Bolger agreed and said it highlighted the importance of digital infrastructure. In the sector – with global talent – there was a huge opportunity to connect digitally as well as physically.

Councillor Tatler also felt there should be a priority on investment in public transport infrastructure and digital infrastructure.

The Chair said there were lessons to be learned from other parts of the world like the San Francisco Bay Area and the 'Brainpower Triangle' (the area between Harvard University, Tufts University, and Massachusetts Institute of Technology).

The Chair said he would like to see more on the White City experience and link this work with the White City innovation district.

RESOLVED
The report was noted.

7. BUILD AND RECOVER PLAN UPDATE

David Pack (interim Head of Economy & Skills, West London Alliance) introduced the item which presented the first update on the Build and Recover plan since its approval in July.

RESOLVED
The Board noted the progress update.

8. WEST LONDON ORBITAL UPDATE

Niall Bolger (Chief Executive of Hounslow Council) introduced the report which provided an update on work with Transport for London (TfL) and Network Rail to develop the business case for the West London Orbital.

The report sought approval for proposed arrangements for providing funding for the project from the resources secured from the Strategic Investment Pot and for governance arrangements reflecting the fact that the project was being jointly funded and delivered.

Andrew Barry-Purssell (West London Planning Policy and Infrastructure Delivery Manager, West London Alliance) noted that work was continuing despite TfL challenges. A lot of technical work had already been completed and the project would have significant economic benefits. Progress would be regularly reported to the Board.

Cath Shaw (Deputy Chief Executive, Barnet Council) informed the Board that there was an opportunity to invest in infrastructure at the new station at Brent Cross West to prepare for West London Orbital. Barnet had identified Section

106 funding and requested that the Board recognised that funding as Barnet's commitment. The Board agreed.

RESOLVED

1. The Board noted the progress in development of the business case for the WLO.
2. The Board agreed the proposed arrangements for funding the project from Strategic Investment Pot resources held by the West London Alliance.
3. The Board agreed the arrangements for governance of the project, including establishment of a Partners Oversight Group.

Meeting started: 2.00 pm
Meeting ended: 3.08 pm

Chair ....

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Agenda Item 3

	West London Economic Prosperity Board **26 May 2021**
Title	**West London economic recovery – updated evidence base, progress and a proposed refresh of Build & Recover plan**
Report of	Niall Bolger, Chief Executive, LB Hounslow David Francis – Director, West London Alliance
Status	Public
Sponsor	Cllr Stephen Cowan, Leader, LB Hammersmith & Fulham and Chair, West London Economic Prosperity Board
Urgent	No
Enclosures	Annex A: '*How has coronavirus affected the West London Economy?*' – Oxford Economics
Officer Contact Details	David Pack, Head of Economy & Skills (interim), West London Alliance (packd@ealing.gov.uk)

Summary

This report sets out the key findings from updated analysis undertaken by Oxford Economics to understand the economic impact of the pandemic in West London, building on initial work produced in spring 2020 and providing updated forecasts for the sub-region's economic recovery.

The report also provides an update on progress in delivering against the sub-regional Build and Recover plan for economic recovery – published in September 2020 - and proposes that elements of that be refreshed, both to take account of the developing economic landscape and the approaches to economic recovery emerging from national and London government, and to focus sub-regional activity on the most impactful areas.

It also asks the Board to note work underway to develop an approach to making West London's case to government in respect of economic recovery and to bolster business representation on the West London Economic Recovery Taskforce.

Recommendations
Leaders are asked to: • **Note** and **comment on** the actual and forecast economic impact of the pandemic on West London. • **Consider** and **agree** the proposal to refresh the sub-regional areas of focus under the overall Build and Recover plan for economic recovery. • **Note** work underway to develop a strategy to make West London's case to government and to broaden business engagement in the West London Economic Recovery Taskforce.

1. WHY THIS REPORT IS NEEDED

1.1 This Board approved a sub-regional approach to economic recovery in July 2020, informed by initial analysis of the potential economic impact of the pandemic on West London and building on the considerable activity underway at the individual borough level. That approach to economic recovery developed into the Build & Recover plan[1], published in September 2020, providing a framework for a West London response and steering our boroughs' input into London-level strategies.

1.2 Since the publication of the Build & Recover plan, we have a clearer idea of the extent to which West London is benefitting from central government's programme of economic support (e.g. the furlough scheme) and, having commissioned more recent analysis of both actual economic impacts and revised forecast impacts at the West London level, we also have a better understanding of the extent and nature of the challenge facing the sub-region.

1.3 The period since the Build & Recover plan's launch has also seen London-level approaches to economic recovery develop alongside those of individual boroughs and that of central government. This wider policy landscape provides an opportunity to hone the sub-regional approach to ensure it complements and adds value to boroughs' own efforts and assists in getting West London's voice heard within government.

1.4 This report presents the Board with the updated context for West London's economic recovery, how we have to date sought to address that at the sub-regional level and proposes an approach to refreshing the focus of the West London Build & Recover plan to meet our collective aims and ensure the specific challenges faced by West London's economy as a result of the pandemic are addressed by both London-wide approaches and those led nationally.

2. OXFORD ECONOMICS REPORT: *'HOW HAS THE CORONAVIRUS PANDEMIC AFFECTED THE WEST LONDON ECONOMY?'*

[1] https://wla.london/wp-content/uploads/2020/09/2020-September-Build-and-Recover-Plan.pdf

2.1 To build on work undertaken in May 2020 by Oxford Economics (OE) to understand the initial and forecast economic impact of the pandemic on West London, a follow-up piece of research was commissioned by WLA from OE in April 2021, covering analysis at the UK, London, West London and individual borough levels.

2.2 This analysis showed that West London's economy had been more immediately affected by the pandemic than London or the UK as a whole – and suffered a greater hit than forecast in OE's initial May 2020 analysis. West London's GVA contracted by 10.7% in 2020, a greater decline than that of London more widely (9.4%) or the UK as a whole (10%) – representing a fall of some £8.1bn, offsetting cumulative GVA growth since 2013. This decline compares to a forecast decline of 9% in the May 2020 analysis.

2.3 The number of jobs in West London also reduced more sharply in 2020 than forecast, falling by an estimated 21,600, with a further 27,000 expected to be lost during 2021. The combined reduction of 48,600 across 2020 and 2021 compares to OE's initial forecast reduction of 40,700.

2.4 Notably, while OE now forecasts a slightly quicker bounce-back in GVA than its May 2020 forecast, employment impacts are projected to be both deeper and more prolonged than initially forecast, with job numbers not returning to pre-pandemic levels until 2023.

2.5 The OE report also highlights the specific impact of the major reduction in air travel on West London's economy, citing the 89% reduction in passenger numbers travelling through Heathrow in January 2021 compared to January 2020.

2.6 Focusing on the impact of the pandemic on specific sectors of the West London economy, OE estimates that those sectors identified by borough officers as priority sectors[2] experienced a greater loss of output in 2020 (14%) as a consequence of the pandemic than the nine foundational sectors[3] (7.5%). Priority sectors are also, over the medium term, likely to experience lower annual growth (1.1%) than the foundational sectors (1.5%), despite the former growing faster across London – although priority sectors will support faster employment growth.

2.7 The full OE report is available at Annex A of this paper.

3. OTHER DATA RELATING TO EMPLOYMENT AND UNEMPLOYMENT

[2] Priority sectors were identified as: air transport & Heathrow-related; construction; creative; food manufacturing; green; health & care; and knowledge, information, tech & life sciences

[3] Foundational sectors in West London are defined as: accommodation & food; education; financial & professional services; gambling/betting; non-airport transport & storage; other manufacturing; other personal services; public administration; and wholesale & retail

3.1 Published data on out of work benefit claimant numbers and take-up of the Coronavirus Job Retention Scheme (the furlough scheme) also provide an insight into the extent of the challenge facing West London. The number of people claiming out of work benefits had risen by some 80,000 – a threefold increase - in the year to March 2021, averaging 9% across the West London boroughs compared to 8.5% across London as a whole and 6.5% nationally. Some 187,000 people in West London were furloughed according to latest data covering the period to end February 2021; take-up averaged 19% of eligible jobs in West London compared to 15% nationally.

3.2 The particular impact of the pandemic on unemployment in West London is also covered by work undertaken for London Councils by Volterra Partners[4] which suggests West London will be London's worst hit sub-region, with unemployment forecast to peak at 10.4% (113,000 people) in December 2021 in the quarter following the end of the furlough scheme. This London Councils study also highlights female unemployment and unemployment among 35-49 year olds as particular challenges for West London.

4. REFRESHING OUR RESPONSE TO THE ECONOMIC IMPACT OF THE PANDEMIC

4.1 The Build & Recover plan was developed with this Board's approval to respond to our initial understanding of the economic impact of the pandemic. Since its launch in September 2020 the landscape has changed considerably: the government's approach to economic recovery and the 'levelling up' agenda has become clearer; London government's approach to economic recovery through the London Recovery Board and its missions-focused approach has also developed; and the economy is beginning to open up in line with the Government's Roadmap.

4.2 Highlights in progress in delivering against the key elements of the Build & Recover plan are summarised at Appendix One.

4.3 However, notwithstanding that West London has benefited from national support schemes such as the furlough scheme and various business grants, there are concerns that national responses are not addressing the needs of our aviation communities - disproportionately impacted by Heathrow's near closure - or the implications for supply chains and airport dependent jobs, nor do they recognise the pressing need to bolster those industries capable of driving the UK's recovery, many of which are clustered in West London.

4.4 This suggests a need to continue work in West London to promote economic recovery – and that a refresh of the sub-regional elements outlined in the Build & Recover Plan is timely to ensure they still address the challenges at hand.

[4] https://londoncouncils.gov.uk/download/file/fid/27379

4.5 The priorities set out in the Build & Recover plan are a combination of those best dealt with collaboratively, at the sub-regional level, and those most effectively addressed at the borough level, potentially with some co-ordination across boroughs where helpful. This paper proposes revisiting the priorities set out across the plan's seven themes and focusing sub-regional efforts on those best served by collaboration at that level.

4.6 Leaders' views are sought on the proposed focus of specific sub-regional activity under the various themes of the Build and Recover plan as detailed at Appendix Two, in some cases rationalising activity to focus very specifically at what can be best delivered at the sub-regional level and in others – notably skills and employment and green recovery – bolstering and expanding sub-regional activity.

4.7 Subject to Leaders' views on the proposed focus of sub-regional activity, officers will develop specific action plans and desired targets, impacts and outcomes for each of the themed areas. These action plans will complement evolving work undertaken at London level via the London Recovery Board to better understand the landscape of activities supporting economic recovery - specifically the jobs and skills challenge - and fill identified gaps in provision, including those best addressed at sub-regional level and those most relevant to West London e.g. the economic impact on aviation communities.

4.8 As considered by the West London Leaders' Board on 24th March 2021 there is also merit in focusing tightly on specific priorities, particularly for articulating the sub-region's challenges to government. Underpinned by cross-cutting priorities of green recovery and inclusion the headline proposals for influencing government's approach to West London, to be refined with input from Leaders and worked up into a fuller strategy in time, focus on:

- Making the case for increased levels of public investment in **skills and employment support** for those in aviation communities, including through a dedicated Aviation Communities Fund.

- Bolstering support for **growth sectors** with the potential to lead London's and the UK's recovery – including the green economy – through a West London Innovation District approach.

- Redoubling our efforts to secure investment in key infrastructure projects for West London, specifically the **West London Orbital**.

4.9 We established an Economic Recovery Taskforce, chaired by this Board's chair and comprising members from key cross-sector stakeholders, at the launch of the Build and Recover plan. The Taskforce provides external steer, support and challenge on the plan's development and implementation. For the next stage of the plan the aim is to broaden the Taskforce's membership to draw in additional representation from key businesses across the sub-region.

5. REASONS FOR RECOMMENDATIONS

6.1 Our updated understanding of the economic impact of the pandemic on West London underlines the need for action to mitigate this impact on our communities. The evolving nature of the national, London and local responses to this impact mean that a review of how we approach economic recovery is timely and ensures that work undertaken at the sub-regional level complements other activity, avoids duplication of effort and leads to better outcomes.

6. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

6.1 As considered by this Board when the outline sub-regional approach to economic recovery was proposed in September 2020, the possibility of relying on national, London-level and local responses to economic recovery is an option. However, this is not recommended as it would risk failing to address those economic challenges experienced at the sub-regional level and which can be most effectively addressed by collaboration at that geography.

7. POST DECISION IMPLEMENTATION

7.1 Subject to Leaders' approval of the approach outlined above, next steps are to:

- Refine proposals to refresh the sub-regional elements of the Build and Recover plan, developing plans for implementation if not in place, working in partnership with businesses and other stakeholders, including the Economic Recovery Taskforce.
- Develop an approach to influencing government and other stakeholders.
- Increase business engagement on the Economic Recovery Taskforce to support for West London's economic recovery.

8. IMPLICATIONS OF DECISION

8.1 Corporate Priorities and Performance

- This report relates directly to the development of the agreed West London Build & Recover economic recovery strategy.

8.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- Work undertaken to date has been through existing, funded officer time, both within the core West London Alliance team and with relevant officers in West London authorities. Any proposals relating to funding of related work in the future will be presented on a case by case basis.

8.3 Social Value

- Social and economic inclusion is a cross-cutting theme woven into the development of the various themes of the Build and Recover plan and many of its aims directly address economic and social benefits to West London's communities.

8.4 **Legal and Constitutional References**

- This work falls within the following sections of the WLEPB's Functions and Procedure Rules:

    - Representing the participating local authorities in discussions and negotiations with regional bodies, national bodies and central government on matters relating to economic prosperity for the benefit of the local government areas of the participating authorities.
    - Representing the participating authorities in connection with the Greater London Authority, London Councils and the London Enterprise Panel, for the benefit of the local government areas of the participating authorities, in matters relating to the economic prosperity agenda.
    - Representing the participating local authorities in discussions and negotiations in relation to pan-London matters relating to economic prosperity.

- The Joint Committee's role and purpose on behalf of the Participating Boroughs relates to ensuring appropriate, effective and formal governance is in place for the purposes of delivering the West London Vision for Growth and advancing Participating Boroughs' aspirations for greater economic prosperity in West London, including promoting "the Economic Prosperity Agenda", in partnership with employers, representatives from regional and central government, and education and skills providers.

- The purpose of the Joint Committee will be collaboration and mutual co-operation and the fact that some functions will be discharged jointly by way of the Joint Committee does not prohibit any of the Participating Boroughs from promoting economic wellbeing in their own areas independently from the Joint Committee. The Joint Committee is not a self-standing legal entity but is part of its constituent authorities. Any legal commitment entered into pursuant of a decision of the Joint Committee must be made by all of the Participating Boroughs.

8.5 **Risk Management**

- This report will support the West London Economic Prosperity Board to oversee successful delivery of the Build and Recover plan and its aims.

8.6 **Equalities and Diversity**

- The proposed approach to developing the Build and Recover Plan will assist in promoting equalities and diversity across the sub-region. The Build and Recover plan focuses on ensuring that West London's economic recovery is an inclusive recovery, benefiting those most impacted by the economic impact of the pandemic.

8.7 **Consultation and Engagement**

8.8 The Build and Recover plan and the proposed refresh of that complements boroughs' work at the individual borough level and the proposed refresh has been developed in consultation with boroughs' Economy & Skills Directors. The broad approach to revisiting the sub-regional elements of the various strands of the Build and Recover plan was also discussed by the West London Economic Recovery Taskforce at its March meeting and input from that meeting will help to shape it as it develops.

9. BACKGROUND PAPERS

Annex A: '*How has the coronavirus affected the West London economy?*', Oxford Economics, April 2020

Appendix One: Progress in delivering against the key aims of the Build & Recover plan

- The devolved £12m **Job Entry:Targeted Support scheme** commenced, engaging some 2,800 unemployed people so far of its target of 9,000 over the year to autumn 2021.

- Joint working between boroughs and the NHS on **local recruitment to mass vaccination hubs** developed, with 2,400 referrals made through a joint approach between sub-regional employment support providers and borough job brokerages, in turn informing a longer term model for entry-level local recruitment to NHS roles.

- Using commissioned analysis of the demand for and supply of skills in West London, we launched an **online tool to improve understanding of how skills provision responds to need** and to inform a more responsive skills system.

- Principles for a sub-regional **'no wrong door' approach to the skills and employment system** have been developed, ahead of GLA funding being made available in summer 2021 for its implementation.

- Formed four working groups to shape a **West London approach to 'sector skills academies'** in key sectors working through Vice-Chancellors of higher education institutions and Principals of further education colleges

- Sub-regional collaboration on **retrofitting** developed through securing £4.7m through the Green Homes Grant Local Authority Delivery Scheme with a further allocation to follow through the scheme's second phase.

- Approaches to **low carbon and sustainable procurement** advanced through development of a joint toolkit for use across West London boroughs.

- Sub-regional approaches in development on progressing a shared **emissions measuring framework** and collaboration to promote a **circular economy**.

- Mapping of West London's innovation ecosystem commenced to inform development of a framework for a **West London Innovation District** building on well-established work at White City and emerging activity around Heathrow.

- Work to analyse the economic benefits of the **West London Orbital** completed and work on funding options approaches completion.

- Sub-regional **Strategic Infrastructure Delivery Plan** close to completion.

- Specific activity highlighting the particular economic impact on Aviation Communities undertaken, through the **Aviation Communities Conference** led by LB Hounslow in November 2020, subsequent work to establish an **Aviation Communities Taskforce** and input into London-level strategy to reflect these impacts.

Appendix Two – Proposed revised sub-regional focus for activities under the themes of the Build & Recover plan

Theme	**Priorities for sub-regional collaboration**
Growth sectors	• Develop and scale a '**West London Innovation District**' approach • Embed **skills/reskilling** and **green recovery** in that approach. • Continue focus on **digital infrastructure (e.g. 5G)**
Aviation communities	• Develop and make the case for **Aviation Communities Fund**, with specific links to skills and employment needs and to growth sectors.
Skills and employment	• Extent of challenge underlines need for breadth and focus of **sub-regional activities to remain as planned**. • Ensure additional emerging opportunities harnessed e.g. **joint work with NHS**, link to **growth sectors**, **green skills**. • Map extent to which West London draws down on national programmes and ensure we are doing all that we can to promote to residents and businesses – e.g. Kickstart, Lifetime Skills Guarantee, incentives to take on apprentices.
Entrepreneurs and microbusinesses	• Focus sub-regional work on **sharing good practice in supporting small businesses locally**. • Ensure entrepreneurs' and microbusinesses' needs addressed by work under other themes, primarily **skills/employment, growth sectors, town centres**.
Green recovery	• Extent of challenge underlines need for breadth **of sub-regional activities to remain** and to embed the need to **build a green economy** within all plan themes, with proposals to

	scale up activities to focus on the following areas:
	
	• Scope sub-regional approaches to delivering **green infrastructure** to include:
	    • Buildings and energy (to encompass **retrofitting** and a potential energy masterplan and investment strategy.
	    • **Transport** – exploring new sub-regional approaches to strategic and tactical approaches to sustainable transport choices and models, working with and building on work undertaken through WestTrans.
	    • Exploring sub-regional and cross-borough approaches to **green corridors**.
	    • Creating **investible propositions** for West London.
	
	• Ensure green recovery as cross-cutting theme drives work on **green skills** and the **Innovation District** concept.
	
	• Promoting and enabling a transition to **net zero communities** covering:
	    • **net zero lifestyles** through a reduction in consumption emissions and facilitating of a circular economy approach.
	    • **net zero neighbourhoods**, building models for 15-minute neighbourhoods tailored to local context across West London.
	    • Scoping how best to **tackle poverty and inequalities through environmental action.**

Town centres	• Focus sub-regional work on **sharing good practice** in supporting town centres locally. • Develop approach to a **sub-regional town centre needs assessment** to inform future of town centres in West London.

Housing and infrastructure	• Continue focus on developing business case for and championing **West London Orbital.** • Scope how to take forward infrastructure priorities identified in **Strategic Infrastructure Delivery Plan**.

HOW HAS CORONAVIRUS IMPACTED THE WEST LONDON ECONOMY?

A REPORT FOR WEST LONDON ALLIANCE

APRIL 2021

About Oxford Economics

Oxford Economics was founded in 1981 as a commercial venture with Oxford University's business college to provide economic forecasting and modelling to UK companies and financial institutions expanding abroad. Since then, we have become one of the world's foremost independent global advisory firms, providing reports, forecasts and analytical tools on more than 200 countries, 250 industrial sectors, and 7,000 cities and regions. Our best-in-class global economic and industry models and analytical tools give us an unparalleled ability to forecast external market trends and assess their economic, social and business impact.

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April 2021

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CONTENTS

EXECUTIVE SUMMARY

In June 2020, Oxford Economics published an early analysis of the potential impacts of the Covid-19 crisis on the West London economy. Clearly, much has changed since this point, and we now have a greater understanding of the extent of the economic impacts of the crisis, and a clearer timeline for the economic recovery. In this report, we provide an updated outlook for the West London economy.

THE UK AND LONDON OUTLOOK

The Covid-19 crisis has created unprecedented challenges for the UK economy. Initial lockdown measures introduced to limit the spread of the virus led to GDP falling to 75% of pre-pandemic levels in April last year. And while restrictions gradually eased through that summer in line with the government's timeline, subsequent increases in infections and hospitalisations led to the imposition of further—albeit less stringent—restrictions through the end of the year. Overall, the coronavirus pandemic led to UK GDP falling by 10% in 2020, the largest contraction in 300 years.

9.4%

Contraction of London's GVA in 2020.

A slowdown in travel (including tourism), hospitality, leisure and some business services have all affected the London economy.

While London's economy fared better than the UK as a whole, it has been more affected than other UK regions. We estimate London's GVA contracted by 9.4% last year, making it only the sixth-best performing of the UK's 12 nations and regions. London has some favourable characteristics that leave it less exposed to the crisis, such as a high proportion of 'desk-based' employees, who have largely been able to transition to home working. However, the city's travel, hospitality, and leisure sectors have all been severely affected by lockdowns and social distancing measures. Similarly, firms in service sectors have suffered from a slowdown in business-to-business transactions, while population growth has suffered, and some evidence suggests that the city may have experienced a very large population outflow. London is traditionally the destination for many international migrants, and a slowdown in movements into the city, coupled with others returning 'home' through the pandemic, may have led to a fall in the city's population.

We expect that the rollout of the vaccination programme will allow restrictions to be eased through 2021, allowing the economy to return to full operating capacity. Both the London and UK economies are expected to see GVA partially recover this year, before returning to pre-pandemic levels in 2022. Employment has to a large degree been sustained by income support schemes, and we expect a further loss of employment through 2021 as firms adjust to new trading conditions, before recovering thereafter. Over the period 2019 to 2025, we expect the London economy to grow by 1.4% per year—the UK's best performing region. While the pandemic may make London a less attractive place to work in, or locate a business, we expect the impact of this to be minimal. Similarly, while Brexit risks some reputational damage, and may lead to some international firms relocating elsewhere, London will continue to be a key global city with leading sectors including IT, financial services, and professional and legal services . We also expect the easing of restrictions and return to employment growth will see migration into London partially recover.

THE WEST LONDON OUTLOOK

The West London economy has been more immediately affected by the pandemic than London or the UK as a whole. In 2020, we estimate that GVA fell by 10.7%. This equates to a loss of £8.1 billion of GVA (in 2018 prices), offsetting the cumulative growth since 2013. The workforce is similarly more affected: we estimate that the WLA workforce shed 21,600 jobs in 2020, a 1.9% contraction, and anticipate the loss of a further 27,000 jobs this year. Restrictions and a slowdown in tourism leave hospitality sectors, such as accommodation & food services and arts, entertainment & recreation, most exposed to the crisis. The reduction in air travel has also led to a fall in activity at or associated with Heathrow Airport. Similarly, while business services as a whole tend to be less affected, they are less prevalent here than elsewhere in London, and local firms that do operate in these sectors are more likely to be reliant on business-to-business transactions, and so have seen a fall in demand.

10.7%

Contraction of WLA GVA in 2020.

The WLA economy experienced a greater contraction than London (9.4%) or the UK (10.0%).

Fig. 1. GVA and job growth, 2019 to 2025

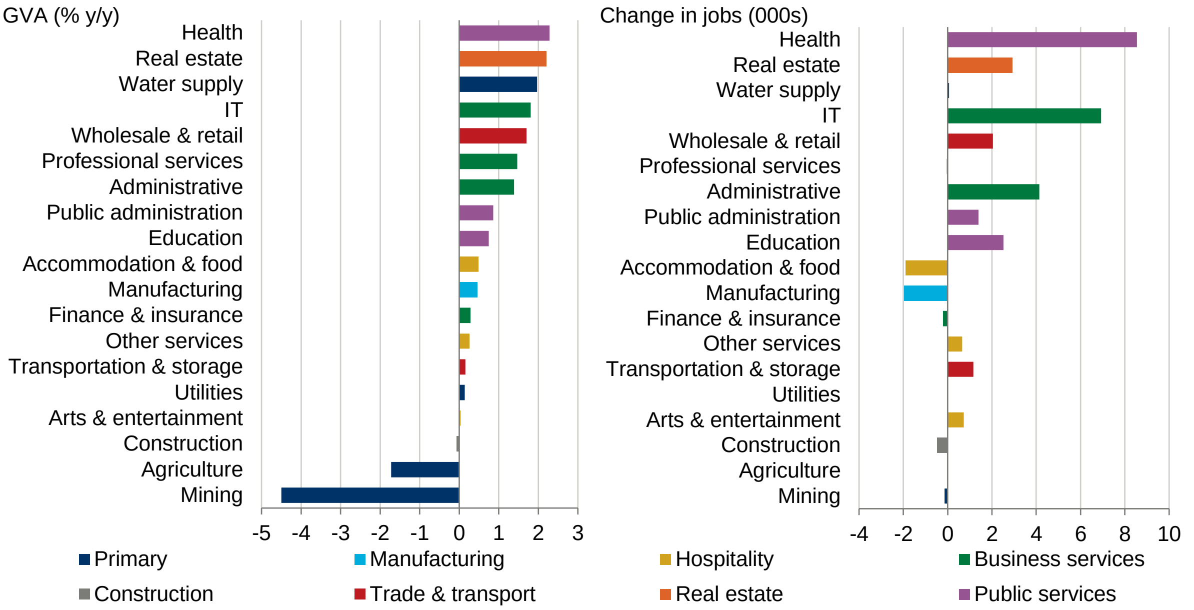
% y/y	2019	2020	2021	2022	2019–2025
GVA					
WLA	2.1	-10.7	5.7	6.6	1.3
Outer London	1.5	-10.4	5.5	6.2	1.2
London	1.8	-9.4	5.0	6.4	1.4
UK	1.6	-10.0	5.7	6.1	1.1
Jobs					
WLA	1.6	-1.9	-2.5	2.6	0.4
Outer London	1.4	-2.1	-2.4	2.7	0.4
London	1.9	-1.6	-2.1	2.9	0.6
UK	1.5	-1.5	-2.0	2.6	0.4

Source: ONS, Oxford Economics

We expect the profile of recovery across the WLA to be broadly in line with the London economy as a whole. The easing of restrictions through 2021 will allow the WLA economy to begin to recover, and GVA will return to its pre-pandemic level towards the end of 2022. Over the period 2019 to 2025, GVA will grow by an average of 1.3% per year, slightly slower than London as a whole (1.4% per year). Employment will return to pre-pandemic levels slightly later, in 2023, adding 26,400 additional jobs over the period to 2025.

While the coronavirus represents a significant economic shock, it will not significantly alter the sectoral composition of the WLA economy. We expect the sectoral drivers of growth to remain broadly as expected both before and at the onset of the crisis. Business services such as information & communication, and professional and administrative services will be among the WLA's faster growing sectors, although the WLA will tend to underperform London as a whole, particularly central London. Real estate activities will account for a large proportion of additional GVA, although this largely reflects increases in house prices and imputed rents. And public services will also contribute to both GVA and job growth, supporting a growing population, particularly human health & social work.

Fig. 2. GVA and jobs by sector, 2019 to 2025



Source: ONS, Oxford Economics

Source: ONS, Oxford Economics

IMPLICATIONS FOR PRIORITY AND FOUNDATIONAL SECTOR

The seven priority sectors, as identified by the WLA's partners, have experienced a greater loss of output as a consequence of the pandemic than the nine foundational sectors. The priority sectors have been identified for particular support and policy intervention, consisting of: air transport & Heathrow-related; construction; creative; food manufacturing; green; health & care; and knowledge, information, tech & life sciences. We estimate that GVA fell by 14% across these sectors in 2020, compared to 7.5% across the nine foundational sectors: accommodation & food; education; financial & professional services; gambling/betting; non-airport transport & storage; other manufacturing; other personal services; public administration; and wholesale & retail. In particular, priority sectors such as air transport & Heathrow-related, construction and knowledge, information, tech & life sciences all saw a steep fall in activity last year. However, the three most-affected sectors—accommodation & food, gambling/betting, and other personal services—are all foundational. Over the medium term, we forecast GVA growth across the priority sectors (1.1% per year) will lag the foundational sectors (1.5% per year)—despite the former growing faster across London—although priority sectors will support faster employment growth.

HOW THE OUTLOOK HAS CHANGED

The coronavirus pandemic has been more damaging to the WLA economy than previously expected: we estimate GVA contracted by 10.7% in 2020, compared to our May 2020 baseline estimate of 9.0% (and our downside scenario estimate of 14%). The impact on employment will also be deeper and more prolonged than previously expected. However, growth prospects pick up thereafter, and our current forecast is for GVA to grow by 1.3% per year on average to 2025, slightly faster than previously anticipated. We have slightly downgraded our employment forecast in growth terms, in part a reflection of a weaker demographic outlook, although revisions to our historical estimates mean that the future WLA workforce will be broadly the same size as previously expected.

Fig. 3. 2020 and 2021 forecasts compared: average annual change, headline indicators, WLA boroughs 2019-25

% y/y	GVA		Jobs		Population	
	May 2020	February 2021	May 2020	February 2021	May 2020	February 2021
Barnet	1.4	1.2	0.8	0.2	0.8	0.6
Brent	1.1	1.8	0.5	0.3	0.6	0.5
Ealing	0.4	1.5	-0.1	0.5	0.3	0.3
Hammersmith & Fulham	1.7	1.3	1.1	0.5	0.7	0.7
Harrow	1.1	0.7	0.6	0.3	0.5	0.5
Hillingdon	0.8	1.1	0.4	0.5	0.5	0.4
Hounslow	1.1	1.2	0.6	0.4	0.5	0.5
WLA	**1.2**	**1.3**	**0.5**	**0.4**	**0.6**	**0.5**
Outer London	1.1	1.2	0.5	0.4	0.6	0.5
London	1.6	1.4	0.9	0.6	0.7	0.6
UK	**1.2**	**1.1**	**0.4**	**0.4**	**0.3**	**0.2**

Source: Oxford Economics

HAS THE PANDEMIC FUNDAMENTALLY CHANGED THE OUTLOOK?

The pandemic is expected to leave some 'scarring' effects on the economy. Our latest long-term UK GDP forecast is 2.6 percentage points lower than pre-pandemic, which already included a three-percentage point hit from Brexit. The additional debt many firms have been forced to take on will lead to lower investment, while if pandemic-induced changes to shopping and work habits become permanent, even at moderate levels, there is likely to be reduced demand for retail and office space across the WLA.

The WLA, and London as a whole, will be affected by lower population growth. Our baseline forecast assumes zero net inwards migration in 2020 and 2021, which will disproportionately affect London. And while we expect some catch-up in 2022, the strict points-based immigration system proposed by the UK government implies that the UK population will remain permanently lower than our pre-pandemic forecast.

Residents of the WLA are expected to suffer from higher unemployment, which will worsen inequalities and further damage potential economic growth. Those who are out of work for a prolonged period will see the value of their skills eroded, and risk becoming detached from the labour market. The consequences of the pandemic on employment has not been evenly felt across the WLA: to date, job losses have been concentrated in lower-skilled sectors, which will hit some social groups harder than others. The savings of low-income and unemployed individuals has fallen through the crisis, in stark contrast to high-income employees and those retired.

1. INTRODUCTION

In the summer of 2020 the seven boroughs of the West London Alliance commissioned Oxford Economics to investigate how the coronavirus pandemic might impact the economy of West London. At this early stage of the crisis, through May and June 2020, much was still unknown regarding the scale and nature of the impacts of the crisis, and how they might change over time.

Clearly, much has changed since the original report. Following a sharp contraction in economic output through the second quarter of 2020, a slowdown in infection rates and hospitalisations led to an easing of restrictions in the summer, leading to a partial recovery in GDP. However, further waves of infection through the autumn and winter were coupled with the reintroduction of lockdown measures to curb the spread of the virus.

Indeed, as well as a greater awareness of the nature of the economic impacts of Covid-19, we also have a clearer understanding of how the economy can best recover. The development and rollout of vaccines has proved to be of crucial importance and has allowed the Government to set out and begin to implement a timeframe for the easing of restrictions. Updates to several key datasets also provide a more detailed account of the extent of Covid-19's impact. While huge risks and uncertainties remain, this therefore represents a suitable time to revisit our outlook.

The analysis contained in this report largely reflects the structure of the original study, although our analysis does not revisit the structural characteristics of the local economy, such as its business base, sectoral structure, and population characteristics, which are unlikely to have substantially changed since last year. Instead we begin by considering the UK's recent performance, and that of the London economy, before discussing how the prospects for West London have changed since our original report and whether the crisis will fundamentally change the outlook for the West London economy.[1] In a change from our previous report we have also included a short section on the priority and foundational sectors identified by partner boroughs across West London.

[1] The forecasts presented in this report are as of February 2021. The original study drew on forecasts from May 2020.

2. THE UK AND LONDON OUTLOOK

2.1 THE IMPACT OF COVID-19 ON THE UK ECONOMY

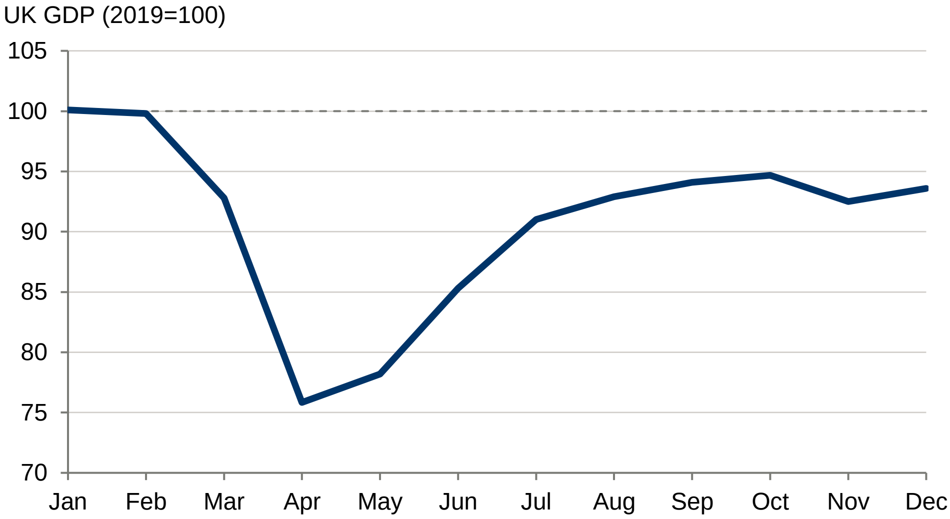
The Covid-19 crisis has created unprecedented challenges for the UK economy. Initially, UK monthly GDP slumped sharply, as a result of lockdown measures that were introduced to try to limit the spread of the virus. The UK economy operated at three-quarters of its pre-pandemic level in April 2020.[2]

While the easing of restrictions through the summer of 2020 allowed a partial recovery in GDP, the subsequent reintroduction of lockdown measures in the late-autumn and winter has led to a further fall in output. The fall in GDP through subsequent lockdowns has been less marked than observed through the first lockdown for a variety of reasons. First, subsequent lockdown measures towards the end of last year were less restrictive, with sectors such as manufacturing construction, and education remaining open—the latter avoiding the substantial indirect impact of leaving many parents unable to work, as was the case in the first lockdown.[3] Secondly, as many sectors continued to operate well below pre-pandemic levels, the lower base left less scope for output to fall as sharply. The most recent data for December show that GDP remains 6.4% below pre-pandemic levels.

Overall, **UK GDP contracted by approximately 10% in 2020**, the biggest single-year fall in 300 years. To place this crisis in historical context, the contraction in 2009 as a consequence of the global financial crisis was a comparatively modest 4%. The UK economy has also underperformed our expectations at the time or the original report: we had previously estimated that UK GDP would contract by 8.0% last year, meaning that the outturn performance sits somewhere between our 2020 baseline forecast and downside scenario (14.0%).

[2] Gross domestic product (GDP) is the value of all final goods and services produced within a country. Gross value added (GVA) measures the contribution to GDP made to an economy by an individual producer, industry, sector or region.
[3] Although subsequent closures to education facilities formed part of the measures introduced in early-2021.

Fig. 4. UK GDP, 2020



Source: ONS

10.0%

Contraction of UK GDP in 2020.

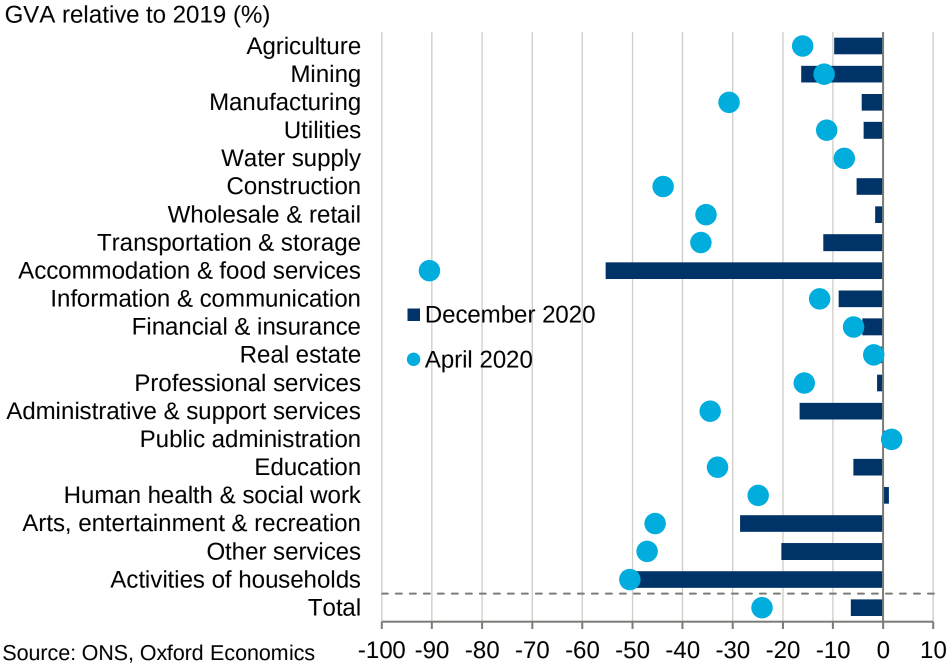
In December 2020, GDP remained 6.4% below pre-pandemic levels.

Some parts of the economy are more exposed to the pandemic than others. Hospitality and leisure sectors tend to be heavily reliant on in-person interactions, often in enclosed spaces, and that makes them particularly exposed to lockdown and social distancing measures. Accommodation & food services has seen the sharpest fall in activity, alongside arts, entertainment & recreation, and other services. Indeed, these sectors saw the fastest (temporary) rebounds in activity with the easing of restrictions last summer.

In general, sectors with a high proportion of desk-based employment, including business-orientated services such as finance & insurance, information & communication, and professional services tended to be insulated from the most severe aspects of the crisis. The disruption caused by lockdown measures to schools and universities, and also to the number of medical operations and similar major interventions by hospitals, have impacted GVA across the education and human health & social work sectors respectively—although clearly there have also been upward influences on health and social care, and ONS statisticians have sought to take account of remote learning and home schooling in producing their estimates of education output.

Hospitality and leisure sectors tend to be heavily reliant on in-person interactions, often in enclosed spaces, that make them particularly exposed to lockdown and social distancing measures.

Fig. 5. GVA by sector, UK, 2020



Source: ONS, Oxford Economics

2.2 OUTLOOK FOR THE UK ECONOMY

The third lockdown in January 2021 caused UK GDP to continue to fall through the first quarter of 2021. However, the outlook for the rest of the year is more optimistic. The government has set out a roadmap for easing restrictions,[4] enabled by the rapid rollout of the vaccination programme and encouraging evidence on vaccine efficacy.[5] We anticipate that this should allow the economy to rebound strongly through the rest of this year, growing by 5.7% across 2021 as a whole, and a further 6.6% next year, as GDP returns to pre-pandemic levels at some point towards the end of 2022.

However, the pandemic will lead to a permanent loss of output, leaving a legacy of lower investment, higher unemployment, and weaker population growth, which will all weigh on potential output growth. Over the period 2019 to 2025, we expect the UK economy to grow by an average of **1.1% per year**, slightly weaker than in the original report (1.2% per year).

The UK's economic recovery from the pandemic will also be affected by Brexit. The Trade and Cooperation Agreement signed by the UK and EU allows for tariff- and quota-free trade for qualifying goods, but does little to limit the introduction of non-tariff barriers, hindering the ability of firms to export both goods and services to nearby EU markets.

[4] https://www.gov.uk/government/news/prime-minister-sets-out-roadmap-to-cautiously-ease-lockdown-restrictions

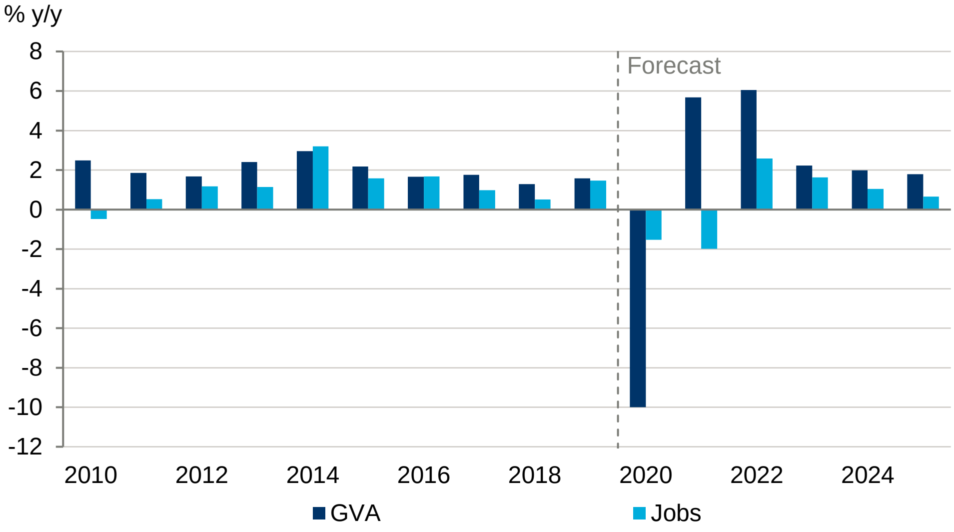
[5] As with all economic forecasts, there is a degree of uncertainty over this outlook. The government's cautious approach and rhetoric highlights the existing uncertainties: the potential spread of further spikes of infection through the winter, and the spread of 'Variants of Concern' that are less susceptible to current vaccines, may lead to the reintroduction of restrictive measures in time. The risks are therefore weighted on the downside.

1.1%

Average annual UK GVA growth, 2019 to 2025.

GVA will recover to pre-pandemic levels in 2023.

Fig. 6. GVA and jobs, UK, 2010 to 2025



Source: ONS, Oxford Economics

The impact of the crisis on employment will be deeper and more prolonged than previously anticipated. In the original forecast, we estimated that the UK would shed 1.15 million jobs (or 3.2%) in 2020, before recovering through 2021 and 2022.

Our current estimates suggest that the initial fall in employment was about half as strong: the UK shed 544,000 jobs last year, or 1.5% of pre-pandemic employment. (See box overleaf for further evidence on the job impacts of the crisis from the Labour Force Survey.) However, jobs have to a large degree been protected by government support schemes, and while both employee and self-employment support schemes have been extended in the Spring Budget to September,[6] we expect employment to continue to fall this year, as businesses adjust to new trading conditions. And while we had previously anticipated job growth through 2021, we now estimate that the UK will shed nearly 700,000 jobs this year.

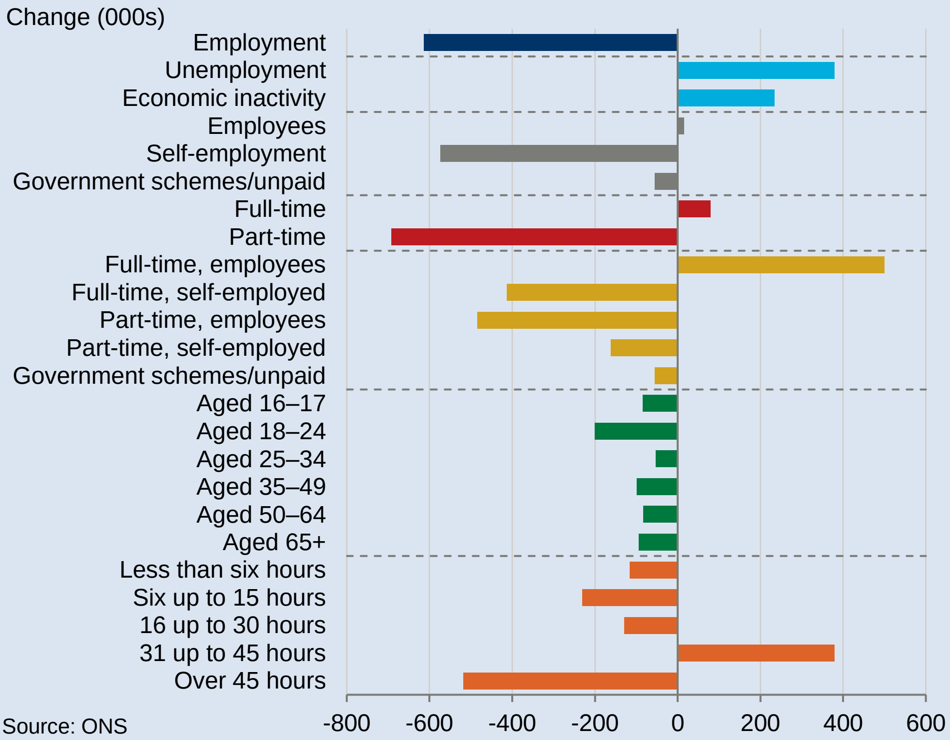
Therefore, the loss of 1.29 million jobs through 2020 and 2021 is greater than previously anticipated, and will not return to pre-pandemic levels until 2023. We expect employment to grow by an average of **0.4% per year** over the period 2019 to 2025.

[6] https://www.gov.uk/government/topical-events/budget-2021

THE IMPACT OF COVID-19: EVIDENCE FROM THE LABOUR FORCE SURVEY

It is likely that a rise in claimant count unemployment understates the damage to employment that has been inflicted by the pandemic. Statistics from the Labour Force Survey suggest that for the UK as a whole, more than 600,000 fewer workers were employed through October to December 2020, compared with January to March, and yet the survey also suggests that unemployment rose by only 379,000 workers. The reason is that 234,000 more people described themselves as 'economically inactive', so neither in employment nor looking for work—and it is only the latter who count as 'unemployed'. Some of these will not have been looking for work because they thought there was no point, some will have been prevented from doing so because of lockdown, and some will have decided to step out of the labour market. It is likely that the same will have been true for the WLA.

Fig. 7. Change in employment, UK, January–March to October–December 2020



Source: ONS

The LFS also provides some indication of the characteristics of those most affected by job losses. The number of self-employed workers fell by 574,000 over the period January–March to October–December, or by around 12%, compared to a slight increase in the overall number of employees. Self-employed workers have typically found themselves more exposed to the negative consequences of the pandemic than employees, suffering from weaker job security and more stringent conditions on government income support.

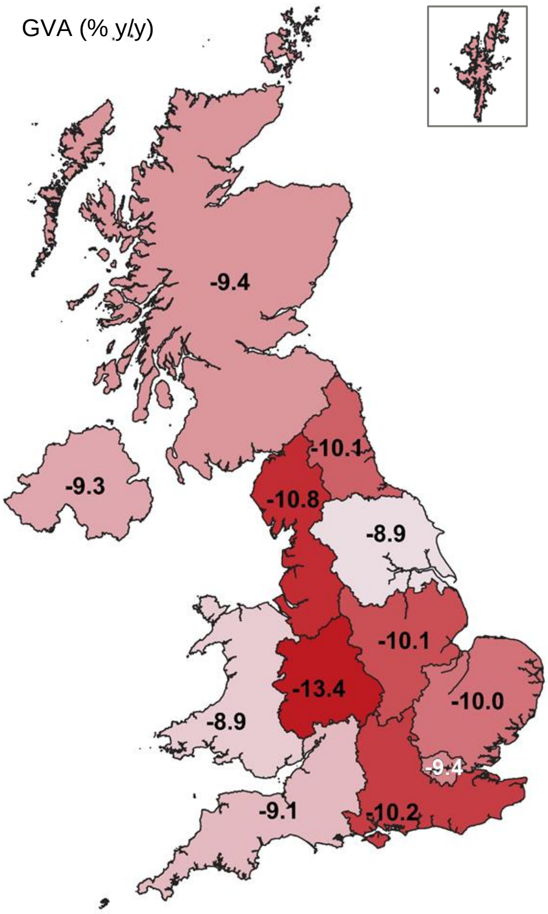
Part-time workers have similarly been badly affected. Over this period, approximately 692,000 fewer workers were employed in part-time positions, many of whom were also self-employed (161,000 workers). In contrast, the number of full-time employees reportedly increased by 80,000 workers over this period, suggesting that some employers may have consolidated their workforces, perhaps encouraged by the distortive effects of government income support schemes. This may in part explain the sharp contraction in part-time employees over this period, and increase in those working 31 to 45 hours (379,000 workers).

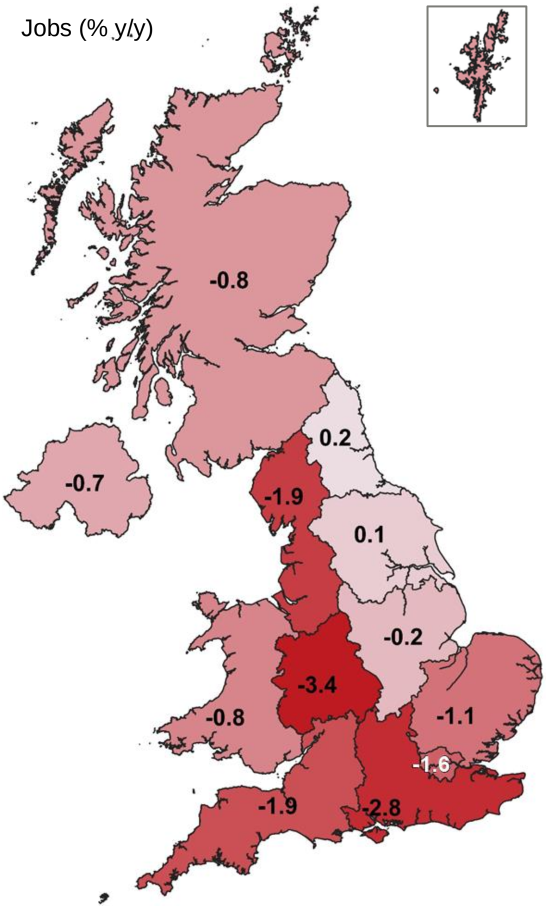
2.3 LONDON'S ECONOMIC CONTEXT

All regions of the UK are severely affected by the Covid-19 pandemic. At the onset of the crisis, there was reason to believe London would be the region least affected by the crisis—our original report indicated that London's economy would contract by 7%, the smallest decline of any UK region. London has a range of favourable characteristics that suggested this would be the case: London had been the fastest-growing region across the UK over the preceding decade; and it has a high concentration of the types of business services and professional occupations that support 'desk-based' employment. These workers have largely been able to transition to home working with minimal effects on productivity.

However, London's performance in 2020 was weaker than expected, both in absolute and relative terms. We estimate that **GVA contracted by 9.4% in 2020** which, while slightly outperforming the national economy, is a sharper fall than across many other UK regions. The London economy has been exposed to tight restrictions on travel, leisure, and hospitality, while firms in its service sectors have suffered from a slowdown in business-to-business transactions. London may have also suffered a population outflow (see p.13). We estimate London shed 97,000 jobs last year, or 1.6% of its workforce, and expect a further 126,000 jobs to be lost through 2021.

Fig. 8. GVA and jobs, UK regions, 2019 to 2020





Source: Oxford Economics

Looking forward, the coronavirus pandemic will probably make London a less attractive place to live relative to some other UK cities and towns, but only very marginally so. We do not see this as a serious threat, and we expect London to continue to be the UK's fastest growing region over the coming years. We estimate that the city's economy will recover to pre-pandemic levels next year, with GVA growth averaging **1.4% per year** from 2019 to 2025—a slight downgrade on our expectation in the original report (1.5% per year). The recovery will similarly improve employment prospects: the London economy will add 235,000 jobs from 2019 to 2025, equivalent to almost one-in-three additional jobs across the UK, at 0.6% per year.

London's growth prospects will be affected to some degree by Brexit. The city's recent growth has been particularly driven by export-orientated service sectors, particularly information & communication, professional services, and real estate, and with a strong bias towards EU trade. Reduced access to EU markets (e.g. through the loss of 'passporting' rights for financial services) will affect London more than some other regions of the UK. This may influence the locational decisions for some multinational companies, who have located in London as a gateway into the EU market.

However, overall we do not think Brexit will have a significant reputational damage to London. It will remain a key global city that continues to attract investment from around the world. London has many assets that will continue to maintain the city's appeal, including:

- its size, diversity and cultural offering;
- a well-qualified population;
- the use of the English language and legal system;
- good domestic and international transport links; and
- world class universities.

These factors will continue to attract both employers and individuals to the city into the future.

Indeed, our baseline forecast reflects the view that London will continue to benefit from a high concentration of business services, including IT, financial services, and professional and legal services, that will continue to drive growth nationally. We expect around half of London's GVA growth over this period to be in business service sectors.

Fig. 9. Headline indicators, UK regions, 2010 to 2025

	2010 to 2019 (% y/y)		2019 to 2020 (% y/y)		2019 to 2025 (% y/y)	
	GVA	Jobs	GVA	Jobs	GVA	Jobs
London	**2.9**	**2.5**	**-9.4**	**-1.6**	**1.4**	**0.6**
South West	1.6	1.2	-9.1	-1.9	1.2	0.2
Yorkshire & Humber	1.4	0.9	-8.9	0.1	1.2	0.6
East Midlands	1.6	1.0	-10.1	-0.2	1.2	0.7
East of England	2.2	1.5	-10.0	-1.1	1.2	0.5
Wales	1.5	0.8	-8.9	-0.8	1.1	0.3
Northern Ireland	1.7	0.9	-9.3	-0.7	1.1	0.4
South East	1.7	1.2	-10.2	-2.8	1.1	0.2
Scotland	1.4	0.8	-9.4	-0.8	1.1	0.4
North East	0.6	0.7	-10.1	0.2	0.9	0.5
North West	1.5	1.4	-10.9	-1.9	0.9	0.2
West Midlands	2.2	1.4	-13.4	-3.4	0.5	-0.1
UK	**1.9**	**1.4**	**-10.0**	**-1.5**	**1.1**	**0.4**

Source: ONS, Oxford Economics

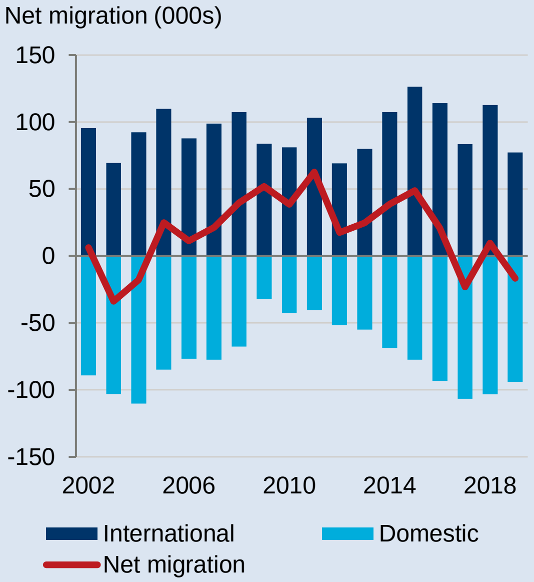
COVID-19, MIGRATION, AND THE OUTLOOK FOR POPULATION GROWTH

The Covid-19 pandemic has led to a great degree of uncertainty on the outlook for London's population. Historically, London has benefitted from the fastest population growth across UK regions. This is partly a reflection of the city's favourable demographics: its relatively young population means that natural change—births minus deaths—has and will continue to make a positive contribution to population growth.

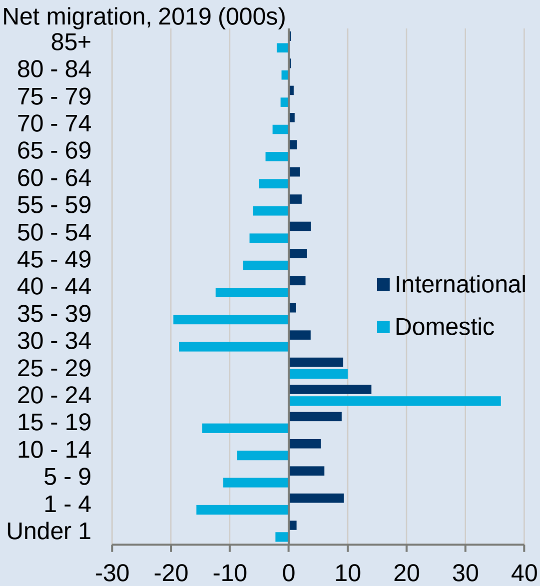
But the outlook for migration is less certain. London has long been highly attractive to international migrants, with thousands of people flocking to the city each year from outside of the UK to study and work in the capital. London's healthcare, hospitality, cultural, and personal services sectors, as well as construction, support services, and financial and digital services, are very reliant on international migrants as a source of labour.

However, international migration is offset by a domestic outflow to the rest of the UK. London benefits from a large inflow of domestic migrants in their 20s, moving to the capital to study or start their careers. But from their 30s onwards, UK residents are more likely to move out of London than into it—taking their children with them. Significant numbers of people therefore leave London for other UK regions, preferring to trade the hustle and bustle of the city for greater space and cheaper living costs. Increasing domestic out-migration has contributed to a slowing of London's population growth over the most recent decade.

Fig. 10. Domestic and international net migration, 2002 to 2019



Source: ONS



Source: ONS

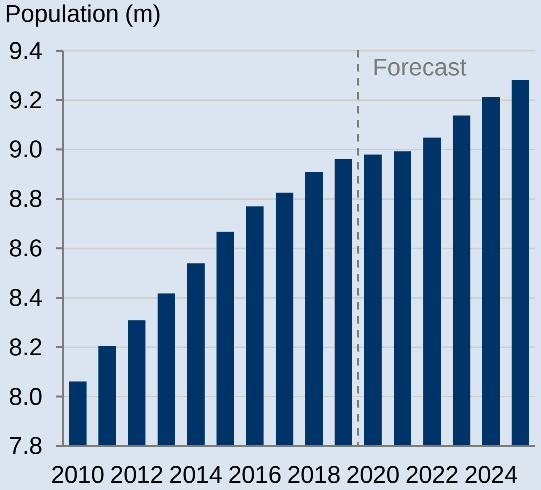
However, London may have suffered a large exodus of people moving out of the city in 2020. This is largely because of the pandemic, and associated changes such as the rise in home working, and large numbers of students returning to their families. And international migrants disproportionately work in sectors such as tourism and hospitality, culture, and support services that have been especially hard hit by the pandemic. In addition, the UK's withdrawal from the Single Market, and associated uncertainty over future residency rights, may have tipped the argument for many EU nationals.

At the moment there is little reliable data on this, with various Office for National Statistics (ONS) indicators giving contradictory signals and the International Passenger Survey, an important source of information on migration flows, having been suspended in 2020 because of the pandemic. At one extreme the ONS has not made any adjustments to its population projections to account for the likely impact of coronavirus—implicitly assuming a large increase in inflows of UK-born migrants to London, despite the pandemic. At the other extreme, the Economic Statistics Centre of Excellence (ESCoE) argues that London's resident population may have fallen by over 700,000 during 2020, with non-UK born residents making up 95% of that fall.[7]

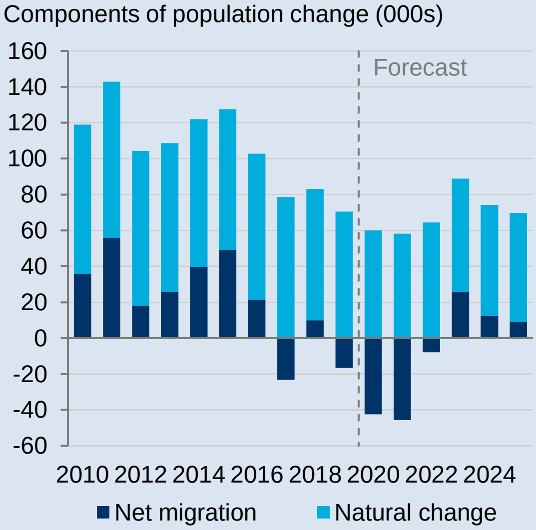
Our expectation is that the ONS will revise its estimates, but not by as much as the ESCoE figures. For the UK as a whole we assume net zero international migration in 2020 and 2021, and we also expect domestic migration to be subdued.[8] Our current estimates therefore show a modest rise in London's population in 2020 and 2021. Our reasoning is that natural change, which has been driving growth over recent years, will be large enough to offset the fall in migration. Net migration would have to fall significantly—to a level similar to that recorded in the early 1970s—for London's population to decline. And for 2021 we estimate similar but slightly weaker figures.

But these estimates are subject to a very high degree of uncertainty. Among factors which complicate the measurement of London's population is the ambiguity of where to allocate: students who are temporarily living with parents rather than in student accommodation; families with country or seaside homes as well as homes in the city; and people who retain their London properties, but who are temporarily renting elsewhere.

Fig. 11. Population and components of population change, London, 2010 to 2025



Source: ONS, Oxford Economics



Source: ONS, Oxford Economics

[7] https://www.escoe.ac.uk/estimating-the-uk-population-during-the-pandemic/

[8] Note that our population forecast for the UK differs from ONS projections. While the ONS draws on trend-based projections, we assume that net migration will fall in the long run, as a reflection of the government's policy to end free movement of labour and actively reduce levels of immigration. At a local and regional level, migration is a derived variable in our forecasting model, ensuring a sensible relationship between economic and demographic variables.

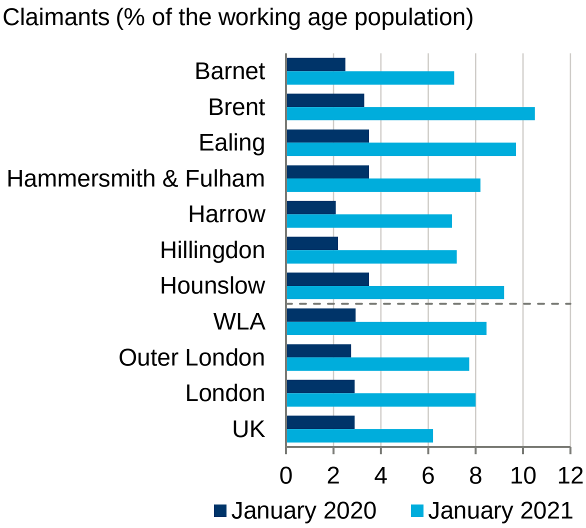
3. THE WEST LONDON OUTLOOK

3.1 EMERGING EVIDENCE

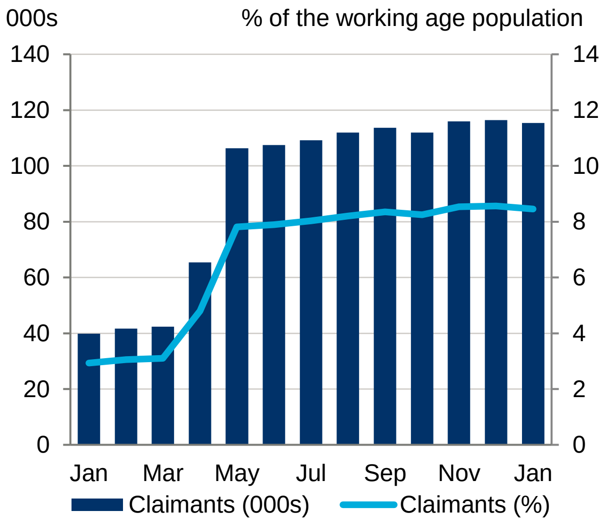
The bulk of economic and labour market data required to fully assess the implications of Covid-19 across the WLA is not yet available. Instead, we draw on administrative statistics and other high-frequency indicators to explore the scale of the crisis.

Covid-19 has led to a sharp rise in unemployment. According to the latest claimant count data, the number of claimants across the WLA has nearly tripled since the onset of the crisis. In January 2021, the 115,400 claimants across the WLA equated to 8.5% of the working age population, a sharp increase from rates at the equivalent point in 2020, before the onset of the crisis (2.9%). This increase is more drastic than across London or the UK as a whole. The extent of joblessness also varies somewhat between the WLA boroughs: those suffering from higher rates at the beginning of the crisis have been most affected, although all boroughs have seen a drastic change in the rate of claimants.

Fig. 12. Claimant count, WLA, January 2020 to January 2021



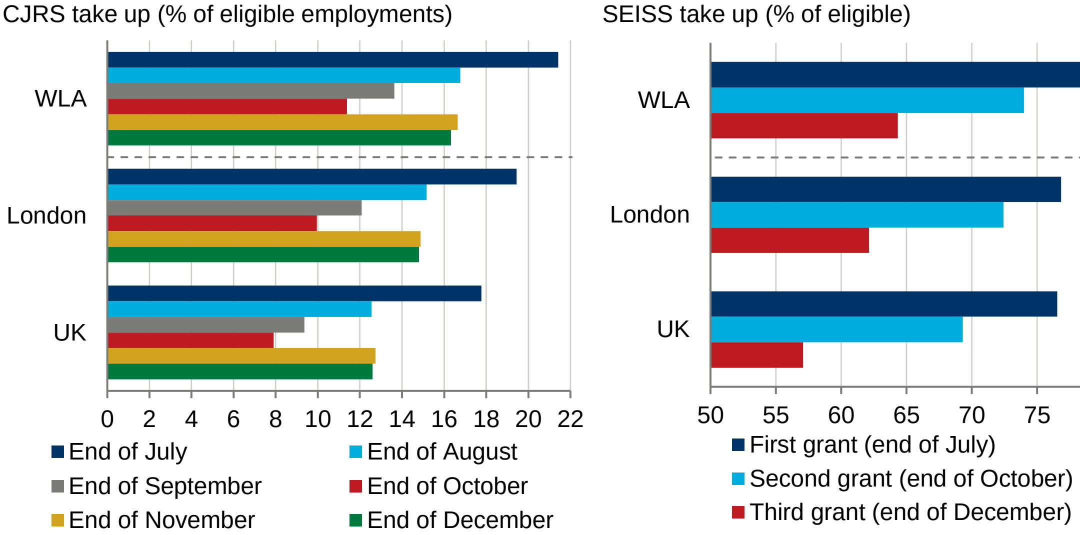
Source: ONS, Oxford Economics



Source: ONS, Oxford Economics

Claimant data may underestimate the scale of joblessness. As UK Labour Force Survey data has shown, many of those who have lost their jobs have left the labour market altogether (see p.10). And many workers remain supported by income support schemes such as the Coronavirus Job Retention Scheme (CJRS). Rates of furlough take-up gradually fell through 2020 until lockdown measures introduced through November and December. WLA residents demonstrate a higher take-up of the CJRS than across London or the UK, with provisional data for December indicating that 168,000 ‘employments’, or one-in-six eligible, are currently on furlough. The WLA similarly demonstrates an above-average rate of claims for the Self-Employment Income Support Scheme (SEISS), a difference that is increasingly apparent across more recent tranches of funding.

Fig. 13. Take up of income support schemes, 2020

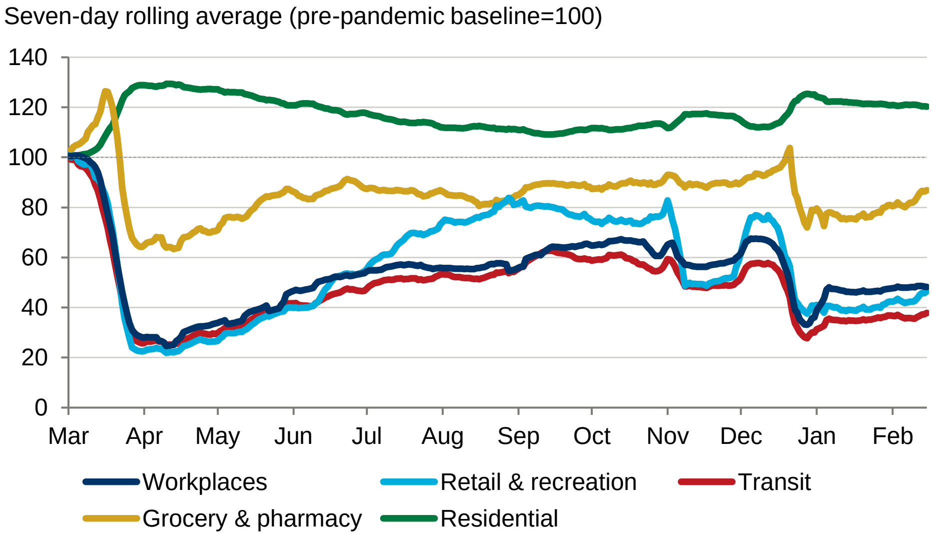


Source: HMRC, Oxford Economics

Source: HMRC, Oxford Economics

Evidence of the ongoing impact of the crisis extends beyond labour market data. Mobility indicators demonstrate the significant and continued fall in most activities throughout the WLA, compared to a pre-pandemic baseline. Although the loosening of restrictions through the summer of 2020 led to some recovery in mobility, this fell sharply through the imposition of lockdown measures in the winter. As of February 2021, access to workplaces, transit, and retail & recreation remained at less than half of their pre-pandemic levels.

Fig. 14. Google Mobility Index, WLA, March 2020 to February 2021[9]



Source: Google Mobility Index, Oxford Economics

49%

Workplace mobility in February 2021, relative to pre-pandemic levels..

Retail & recreation and transit similarly remain at less than half their pre-pandemic levels.

[9] As data are published at the local authority area-level, we aggregate workplace access on the basis of people-based employment (workers), and all other activities on the basis of total population, to form an estimate for the WLA as a whole. https://www.google.com/covid19/mobility/data_documentation.html?hl=en

3.2 SHORT-TERM IMPACTS OF THE CRISIS

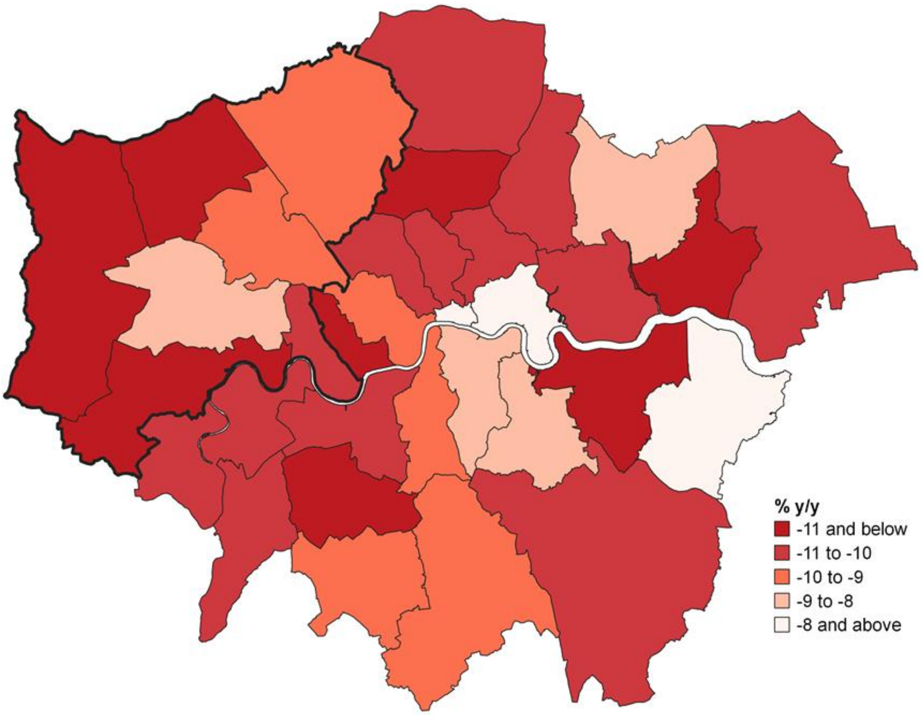
The coronavirus pandemic represents an unprecedented shock to the WLA economy. We estimate that **GVA fell by 10.7% across the WLA in 2020**, a loss of £8.1 billion of GVA (in 2018 prices). As a point of historical reference, this is a much greater contraction in GVA than in the global financial crisis, which saw GVA contract by 7.7% through 2008 and 2009. It is equivalent to reversing the cumulative growth experienced since 2013.[10] The contraction in GVA is also deeper than for either London (9.4%) or the UK (10.0%).

10.7%

Contraction in WLA GVA in 2020.

WLA boroughs have seen a greater fall in GVA than elsewhere in London, particularly central London boroughs.

Fig. 15. GVA, London boroughs, 2019 to 2020



Source: Oxford Economics. Contains OS data © Crown copyright and database right 2020.

We estimate that the WLA sub-region saw the sharpest fall in GVA across London's four sub-regional partnerships last year. The WLA saw a slightly steeper fall in GVA than either the South London Partnership (10.3%) or Local London (10.1%), and clearly underperformed Central London Forward (8.1%). Outer London boroughs have generally been more affected by the crisis: we estimate that GVA fell by 10.4% across Outer London as a whole in 2020, compared to just 8.9% across Inner London.

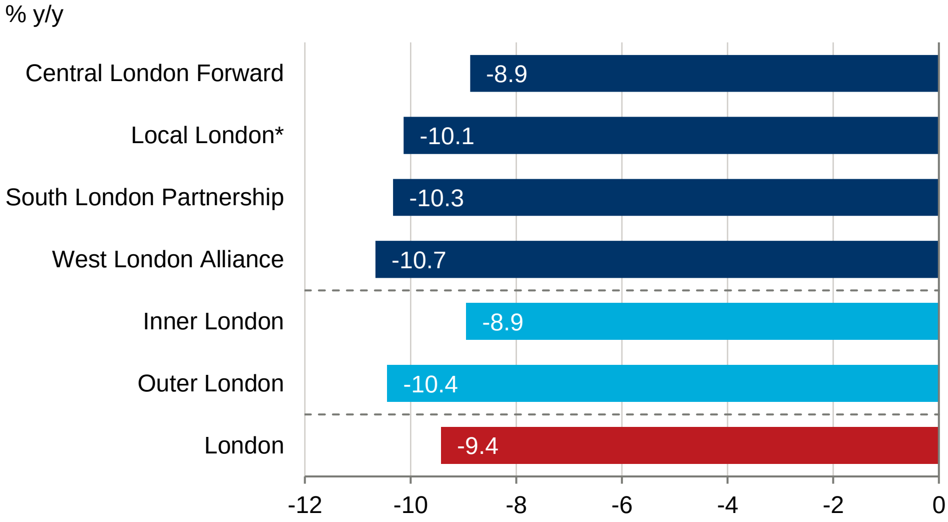
[10] Our estimate of the fall in GVA in 2020 is also greater than expected in the June 2020 report (based on our May 2020 forecasts). This disparity is largely due to the imposition of stricter-than-anticipated lockdown measures through the final quarter of last year, alongside a greater understanding of the sectoral distribution of impacts. We present a comparison of our previous and current (February 2021) forecast iterations in Chapter 4.

10.7%

Contraction in WLA GVA in 2020.

The greatest fall across London's four sub-regional partnerships.

Fig. 16. GVA, London sub-regional partnerships, 2019 to 2020



Source: Oxford Economics

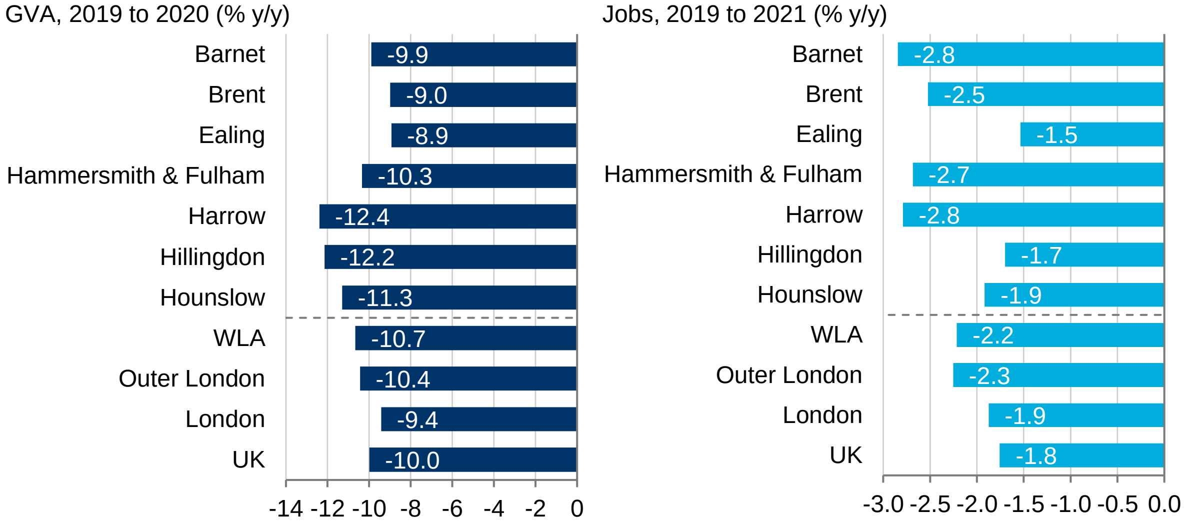
* includes Bromley

The impact of Covid-19 on employment differs markedly from GVA, both in the scale of impacts and pattern of recovery. As across London and the UK, income support schemes have to some degree protected employment in 2020: we estimate that the WLA workforce shed **21,600 jobs** in 2020, a 1.9% contraction. However, as businesses will cease to benefit from income support schemes later this year and will need to adjust to new trading conditions, we anticipate the loss of a further 27,000 jobs in 2021. And we forecast that the WLA will experience a sharper fall in employment than London or the UK. **We estimate that the pandemic will result in a loss of 48,600 jobs**, compared to 40,700 jobs in our May 2020 baseline forecast.

The loss of jobs will also increase unemployment. Recent analysis published by London Councils expects unemployment to increase throughout 2021.[11] It suggests that the WLA is more exposed to a rise in unemployment: at its peak, in December 2021, the 'core' scenario indicates that unemployment could rise to 10.4% of the labour force—the highest rate across London's five sub-regional partnerships. The peak rate across London as a whole is expected to be 9.4% in December 2021. The forecast for higher unemployment across the WLA is in part due to its disproportionately high proportion of furloughed workers. It also reflects the sectoral composition of the WLA economy.

[11] https://www.londoncouncils.gov.uk/sites/default/files/Policy%20themes/Economic%20development/Volterra_LondonCouncils_Unemployment_FinalExecutiveSummary_190321_PostBudget_0.pdf

Fig. 17. GVA and jobs, 2019 to 2021



Source: ONS, Oxford Economics

Source: ONS, Oxford Economics

As nationally and across London, the economic consequences of the pandemic are not uniformly felt by all sectors of the economy.

The picture is mixed for those sectors that are mainly desk-based, a characteristic which has insulated many employers from the more severe aspects of the crisis, and in turn protected jobs. Sectors such as **finance & insurance** and **information & communication** experienced only slight falls in GVA in 2020, with overall levels of employment remaining largely unchanged.

The overall performance of the **professional** and **administrative service** sectors has been somewhat weaker. GVA fell by 10% and 17% respectively in 2020, and we estimate that around a third of all job losses (14,200 jobs) will be in these sectors through 2020 and 2021. The WLA is more affected by the downturn in these sectors than either London or the UK, not because they form a larger share of the economy, but because of the types of activities that tend to take place locally.

These sectors are typically reliant on business-to-business sales, and hence may be suffering from the slowdown of the economy as a whole, while firms seeking to cut overheads may deem some of these services expendable: we estimate the largest falls in activity to be in the office administration, employment activities, and head offices & management sub-sectors. These four activities are among the largest professional and administrative sub-sectors in the WLA. Similarly, many of London's professional services, such as legal services, are provided in support of transactions such as asset sales and purchases that have declined in scale during the crisis.

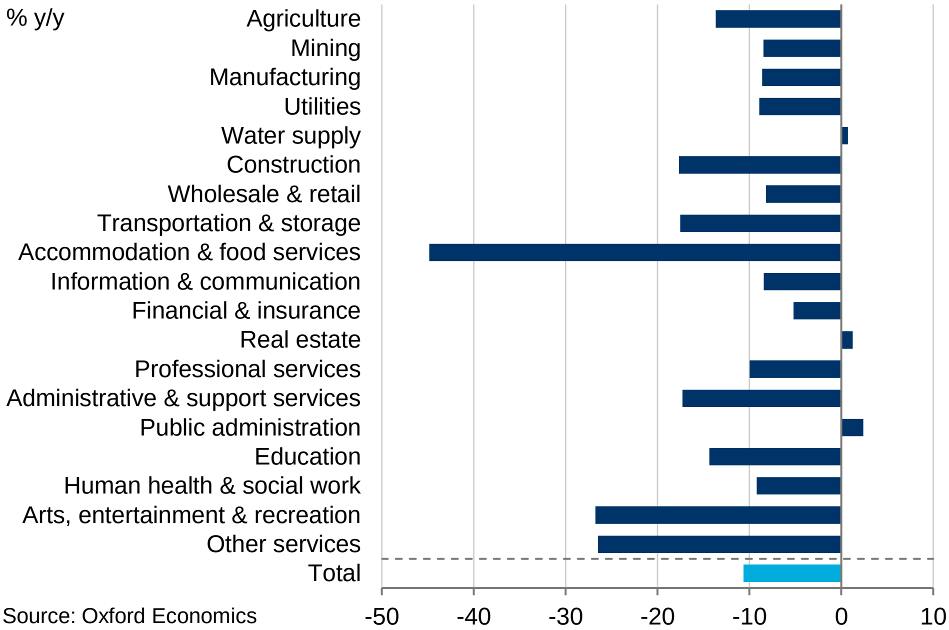
Public services, such as human health & social work and education, have also been affected by the crisis. The former has seen a sharp fall in GVA as a consequence of shifting resources away from higher-value activities towards dealing with the pandemic, while periods of school closures have similarly led to a loss of education GVA. However, in both instances we expect the workforce to remain broadly unchanged through last year and this.

45%

Contraction in accommodation & food services GVA in 2020.

Hospitality and leisure sectors are the most acutely affected by the pandemic.

Fig. 18. GVA by sector, WLA, 2019 to 2020



Source: Oxford Economics

Many of the largest impacts occur in sectors that tend to operate in the WLA's high streets. The pandemic led to a significant reduction in consumer spending across the WLA last year, which we estimate to be broadly in line with the reduction in overall GVA at around 10%. There are a variety of factors that help to explain falls in demand, including increased joblessness, reduced incomes as a consequence of job support schemes, and especially an increase in domestic savings reflecting the cautious response of households to the crisis.

Lower spending also reflects reduced opportunities as a consequence of lockdown measures and social distancing rules. This is most apparent in **hospitality, cultural and leisure** sectors. Accommodation & food in particular saw GVA almost halve in 2020, and is expected to shed 9,300 jobs through 2020 and 2021, the most of any sector. Arts, entertainment & recreation has similarly seen a sharp drop in GVA, with the loss of 4,700 jobs. A fall in resident spending in these sectors is compounded by a reduction in both domestic and international travel, which has led to a significant decrease in tourism activity across London, including the WLA.

Weaker consumer demand has also affected the **wholesale & retail** sector, which saw GVA fall by 8.2% last year. However, the fall in GVA is less than the economy as a whole, in large part due to changes in the behaviour of many consumers, who have responded to restrictions by increasingly making retail purchases online. The ONS estimate that online shopping represented 36.3% of total retail sales in January 2021, compared to 20.2% at the same point in 2020.[12]

This is an acceleration of a longer-term trend: online retail's market share has been steadily increasing over recent years. The extent to which the pandemic is a catalyst that generates a more permanent change in consumer behaviour,

[12] https://www.ons.gov.uk/businessindustryandtrade/retailindustry/timeseries/j4mc/drsi

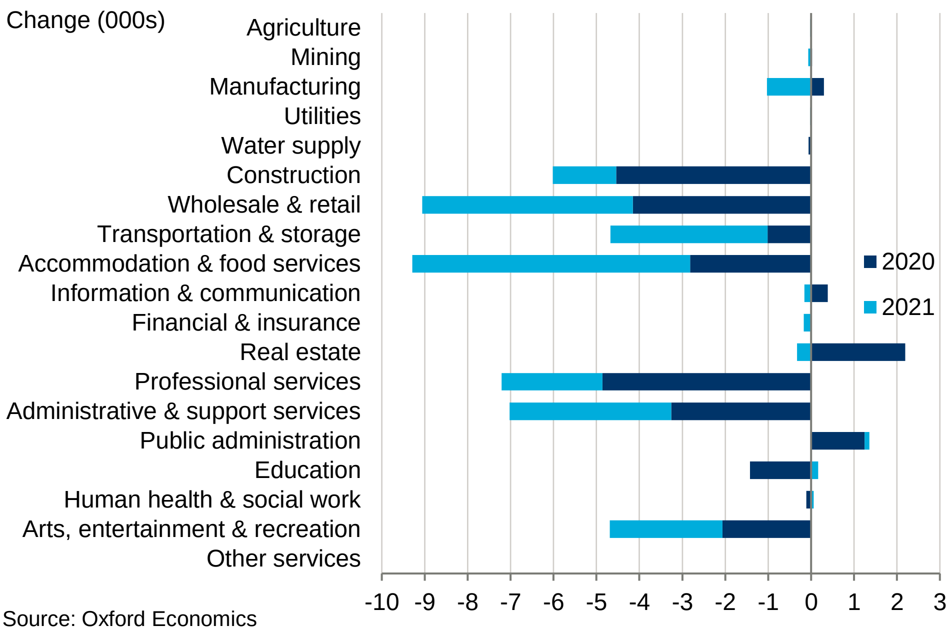
or simply a temporary measure while restrictions remain in place, remains to be seen. Regardless, Covid-19 has led to the closure of various high street retail chains, and we expect an adjustment in the workforce accordingly. The wholesale & retail sector is expected to shed 9,100 jobs through 2020 and 2021, the second-largest losses of any sector.

48,600

Jobs lost across the WLA through 2020 and 2021.

Equivalent to 4.3% of the pre-pandemic workforce.

Fig. 19. Jobs by sector, WLA, 2019 to 2021



Source: Oxford Economics

Construction has similarly been affected by the crisis. Initial lockdown measures introduced in March led to a significant drop in activity in this sector, albeit for only for a short period of time. Subsequent regional and national restrictions have excluded construction workers from the 'stay at home' guidance, allowing output to mostly recover, although national data indicates that output has not returned to its pre-pandemic level (see Fig. 5)—while equivalent data is not yet available at a local level, the same is likely to be true across the WLA. Construction may also suffer from a prevalence of smaller firms and self-employed workers, who have been disproportionately affected by the crisis. Overall, construction GVA fell by a sixth of its pre-pandemic level through 2020, with the loss of 6,000 jobs through 2020 and 2021.

Transportation & storage is another key local sector that has been affected by the crisis. While broader factors such as a reduction in general transport use is a contributing factor, for WLA this particularly reflects the continued lull in activity at Heathrow Airport. Air transport GVA fell by nearly a quarter last year. We estimate this sector to have shed 4,700 jobs through 2020 and 2021. The extent of the downturn at Heathrow may be partly concealed by the performance of logistics-related activities, such as warehousing and postal & courier activities, which have benefitted from changing consumer behaviours such as the shift towards greater online shopping, and activity related to fighting the pandemic (e.g. the delivery of cleansing supplies, personal protective equipment, etc).

THE ECONOMIC IMPACT OF REDUCED ACTIVITY AT HEATHROW AIRPORT

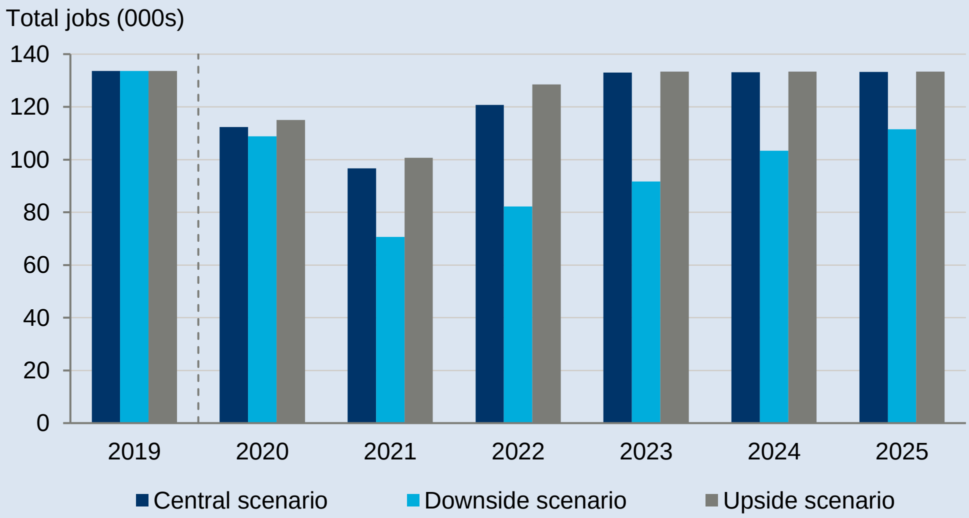
The pandemic has led to a sharp fall in air travel. The number of passengers travelling through Heathrow Airport in January 2021 was down 89% on the equivalent point last year, with air transport movements down three-quarters, and cargo movements operating at four-fifths of normal capacity.[13]

The reduction in activity at Heathrow will have knock-on impacts for the WLA economy. Oxford Economics undertook an analysis of the economic impact of reduced activity at Heathrow Airport, published in September 2020.[14] This report estimated that Heathrow supported **114,000 jobs in the local area** (which includes Ealing, Hillingdon, and Hounslow) in 2019, including 76,000 workers directly employed at the airport. Residents of Hounslow and Hillingdon alone account for almost a third of the direct Heathrow workforce.

This report presents a range of forecasts estimating the impact of Covid-19, and rate of recovery at Heathrow. The central scenario indicates a profile similar to employment across the economy as a whole: **jobs reliant on Heathrow will fall by 37,000 through 2020 and 2021**, before recovering thereafter to pre-pandemic levels by 2023.[15]

Alternative scenarios reflect uncertainties over the recovery of air travel. While the upside scenario provides a slightly more positive outlook, risks are weighted on the downside: this scenario would result in the loss of almost half of all employment reliant on the airport through 2020 and 2021 (62,900 jobs), with an extended recovery causing employment to remain below pre-pandemic levels by 2025.

Fig. 20. Total jobs reliant on Heathrow Airport, scenarios, 2019 to 2025



Source: Heathrow Community Engagement Board, Oxford Economics

[13] https://www.heathrow.com/company/investor-centre/reports/traffic-statistics

[14] https://www.hceb.org.uk/s/Oxford-Economics-HCEB-Final-Report1.pdf

[15] Note that the figures do not necessarily align to the forecasts represented in this report. This is due to a variety of factors, including a different study area to the WLA, drawing on an earlier iteration of our forecasts, and overall job losses reflecting all sectors of the economy (e.g. rather than the transportation & storage sector alone).

3.3 THE RECOVERY TO 2025

We expect the profile of recovery across the WLA to be broadly in line with the London economy as a whole. The easing of restrictions through 2021 is allowing the WLA economy to begin to recover: we forecast that GVA will grow by 5.7% this year. And growth of 6.6% in 2022 will allow GVA to return to its pre-pandemic level towards the end of next year. But once the economy has recovered lost ground the year-on-year rate of growth will slow thereafter. Over the period 2019 to 2025, GVA will grow by an average of **1.3% per year**.

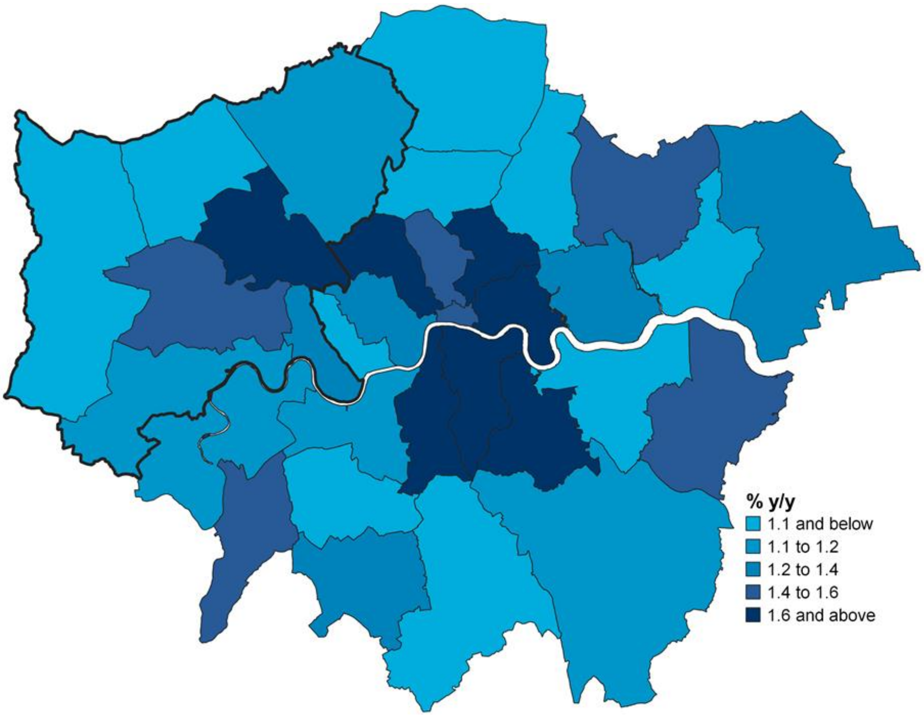
We expect the WLA to outperform both Outer London (1.2% per year) and the national economy (1.1% per year), although lagging London as a whole (1.4% per year). Indeed, only two of the seven WLA boroughs, Brent (1.8% per year) and Ealing (1.5% per year), will outperform London as a whole. Inner London has been less exposed to the pandemic, and have the greatest concentration of key growth sectors, and we expect centrally-located boroughs to be the fastest-growing across the city.

1.3%

Average annual GVA growth, 2019 to 2025.

The WLA will add 26,400 jobs over this period, at 0.4% per year.

Fig. 21. GVA, London boroughs, 2019 to 2025



Source: Oxford Economics. Contains OS data © Crown copyright and database right 2020.

Following the contraction in employment through 2021, we estimate the WLA will add 28,100 jobs next year, and a further 21,200 jobs in 2023, enabling a return to pre-crisis levels. However, like GVA, growth will return to longer-term trends thereafter. Over the period 2019 to 2025, the WLA will add **26,400 jobs** at an average of 0.4% per year.

JOBS AND PRODUCTIVITY

Economic growth will arise through a combination of an increase in the number of workers employed, and the average amount that each worker produces, termed productivity. Both are good for the local economy. In the long-run, weak productivity growth will threaten future jobs.

Stronger productivity also typically results in workers receiving higher wages—which should in turn improve living standards. And it allows companies to generate higher profits, some of which are typically reinvested in the economy. That raises employment in the future, compared with what it might otherwise be. Productivity is therefore a key measure of the economic performance of an economy. The complication is that along the way, some existing jobs may be replaced by new ones. This can create problems if local residents lack the skills for the new jobs.

We expect productivity to continue to improve across the WLA, as it has done historically, averaging growth of 0.9% per year from 2019 to 2025.

Productivity growth can arise in a variety of ways. Improving technology can help workers to perform more efficiently. In some instances, technology can replace workers, through automation. We expect a continuing tendency for some jobs to be automated across the economy—for instance, in manufacturing, financial services, retail, logistics, and transport.

Increasing productivity will also arise as a consequence of the changing sectoral composition of the WLA economy. In general, we expect more productive sectors to perform better in the coming years, raising the overall average productivity across the WLA economy as a whole.

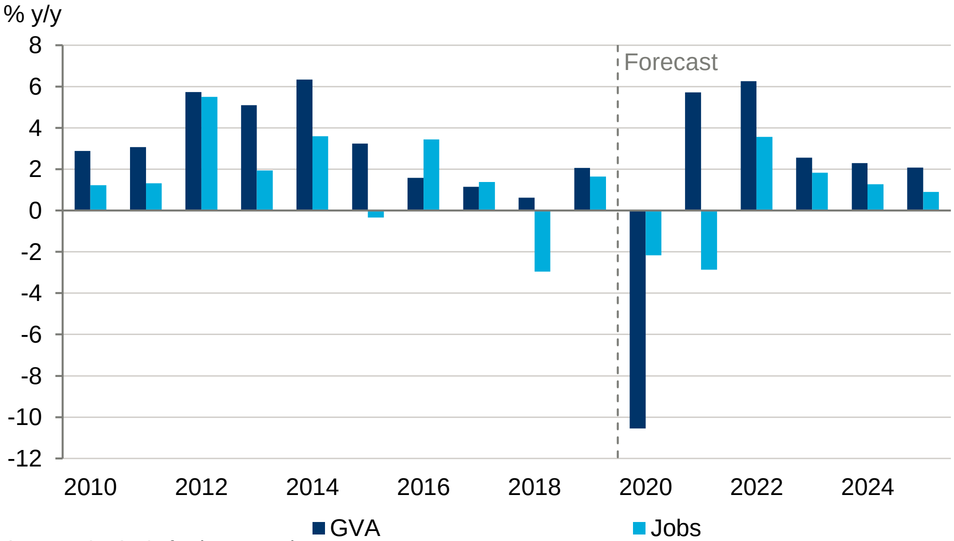
These trends applied before the pandemic, and we do not expect it will significantly speed, slow or change them. They do, however, have to be taken into account in considering policy responses to the pandemic's impacts.

5.7%

GVA growth in 2021.

We expect GVA and jobs to recover to pre-pandemic levels by 2022 and 2023 respectively.

Fig. 22. GVA and jobs, WLA, 2010 to 2025

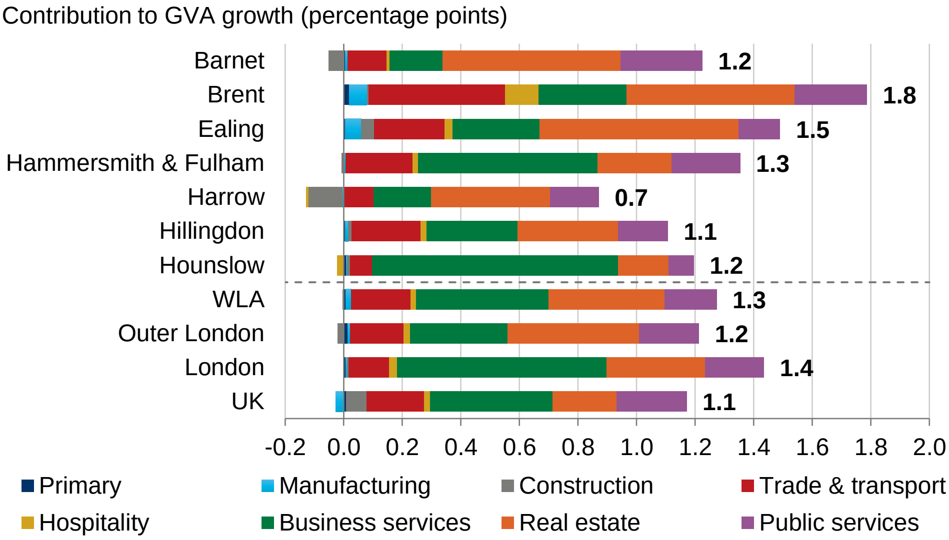


Source: ONS, Oxford Economics

Although the coronavirus pandemic represents a significant shock, it **will not significantly alter the sectoral composition of the WLA economy**. Once GVA recovers to pre-pandemic levels, the sectoral drivers of growth are likely to remain broadly as expected both prior to and at the onset of the crisis, and indeed largely as has been observed historically.

Fig. 23. Contribution to GVA growth, 2019 to 2025

Although the coronavirus pandemic represents a significant shock, it will not significantly alter the sectoral composition of the WLA economy.



Source: ONS, Oxford Economics

Real estate activities will make a significant contribution to GVA growth across the WLA. The sector will average 2.2% per year to 2025, the second-fastest growing, and alone it will add 0.4 percentage points to overall GVA growth each year. However, growth in this sector largely reflects increases in house prices and imputed rents, rather than productive economic activity. Growth in this sector will have limited tangible effects on the WLA economy: despite the significant contribution to overall GVA, real estate will add just 3,600 jobs to 2025. And while increasing house prices may boost the asset wealth of homeowners and landlords, it risks worsening affordability for renters, compounding existing inequalities, potentially increasing demand for affordable housing and creating further issues of homelessness.

Business service sectors will remain key to supporting growth across the WLA, adding 0.5 percentage points to overall GVA growth each year. However, business services tend to be less prevalent across the WLA, and this in turn helps to explain the underperformance relative to London as a whole—we expect business service sectors to add 0.7 percentage points to GVA growth across London each year.

Information & communication will continue to be among the fastest growing sectors into the future, averaging 1.8% per year to 2025. Despite the WLA supporting a relative concentration of IT activity—prior to the pandemic it was the WLA's third largest sector in GVA terms—growth will underperform London as a whole (2.0% per year), largely due to the stronger performance of Inner London boroughs in this sector. We expect growth to be strongest in the programming & broadcasting and media publishing sub-sectors.

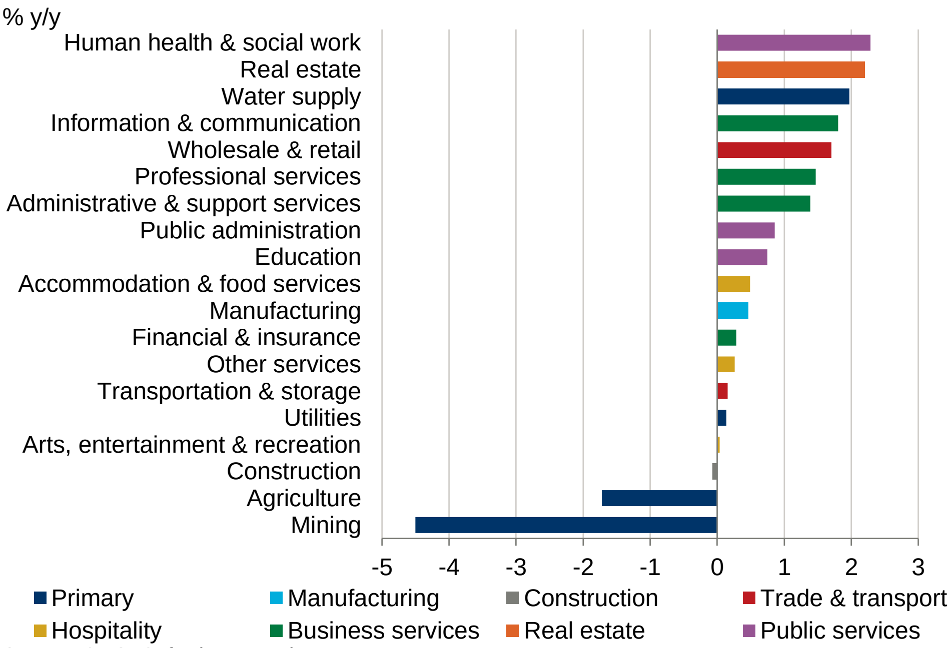
2.3%

Average annual GVA growth in human health & social work, 2019 to 2025.

The WLA's economic recovery will be driven by business and public services.

With the recovery of the central London economy comes improved prospects for local firms in sectors such as **professional services** (1.8% per year) and **administrative & support services** (1.7% per year), although both sectors will similarly underperform London as a whole. In general, the larger sub-sectors that are most affected by the pandemic—activities of head offices, office administration, and employment activities—will tend to account for most additional activity in these sectors. Administrative & support services and information & communication and will also be key to employment growth, adding 6,900 and 4,100 jobs over the period to 2025 respectively.

Fig. 24. GVA by sector, WLA, 2019 to 2025



Source: ONS, Oxford Economics

However, the outlook for **finance & insurance** is somewhat weaker. We forecast GVA growth to average just 0.3% per year to 2025. This is partly a reflection of the impact of Brexit on London, resulting in a slight loss in competitiveness, through for instance greater difficulties in recruiting staff from the EU. Although our forecast also represents a reversal of historical trends: the WLA's finance & insurance sector experienced a slightly decline in GVA over the decade prior to the crisis. Increasing automation in this sector will also lead to a modest contraction in employment. We anticipate that growth will largely be in auxiliary services supporting this sector, rather than firms directly offering finance or insurance services themselves.

The sectoral composition of growth is also reflective of a **growing population**. Although we expect that the pandemic has led to a significant slowdown in migration to the UK, with London the region most affected, we expect population growth to recover from 2022 onwards. We expect a similar pattern across the WLA, which will see the population increase by 61,200 residents from 2019 to 2025, equivalent to growth of 0.5% per year—in line with the Outer London average but slightly lagging the city as a whole (0.6% per year).

A growing population will increase demand for **public services**. Sectors typically (although not exclusively) provided by the public sector will add 0.2

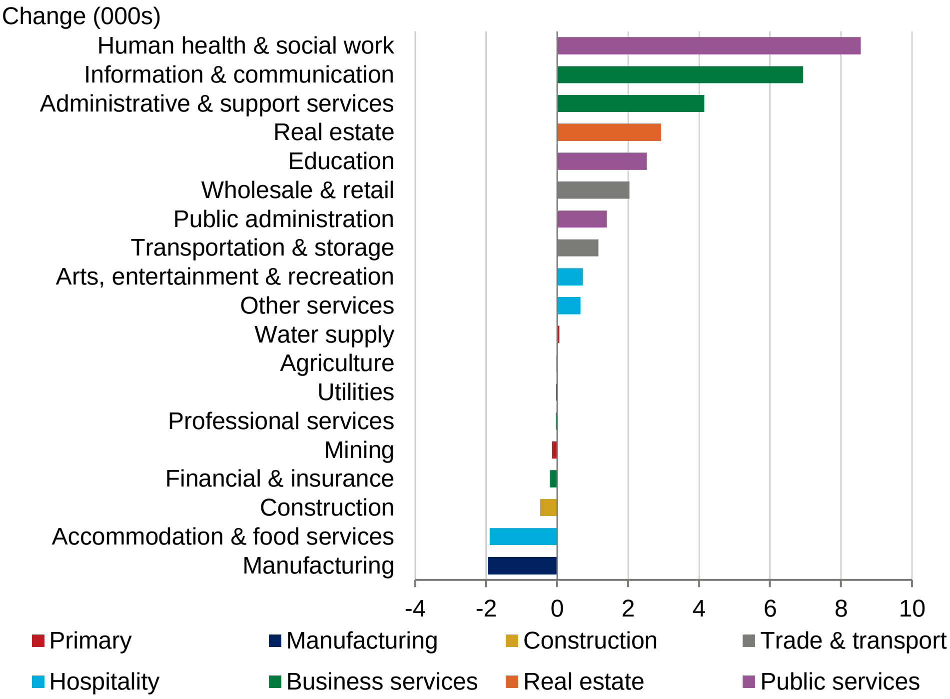
percentage points to overall GVA growth each year. Human health & social work will be the WLA's fastest growing sector in GVA terms, averaging 2.3% per year, and will see its largest increase in employment: 8,600 jobs, or a third of additional employment to 2025. We also forecast further job creation in both education (2,500 additional jobs) and public administration (1,400 additional jobs).

8,600

Additional jobs in human health & social work, 2019 to 2025.

A third of additional jobs over this period.

Fig. 25. Jobs by sector, WLA, 2019 to 2025



Source: ONS, Oxford Economics

The outlook for the WLA's hospitality sectors is mixed. Although the most acutely affected sector in 2020, **accommodation & food services** is expected to recover in GVA terms, its growth will average just 0.5% from 2019 to 2025. However, growth will be associated with improvements in productivity: we expect the workforce to shed 1,900 jobs over this period, as employment only partially recovers from the contraction through 2020 and 2021, although this amounts to the loss of just 2.5% of the pre-pandemic workforce by 2025. The employment prospects for **arts, entertainment & recreation** are somewhat better, with employment expected to recover to pre-pandemic levels in 2024, although overall GVA growth will be modest.

Similarly, we expect the **transport & storage** sector to also recover from the crisis, although we expect only modest overall GVA growth over the period to 2025, adding just 1,200 jobs. However, the fortunes of its sub-sectors are mixed: while storage-related activities such as warehousing and postal services are forecast to grow over this period, neither air nor land transport will see GVA recover by 2025.

Manufacturing will be among the weaker performing sectors. We forecast that over the period to 2025 GVA will grow by a modest 0.5% a year. Furthermore, manufacturing is forecast to shed 2,000 jobs—the most of any sector. This is the result of various headwinds in the short-to-medium term, including the pandemic and Brexit, alongside the wider shift towards more capital-intensive modes of production, and the increased automation of processes. The WLA's manufacturing base is generally engaged in less high-technology activities, such as the manufacturing of food products and beverages, which may have greater scope for automation, and whose fortunes are closely linked to servicing Heathrow.

Of course, manufacturing forms only a small proportion activity relative to other regions of the UK, and hence the WLA and London as a whole are less exposed to the structural decline in manufacturing employment.

Fig. 26. GVA and jobs by standard SIC sector, ranked by forecast GVA growth in WLA, 2019 to 2025

% y/y	GVA			Jobs		
	WLA	Outer London	London	WLA	Outer London	London
Human health & social work	2.3	2.2	2.4	1.2	1.2	1.4
Real estate	2.2	2.1	2.2	1.9	1.9	2.2
Water supply	2.0	1.7	1.7	0.3	0.2	0.2
Information & communication	1.8	1.9	2.0	1.4	1.6	1.6
Wholesale & retail	1.7	1.7	1.8	0.2	0.3	0.3
Professional services	1.5	1.4	2.0	0.0	0.0	0.6
Administrative & support services	1.4	1.3	1.8	0.6	0.6	0.9
Public administration	0.9	0.8	1.1	0.7	0.7	0.9
Education	0.8	0.7	0.9	0.5	0.4	0.6
Accommodation & food services	0.5	0.5	0.5	-0.4	-0.4	-0.3
Manufacturing	0.5	0.2	0.3	-0.7	-0.8	-0.8
Financial & insurance	0.3	0.1	0.6	-0.3	-0.4	0.1
Other services	0.3	0.3	0.5	0.4	0.5	0.7
Transportation & storage	0.2	0.1	0.2	0.1	0.1	0.2
Utilities	0.1	0.1	0.3	-0.4	-0.4	-0.2
Arts, entertainment & recreation	0.0	0.2	0.2	0.4	0.6	0.6
Construction	-0.1	-0.2	0.1	-0.1	-0.1	0.1
Agriculture	-1.7	-1.7	-1.6	-1.3	-1.3	-1.3
Mining	-4.5	-4.5	-4.5	-2.6	-2.7	-2.6
Total	**1.3**	**1.2**	**1.4**	**0.4**	**0.4**	**0.6**

Source: Oxford Economics

4. IMPLICATIONS FOR PRIORITY AND FOUNDATIONAL SECTORS

4.1 A FOCUS ON PRIORITIES AND FOUNDATIONS

We have reorganised the standard sectoral structure of the WLA economy, discussed in the previous chapter. Seven sectors have been identified by partners as priorities (those often identified for particular support and policy intervention):

- Air transport & Heathrow-related;
- Construction;
- Creative;
- Food manufacturing;
- Green;
- Health & care; and
- Knowledge, information, tech & life sciences.

A further nine sectors have been identified by partners as foundational (other sectors important in the local economy):

- Accommodation & food;
- Education;
- Financial & professional services;
- Gambling/betting;
- Non-airport transport & storage;
- Other manufacturing;
- Other personal services;
- Public administration; and
- Wholesale & retail.

A full definition of these sectors is presented in Appendix 2:[16]

We estimate that overall, the priority sectors have experienced a greater loss of output as a consequence of the pandemic, than other sectors. We calculate that GVA across the priority sectors fell collectively by 14% in 2020, compared to 7.5% across the foundational sectors. However, the three most affected sectors are all foundational.

And our estimates suggest that while priority sectors will see a faster recovery in GVA terms through 2021 and 2022, over the medium-term this will not be sufficient to offset their deeper loss of output as a consequence of the crisis. We expect the priority sectors to collectively grow by an average of 1.1% per year to 2025, compared to 1.5% per year across the foundational sectors. This contrasts with the outlook for London as a whole, where the WLA's priority sectors are expected to outperform their foundational counterparts.

[16] These groupings are not the only possible arrangement of the data, which can be rearranged differently to generate alternative sectoral groupings.

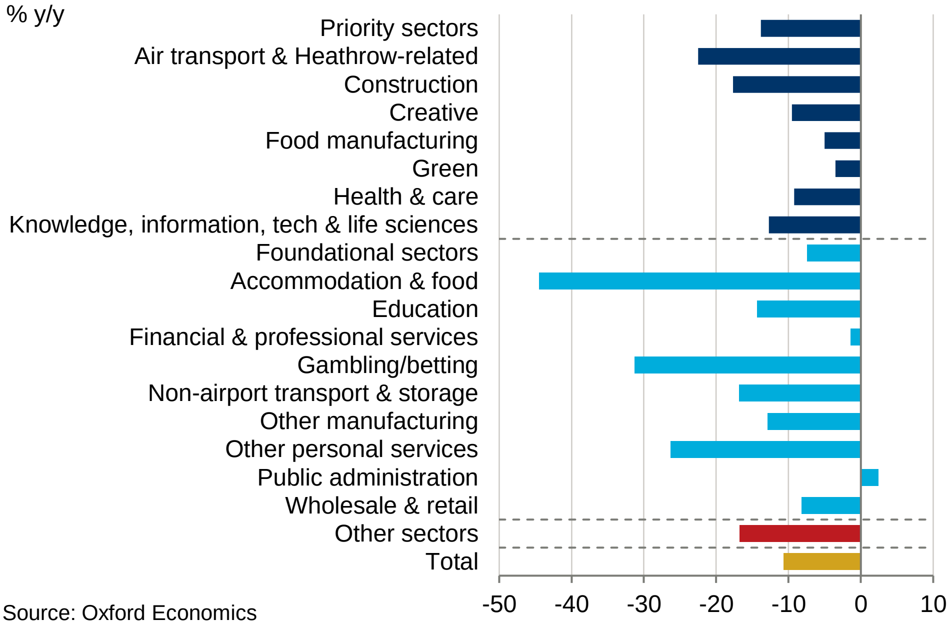
The prospects for employment across the priority sectors is, however, more favourable. While there is little variation in the estimated fall in employment through 2020 and 2021 between the priority and foundational sectors, the medium-term employment outlook for priority sectors is somewhat better: we forecast the priority sector workforce to add 12,700 jobs to 2025, at 0.5% per year, compared to 7,500 jobs or 0.2% per year across the foundational sectors.

Fig. 27. GVA, priority, foundational and other sectors, WLA, 2019 to 2020

14%

Estimated fall in priority sectors' GVA in 2020.

A steeper fall than across the foundational sectors (7.5%) or the WLA economy as a whole (10.7%).



Source: Oxford Economics

4.2 PRIORITY SECTORS

Seven priority sectors have been identified by partners.

Air transport and Heathrow-related is taken for the purposes of this report to include SIC 51 (air travel), and all of SIC 52 (warehousing), 55 (accommodation) and 56 (food & beverage services) located within the boroughs of Hillingdon and Hounslow, but not those sectors located in other boroughs—as such it is accepted it is a rough proxy. As we indicated above, the air transport sector has been severely affected by the crisis. A significant slowdown in both passenger and cargo volumes at Heathrow Airport saw GVA in this priority sector fall by an estimated 23% in 2020 alone.

And while a return to growth will enable a partial recovery in this priority sector, with GVA expected to grow by 7% in 2021 and a further 13% in 2022, our assessment is that over the medium-term output will only return to pre-pandemic levels by 2025. A key factor here will be the extent to which the pandemic has generated a permanent behavioural change. For holiday travel the answer is probably that little has changed, but business travel may be impacted by the realisation that many more meetings can be held virtually than was previously assumed. A combination of this and pressure on companies to consider their carbon footprints, suggests that the return to previous peaks will be slow.

Furthermore, the airport is forecast to shed 500 jobs over the forecast period.

Construction measured as SIC 41 (construction of buildings), 42 (civil engineering), 43 (specialist construction). As we have already noted, the construction sector suffered a significant downturn in activity through the first lockdown last year—exacerbated by high levels of self-employment and rates of smaller firms who are more exposed to the crisis—and we estimate that GVA contracted by 18% in 2020 as a whole, the second-sharpest fall across the nine priority sectors. While GVA will partially recover in 2021, with growth estimated to be 11%, it will slow thereafter, and over the medium-term, the construction priority sector is not anticipated to return to its pre-pandemic level of output by 2025. Construction is also forecast to shed 500 jobs over this period, the joint-largest number of the seven priority sectors.

Of course, significant changes to the pace of new developments might occur—in either direction, with implications for construction activity. However, there has been little evidence as yet of the pandemic causing a radical shift in development plans or falling away in planning aplications. And while it is possible that there may be weaker growth in office demand as a result of a rise in home-working, the corollary may be a rise in office to residential conversion—although that would possibly be more of a feature of those parts of London which currently have very high ratios of offices to residences.

It is also important to remember that the construction workforce is highly mobile, with workers shifting from site to site, so that the relationship between workplace employment in a local area and resident employment is fluid at best. Some WLA residents may currently be suffering because of a lack of demand for construction workers on developments in central London, rather than because of changes in demand, loclly.

Perhaps the biggest impact of the pandemic on the construction sector will be via transport investment—both for the railways and the third runway at Heathrow. However, our starting assumptions on both of these were fairly neutral, with little expected in the short-term, anyway.

Creative includes parts of the information & communication, professional services, and arts, entertainment & recreation broad sectors. This priority sector is reliant on person-to-person interactions, and hence has been somewhat affected by lockdown and social distancing measures. Despite this, we estimate that GVA fell by 9.6% in 2020—a less drastic decline than the WLA economy as a whole, helped by government support measures. The prospects for recovery are strong: GVA is expected to return to its pre-pandemic level next year, averaging 1.8% per year over the medium-term—the second-best performing priority sector. The workforce will similarly recover by 2022, and add 5,200 jobs over the period to 2025. West London has the advantage of strength in both the screen sector and in live performances, and our expectation is that the latter will recover once people’s desire for ‘real’ experiences rebounds.

Food manufacturing includes SIC 10 (manufacturing of food products) and SIC 11 (manufacturing of beverages). Although the coronavirus pandemic led to some disruption to this sector, it has been less affected than the WLA economy as a whole. We estimate that GVA fell by just 5.0% last year, and will recover in 2021. Over the medium-term, food manufacturing is expected to be the third-best performing priority sector, with GVA growth expected to average

1.7% per year. However, growth will be entirely driven by productivity improvements, with a modest loss in employment expected over this period. In the WLA area the sector does have a strong connection with airline catering demand, but even if that remains weak, the sector should be able to refocus on other parts of the market.

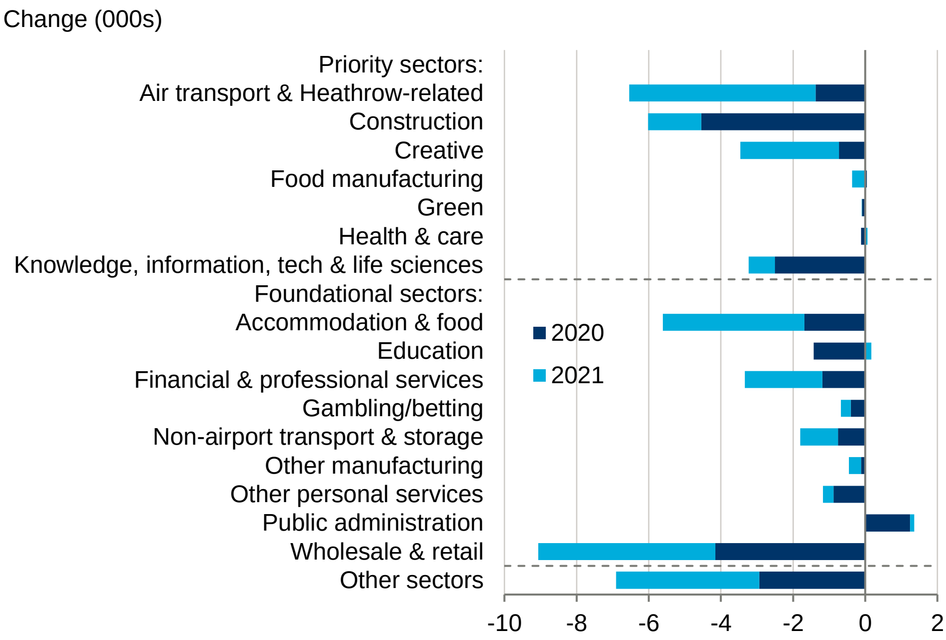
Green includes the agriculture, utilities and water supply (including waste management/recycling) broad sectors, and parts of the mining sector. Green is the least-affected priority sector to the crisis: we estimate that GVA contracted just 3.5% in 2020—making it the best performing of the seven priority sectors—and is forecast to recover to its pre-pandemic level by 2022. Over the medium-term, GVA will average 1.2% per year to 2025, a similar performance to the WLA economy as a whole. Green is the only priority sector where growth across the WLA is expected to outperform London over this period. The green workforce is the smallest of the seven priority sectors, supporting just 5,000 jobs prior to the pandemic, and we expect this level of employment to remain largely unchanged over the medium-term. It is, however, worth noting that small sectors do sometimes have the capacity for very rapid increases in demand and output.

19,700

Priority sectors jobs lost through 2020 and 2021.

Equivalent to two-in-five of all jobs lost across the WLA.

Fig. 28. Jobs, priority, foundational and other sectors, WLA, 2019 to 2021



Source: Oxford Economics

Health & care will be relatively resilient to the crisis. While we estimate that GVA contracted by 9.2% in 2020, as resources where shifted from higher-value activities to deal with the pandemic, although the workforce remained resilient. GVA will return to its pre-pandemic level in 2021, and over the medium-term, will average growth of 2.3% per year to 2025—the fastest-growing priority or foundational sector across the WLA. The workforce will also add 8,600 jobs at 1.2% per year to 2025. Much will depend on public finances: there is a risk that central government seeks to rapidly recoup some of the extra borrowing it has embarked up, which would potentially mean squeezing the care sector in particular. However that would probably be politically very unpopular: the pandemic has drawn attention to the sector's importance.

Knowledge, information, tech & life sciences includes parts of the manufacturing, information & communication, professional and other services sectors. The coronavirus pandemic has affected the knowledge sector more than other parts of the economy: we estimate that GVA fell by 12.7% in 2020, although it is due to return to growth this year and next. Over the medium-term to 2025, the knowledge economy will average GVA growth of 0.9% per year. The workforce will shed 3,200 jobs through 2020 and 2021, although employment will return to its pre-pandemic level by 2024.

And indeed, this is clearly a sector with huge growth potential, which has been made all the more apparent by the pandemic. So for example not only have businesses adopted online meetings, but online teaching, medical examinations and even medical procedures have become more widespread. The major reservation is that these are likely to be hotly contested markets, and the 'internet giants', which are not especially well represented in West London, will seek to be major players.

4.3 FOUNDATIONAL SECTORS

Nine foundational sectors have been identified. It is in their nature that their growth normally tends to be close to the average for the economy, but clearly some have been severely knocked off-track by the pandemic.

Accommodation & food includes SIC 55 (accommodation) and 56 (food & beverage sectors) across all boroughs bar Hillingdon and Hounslow, where these activities are reflected in air transport & Heathrow-related. As detailed in Chapter 3, the accommodation & food sector has been the most immediately affected by the pandemic. Lockdowns and social distancing measures have severely reduced activity in this sector, and we estimate that GVA fell by 44% in 2020 alone. Looking forward, the easing of restrictions will allow a recovery through this year and next, in line with the WLA economy as a whole, and over the medium-term accommodation & food will average GVA growth of 0.7% per year to 2025. The workforce however will shed 5,600 jobs through 2020 and 2021, and will support 1,000 fewer jobs in 2025 than prior to the pandemic.

Education saw GVA fall by 14% last year, largely due to sustained periods of school closures in a bid to reduce the spread of the virus (although as we noted earlier, the ONS has sought to include distance learning and home schooling in its estimates of sectoral output). This sector is expected to recover through 2021 and 2022, growing by 6.7% and 10.4% respectively. Over the medium-term to 2025, GVA growth will average 0.8% per year. The education sector also has comparatively limited scope for automation, and is expected to add 2,500 jobs over the period 2019 to 2025—the joint-most of the nine foundational sectors.

Financial & professional services have been largely insulated from the worst aspects of the crisis, with office-based workers able to transition to working from home with limited effect on productivity, and continuing demand for financial services, including from companies needing emergency finance. We estimate that GVA fell by just 1.4% in 2020, a sum which it is due to recover this year. Over the medium-term to 2025, financial & professional services GVA will grow by an average of 1.9% per year—the fastest-growing foundational sector, and behind only health & care. Essentially this is because professional services are a 'superior good'—as consumer incomes and company incomes rise, they buy disproportionately more of them. Financial & professional services will also support 2,500 additional jobs over this period.

Gambling/betting saw among the sharpest falls in GVA across priority or foundational sectors. We estimate that GVA fell by 31% in 2020 alone. While the coronavirus pandemic may have exacerbated the decline of this sector, it reflects a longer-running trend: output halved over the decade preceding the crisis. GVA is not expected to recover to its pre-pandemic level in the medium term: gambling/betting will be the weakest performing priority or foundational sector, contracting by an average of 1.2% per year over the period 2019 to 2025. This sector will also shed around 200 jobs over this period.

Non-airport transport & storage includes SICs 49 (land transport), 50 (water transport) and 53 (postal & courier activities). We estimate that GVA fell by 17% in 2020. While all components of this sector contracted last year, the impact was most immediately felt in land transport as the crisis led to a significant reduction in passenger numbers. However, demand will improve as the economy recovers: GVA will return to its pre-pandemic level in 2022, and average growth of 0.6% per year over the period 2019 to 2025. As a result, the non-airport transport & storage sector will add 700 jobs over this period. The storage element has already received a big boost from the pandemic, with particular demand for 'last-mile' logistics; however that part is very labour non-intensive. Deliveries are, however, likely to remain labour intensive for at least the next few years, and we expect the same to be true for public transport in our forecast period.

Other manufacturing is measured as SICs 12–25 and 28–32. We estimate that GVA fell by 13% in 2020. This sector is expected to partially recover, growing by 4.8% in 2021 and 4.1% in 2022, although it will not return to its pre-pandemic level of output by 2025. Of the nine foundational sectors, only gambling/betting has a weaker medium-term outlook. A decline in output, and underlying trend towards automation, will see the other manufacturing workforce shed 1,200 jobs over this period. The major location is of course the Park Royal estate: as this is gradually redeveloped and renewed, we expect to see a broadening beyond manufacturing, and the loss of lower skilled jobs.

Other personal services consists of the personal services not captured within the knowledge, information, tech & life sciences priority sector. We estimate that GVA fell by 26% last year, as this sector suffered from a slowdown in demand and restrictions in the provision of services such as dry-cleaning and hairdressing. As restrictions are lifted, GVA will grow by 12% in 2021, and a further 16% in 2022. However, over the medium-term, GVA growth will average just 0.3% per year to 2025, adding 500 additional jobs. The long term trend is towards lifestyles that rely on less professional care, and more use of home products.

Public administration is largely insulated from the pandemic. Increased resources to fight both the health and economic impacts of the virus led GVA to increase by an estimated 2.4% in 2020—the only priority or foundational sector to grow last year. Growth will slow thereafter, averaging 0.9% per year from

2019 to 2025, while supporting 1,400 additional jobs over this period. There is, however, some risk from possible budget cuts, although the scope for this at the local authority level becomes progressively less, as services are focused on meeting statutory obligations (and central government employment in West London is not especially high to start with).

Wholesale & retail has been less immediately affected by the crisis than other parts of the WLA economy. As discussed in Chapter 3, a transition towards greater online shopping has enabled sales to be more resilient than otherwise may have been the case. We estimate that GVA fell by 8.2% last year, but will recover in line with the wider economy, as consumer confidence improves. GVA growth will average 1.7% per year to 2025—the second-fastest growth rate across the nine foundational sectors. And despite the increasing adoption of technology in this sector, we expect a recovery in the workforce, which is due to add 2,000 additional jobs over this period. Clearly however, these are generalisations: many individual retail establishments have suffered, and shopping centres are also facing their own long-term problems. The likelihood is that success will increasing be associated with non-price factors (quality, variety, convenience, fashion, and so on), with price-comparison shopping gravitating increasingly online.

Fig. 29. GVA and jobs, priority, foundational and other sectors, 2019 to 2025

% y/y	GVA			Jobs		
	WLA	Outer London	London	WLA	Outer London	London
Priority sectors	**1.1**	**0.9**	**1.5**	**0.5**	**0.6**	**1.0**
Air transport & Heathrow-related	0.0	0.1	0.5	-0.1	0.1	0.4
Construction	-0.1	-0.2	0.1	-0.1	-0.1	0.1
Creative	1.8	1.7	2.0	1.1	1.0	1.3
Food manufacturing	1.7	1.7	1.9	0.0	0.0	0.1
Green	1.2	1.0	0.8	0.0	-0.1	-0.2
Health & care	2.3	2.2	2.4	1.2	1.2	1.4
Knowledge, information, tech & life sciences	0.9	1.3	1.6	0.6	0.7	1.0
Foundational sectors	**1.5**	**1.3**	**1.4**	**0.2**	**0.2**	**0.4**
Accommodation & food	0.7	0.6	0.6	-0.4	-0.4	-0.3
Education	0.8	0.7	0.9	0.5	0.4	0.6
Financial & professional services	1.9	1.8	1.6	0.4	0.4	0.6
Gambling/betting	-1.2	-1.1	-1.1	-0.8	-0.6	-0.6
Non-airport transport & storage	0.6	0.1	0.0	0.2	0.0	0.0
Other manufacturing	-0.6	-0.7	-0.8	-1.1	-1.1	-1.3
Other personal services	0.3	0.3	0.5	0.5	0.6	0.7
Public administration	0.9	0.8	1.1	0.7	0.7	0.9
Wholesale & retail	1.7	1.7	1.8	0.2	0.3	0.3
Other sectors	**1.3**	**1.3**	**1.8**	**0.5**	**0.5**	**0.9**
Total	**1.3**	**1.2**	**1.4**	**0.4**	**0.4**	**0.6**

Source: Oxford Economics

5. HOW THE OUTLOOK HAS CHANGED SINCE OUR PREVIOUS REPORT

Our original report drew on the May 2020 iteration of Oxford Economics' baseline forecasts. At that time, much was not yet known about the extent of the crisis, the sectors that would be most affected, and how quickly the economy might recover. The forecasts detailed in this report draw on our February 2021 outlook. In order to understand how the WLA's economic prospects have changed since the original report, we may compare the WLA's growth outlook from the original report with our view today.

This comparison shows that **the fall in WLA GVA in 2020 was much deeper than previously anticipated**: our May 2020 baseline forecast indicated that GVA would contract by 9.0% last year, somewhat less than our current estimate of 10.7%. Our February 2021 forecast also indicates that the recovery will be more drawn out: we estimate GVA will grow by 5.7% this year, compared to 7.4% in the original report, and will take slightly longer to return to pre-pandemic levels.

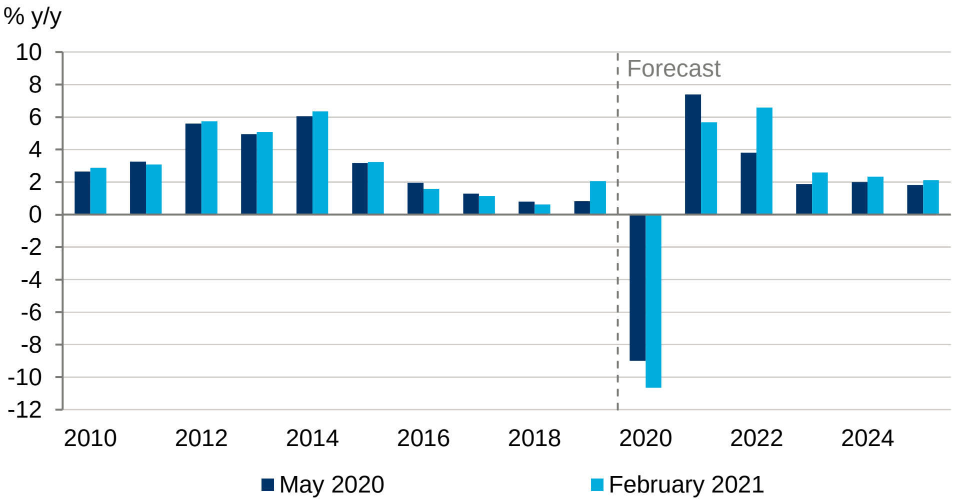
However, the prospects for growth from this point on have slightly improved, and over the 2019 to 2025 period, our current forecast suggests **a slightly stronger overall rate of GVA growth** (1.3% per year) than in May 2020 (1.2% per year).

1.3%

Average annual GVA growth, 2019 to 2025.

The WLA will see a sharper fall in GVA in the short run, but will overall grow faster than our May 2020 forecast (1.2% per year).

Fig. 30. GVA, WLA, 2010 to 2025



Source: ONS, Oxford Economics

As detailed in Chapters 2 and 3, we now expect the fall in employment to continue through 2020 and 2021—our May 2020 expected the rebound in employment to occur this year. The impact on employment losses in 2020 has been less drastic than originally anticipated: we estimate that the WLA shed 1.9% of employment in 2020, around half of the losses expected in May 2020

(3.7%). This is largely due to the extension of government support schemes, which have seen a particularly high take-up rate across the WLA.

However, the extension of these schemes may delay an adjustment to employment. We currently expect a further contraction in employment of 2.5% in 2021, whereas our May 2020 forecasts expected the employment recovery to begin this year. Therefore, **the loss of employment as a consequence of the crisis is greater than previously expected**: **we estimate that the pandemic will result in a loss of 48,600 jobs**, compared to 40,700 jobs in our May 2020 forecasts.

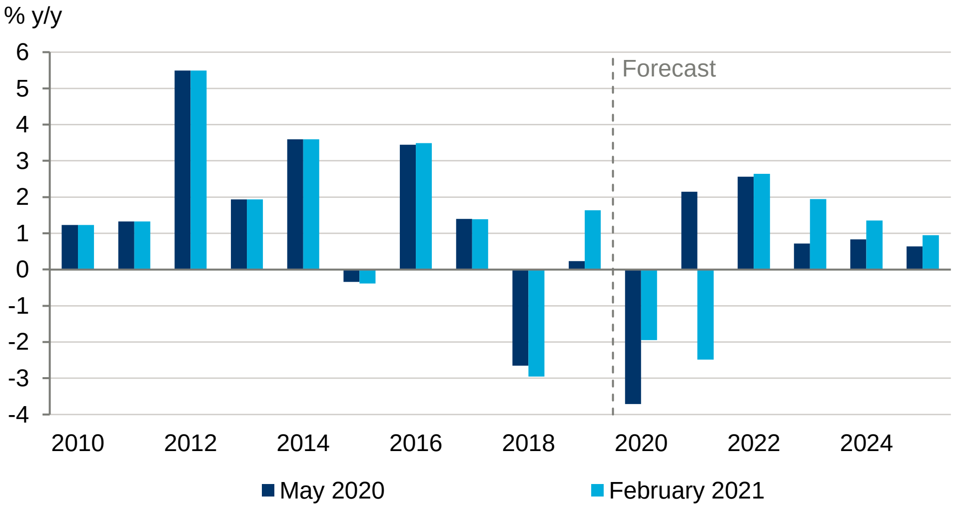
Despite a deeper and more prolonged fall in employment through the crisis, **the prospects for job growth from 2022 onwards are improved**. Over the period 2019 to 2025, we forecast job growth to average 0.4% per year, slightly below the May 2020 forecast (0.5% per year).

0.4%

Average annual job growth, 2019 to 2025.

A slight downgrade on our May 2020 forecast (0.5% per year)

Fig. 31. Jobs, WLA, 2010 to 2025



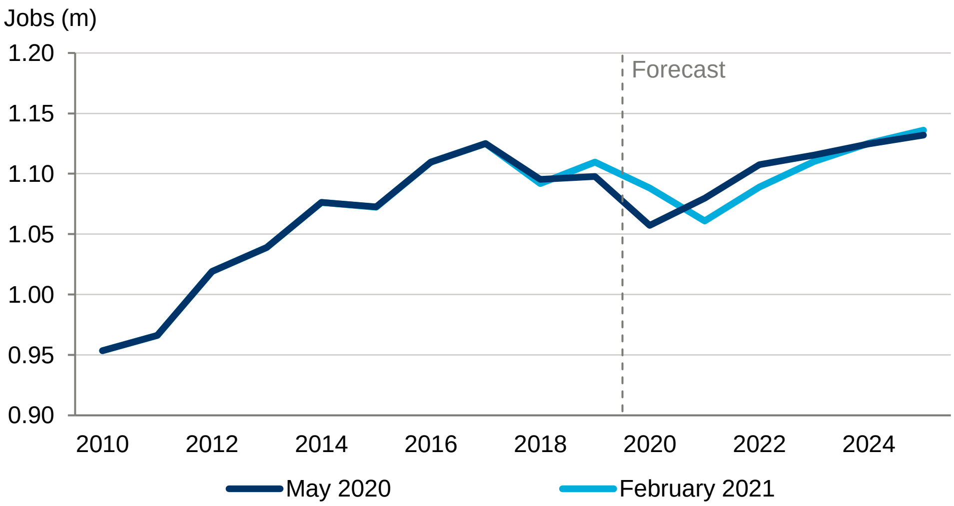
Source: ONS, Oxford Economics

1.14m

Jobs in 2025.

Slightly higher than our May 2020 forecast (1.13 million).

Fig. 32. Jobs, WLA, 2010 to 2025



Source: ONS, Oxford Economics

HOW HAS THE OUTLOOK FOR THE WLA BOROUGHS CHANGED?

The outlook for the individual WLA boroughs has also changed since the original report. Overall, four of the seven WLA boroughs have seen an improvement in their growth prospects. These changes are largely due to revisions of our historical estimates, which tend to result in more pronounced changes to growth rates across smaller geographical areas. However, the **variations in the growth outlook will not lead to a substantial change in the spatial distribution of economic activity** across the WLA over the coming years.

The most marked difference in outlook is for Ealing (1.5% per year), which was expected to be the WLA's weakest-performing borough in the original forecast. Ealing has particularly benefitted from an improved outlook for the real estate activities sector, which formed a quarter of the borough's GVA prior to the crisis, alongside more recent data suggesting stronger job creation across the borough than was previously understood. Brent (1.8% per year) is similarly expected to benefit from an improved outlook for real estate activities.

The outlook is less varied for the other five boroughs: our current forecast for GVA growth is within 0.4 percentage points of our May 2020 forecast in each case.

Fig. 33. Headline indicators, WLA boroughs, 2019 to 2025[17]

% y/y	GVA		Jobs		Population	
	May 2020	February 2021	May 2020	February 2021	May 2020	February 2021
Barnet	1.4	1.2	0.8	0.2	0.8	0.6
Brent	1.1	1.8	0.5	0.3	0.6	0.5
Ealing	0.4	1.5	-0.1	0.5	0.3	0.3
Hammersmith & Fulham	1.7	1.3	1.1	0.5	0.7	0.7
Harrow	1.1	0.7	0.6	0.3	0.5	0.5
Hillingdon	0.8	1.1	0.4	0.5	0.5	0.4
Hounslow	1.1	1.2	0.6	0.4	0.5	0.5
WLA	**1.2**	**1.3**	**0.5**	**0.4**	**0.6**	**0.5**
Outer London	1.1	1.2	0.5	0.4	0.6	0.5
London	1.6	1.4	0.9	0.6	0.7	0.6
UK	**1.2**	**1.1**	**0.4**	**0.4**	**0.3**	**0.2**

Source: Oxford Economics

An important point is that differences in the employment growth rate are more than offset by revisions to ONS and our own historical estimates, which suggest that the WLA workforce prior to the crisis was larger than previously expected. As a consequence, despite a slower overall growth rate, we forecast a higher level of workplace employment by 2025 (1.14 million) than the previous May 2020 estimate (1.13 million).

We have also revised our population outlook. Our May 2020 forecast indicated that the pandemic would have little effect on population, which would continue to grow at a steady rate as observed in previous years.

[17] Further analysis of the outlook for each of the seven boroughs is presented in Appendix A.

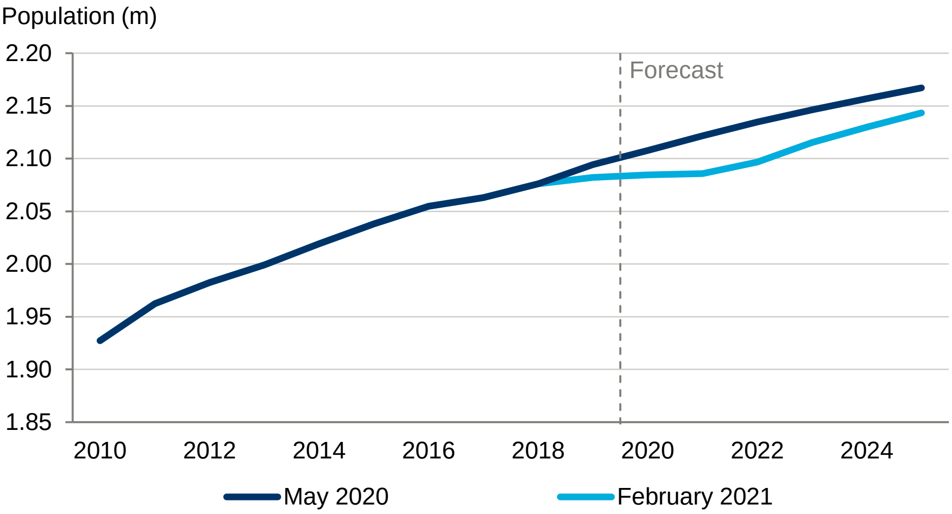
However, as set out in Chapter 2, we have **downgraded our population forecast** across through 2020 and 2021, as the UK (and London) attracts fewer international migrants through the pandemic. This is reflected in a near-levelling off of population levels through 2020 and 2021 across the WLA, and although growth expected to return thereafter, the WLA population will experience slower growth to 2025 (0.5% per year) than in our May 2020 forecast (0.6% per year). As a consequence, the WLA will have 23,000 fewer residents than previously expected by 2025.

23,000

Fewer residents by 2025.

The crisis has led to a slowdown in net migration to the WLA and London through 2020 and 2021.

Fig. 34. Population, WLA, 2010 to 2025



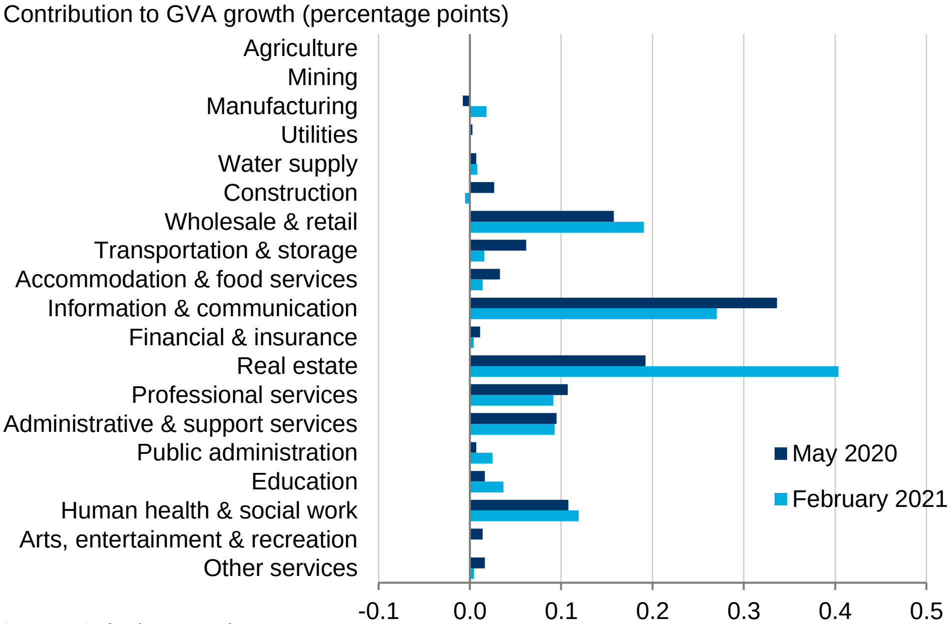
Source: ONS, Oxford Economics

Our views on the sectoral drivers of growth have changed very little since May. The most notable difference is in the real estate sector, where our current outlook is more bullish about growth prospects and the sector's contribution to additional GVA. This is linked to the greater buoyancy of the housing market through the crisis than was expected at its onset, helped to some degree by a stamp duty holiday on purchases up to £500,000 through July 2020 to June 2021.

Real estate aside, there have been very few adjustments to our sectoral outlook. There has been some improvement in the outlook for public sector activities, and wholesale & retail trade, although largely offset by a minor downturn in the prospects for business service sectors, including information & communication, professional, and administrative services.

Fig. 35. GVA by sector, WLA, 2019 to 2025

> A comparison between the two forecasts indicates that our view on the sectoral drivers of growth has changed very little since May.



Source: Oxford Economics

6. HAS THE PANDEMIC FUNDAMENTALLY CHANGED THE OUTLOOK?

The discussion in previous chapters leads to the big question of the extent to which the pandemic has produced a once-and-for-all shift in the UK economy, and that of West London, or whether it has largely accelerated trends that were already in place, with the move towards online retailing as perhaps the most obvious example.

> The pandemic will leave some ‘scarring’…slightly lower investment, slightly weaker population growth, and slightly higher unemployment.

This is a large subject and we cannot do it justice here. But we do think that the pandemic will leave some ‘scarring’. At the UK level it will leave a legacy of slightly lower investment, slightly weaker population growth, and slightly higher unemployment. Our latest long-term GDP forecast is 2.6 percentage points lower than pre-pandemic, which already included a three-percentage point hit from Brexit.

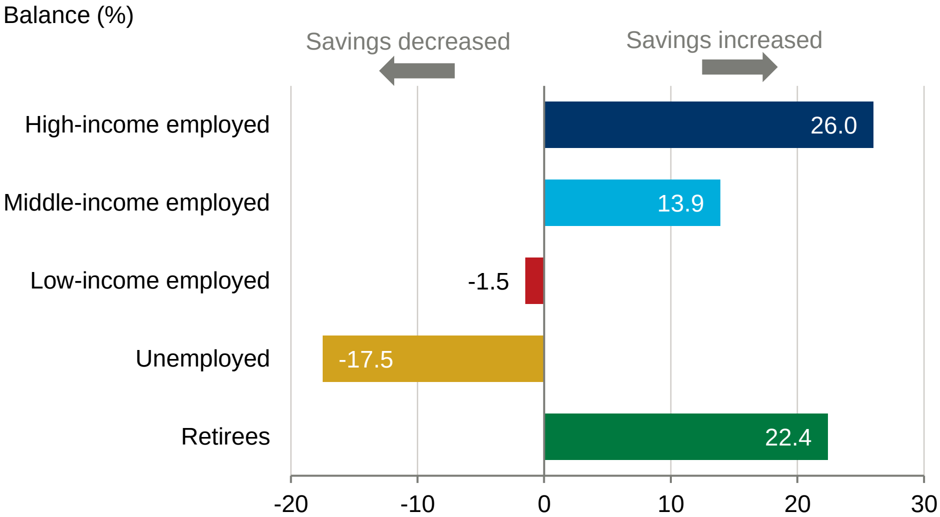
Investment will be lower because many firms have been forced to take on extra debt during the pandemic, to plug holes in revenues and to support cashflow. The resulting increase in debt servicing costs will eat into funds available to invest. And if pandemic-induced changes in shopping and work habits become permanent, even at moderate levels, then there is likely to be reduced demand for retail and office space.

Lower population growth comes about because our forecast assumes zero net inward migration in 2020 and 2021. And although we expect some catch-up from 2022, as many EU nationals with "settled status" return, the fact that the UK government is operating a strict points-based system of immigration implies that the UK population will remain permanently lower than in our pre-pandemic forecast. London will be affected more than most places.

Where unemployment is concerned, those who are out of work for a prolonged period will see the value of their skills eroded, and they may become detached from the labour market. The pool of available and suitably skilled workers will be reduced, damaging potential economic growth. That said, the consequences may be as much social as economic. To date, job losses have been concentrated in lower-skilled sectors. And there is a risk that job losses later this year will hit some social groups especially hard, for example those who work disproportionately in casual employment in hospitality and basic services such as cleaning.

In that context, it is very striking that the pandemic has seen high income households and retired people increase their savings, and low-income households and especially the unemployed see their savings eroded. So, the pandemic has worsened inequalities in that sense—and probably in others too.

Fig. 36. Change in savings by household type, UK, August to September 2020



Source: NMG Consulting and Bank of England calculations

A similar point can be made in terms of people's work-life balance, with some people who are in insecure employment potentially needing to risk their health in order to remain employed, while others have been given much greater control over their use of time and their location of work.

> More positively, there is the possibility of a step-increase in the adoption of new technology, with implications not just for productivity but for other areas of life such as healthcare.

More positively, there is the possibility of a step-increase in the adoption of new technology, with implications not just for productivity but for other areas of life such as healthcare, with more scope for remote provision, and consequent benefits for people's quality of life. And if the step-increase in adoption rates for new technology means that unit prices can tumble, then the adoption rates may fall further, and so may prices, via a virtuous circle. The point here is that this would not just mean that an existing trend was accelerated: a point of 'take-off' would occur, equivalent to the spread of past technologies such as steam or electricity—but almost certainly telescoped into a much more intense period of change.

Making that happen would clearly be a global story and well beyond the remit of West London Alliance partners. However, there may be a case for some strategic realignment, to reflect increased challenges, but also perhaps some new opportunities.

APPENDIX 1: BOROUGH PROFILE: BARNET

EVIDENCE ON THE IMPACTS OF COVID-19

We estimate that the Barnet economy **contracted by 9.9% in 2020** alone. Barnet was less affected by the pandemic than the WLA economy as a whole, which contracted by 10.7% last year, although the borough underperformed the London average (9.4%). We estimate that the Barnet workforce **shed 4,800 jobs** in 2020, a 2.9% contraction, and expect a further **4,400 jobs** to be lost in 2021.

Prior to the crisis, **real estate activities** was Barnet's largest sector in GVA terms by some distance, accounting for almost a third of total GVA—the highest share across all WLA boroughs. That the pandemic has not led to a significant downturn in property prices has to some extent helped to dampen the fall in overall GVA last year. Barnet's **hospitality** sectors, in particular accommodation & food services, but also arts, entertainment & recreation and other services, are most affected by the crisis, although the borough's economy is less exposed to a downturn in these sectors than elsewhere in the WLA.

Employment across Barnet has benefited to a degree from a relatively **high concentration of public services**, such as human health & social work and education. Despite a fall in GVA across these sectors as a consequence of the crisis, we expect them to be relatively stable in employment terms. However, Barnet has a lesser concentration of activity in information & communication relative to the rest of the WLA, which has been among the most resilient sectors during the crisis. Other business services that are more prevalent locally, including professional and administrative services, will experience some of the largest job losses, alongside falls in construction and wholesale & retail trade employment.

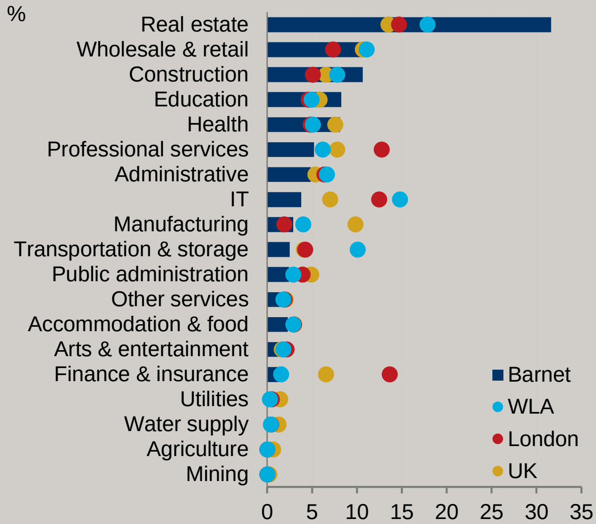
BASELINE OUTLOOK FOR THE BARNET ECONOMY

We expect the vaccination rollout to facilitate a sustained recovery in the economy: Barnet's GVA will grow by 5.1% in 2021, and a further 5.5% in 2022, returning to pre-pandemic levels in early-2023. As the economy recovers from the crisis, and returns to longer-run patterns of growth, we expect Barnet to average GVA growth of **1.2% per year** over the period 2019 to 2025, slightly below the WLA average (1.3% per year) and London as a whole (1.4% per year). The recovery of the workforce will be more prolonged: jobs will not recover to pre-pandemic levels until 2024, adding **2,300 jobs** at an average of 0.2% per year to 2025—the lowest rate of employment growth across the WLA.

This implies a heavy reliance on productivity improvements to support GVA growth, through the changing sectoral composition of the Barnet economy, as growth favours more productive sectors, and an overall trend towards greater automation. However, this also reflects a comparative reliance on **real estate activities**, which alone will account for half of additional GVA generate by the Barnet economy. However, real estate will add just 800 jobs across Barnet to 2025.

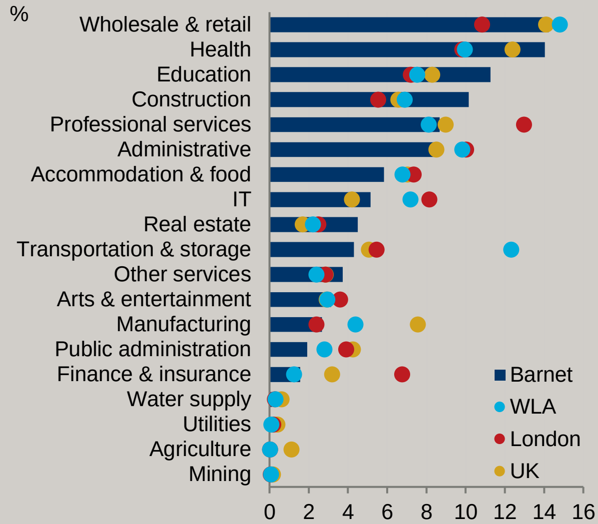
Human health & social work is expected to be Barnet's fastest-growing sector in GVA terms (2.3% per year), and will account for four-fifths of additional job creation across the borough (1,800 additional jobs). Barnet tends to underperform the WLA as a whole among the business services that we expect to be key to growth across London. The main exception is information & communication, which is expected to average GVA growth of 2.2% per year, adding 800 jobs. Indeed, professional services will not see jobs recover to pre-pandemic levels by 2025, alongside other larger sectors, including construction, accommodation & food services and wholesale & retail trade.

Fig. 37. GVA by sector, 2019



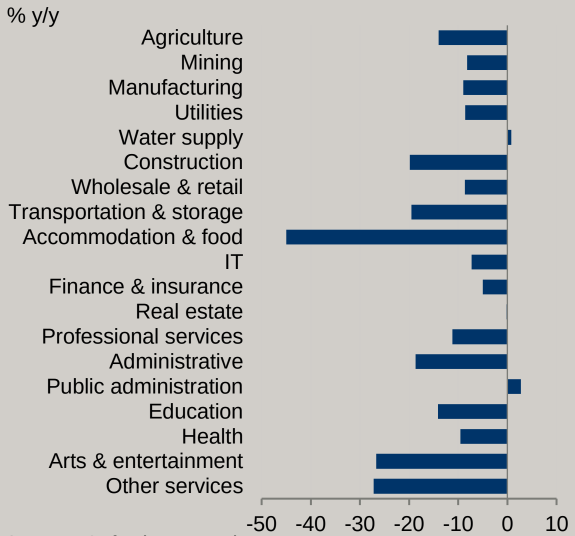
Source: ONS, Oxford Economics

Fig. 38. Jobs by sector, 2019



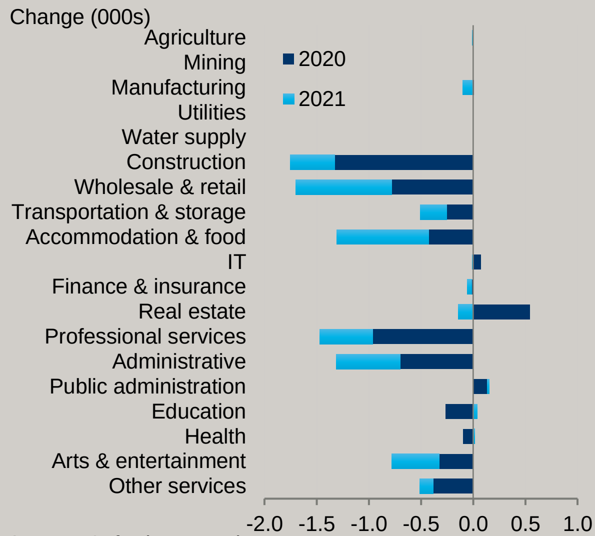
Source: ONS, Oxford Economics

Fig. 39. GVA by sector, 2019 to 2020



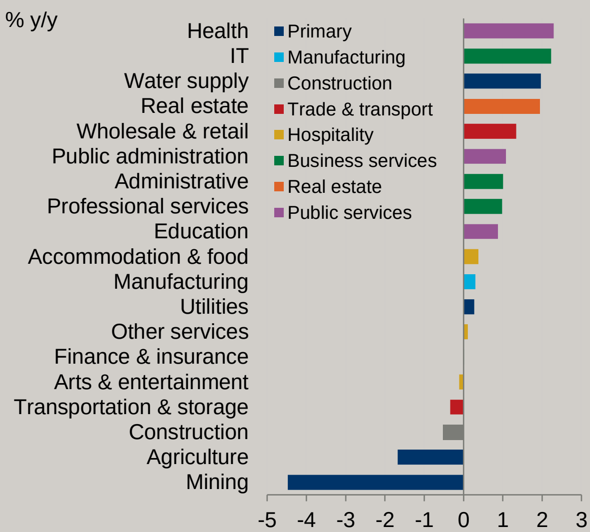
Source: Oxford Economics

Fig. 40. Jobs by sector, 2019 to 2021



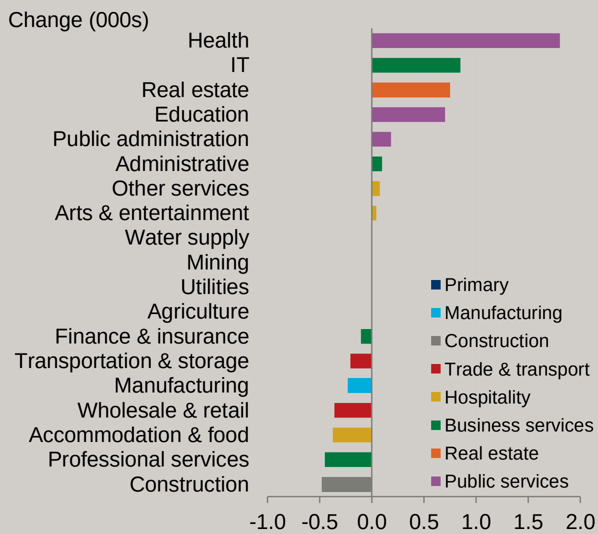
Source: Oxford Economics

Fig. 41. GVA by sector, 2019 to 2025



Source: Oxford Economics

Fig. 42. Jobs by sector, 2019 to 2025



Source: Oxford Economics

BOROUGH PROFILE: BRENT

EVIDENCE ON THE IMPACTS OF COVID-19

We estimate that the Brent economy **contracted by 9.0% in 2020**. Brent was less affected by the pandemic than the WLA economy as a whole, which contracted by 10.7% last year, and the London average (9.4%). We estimate that the borough **lost 3,800 jobs in 2020**, a 2.6% contraction, and expect a further **loss of 3,700 jobs in 2021**.

Prior to the crisis, **real estate activities** was Brent's largest sector in GVA terms by some distance, accounting for almost a quarter of total GVA. That the pandemic has not led to a significant downturn in property prices has to some extent helped to dampen the fall in overall GVA last year. Meanwhile, we estimate that Brent's relatively large wholesale & retail sector has seen a less drastic fall in activity than elsewhere in the WLA.

However, **construction** will be among the most affected sectors. Construction was among Brent's largest sectors prior to the crisis, and GVA is expected to fall by 18% in 2020 alone. This sector will also shed 1,700 jobs through 2020 and 2021, equivalent to around a quarter of total job losses across the borough. Brent's hospitality sectors will be most immediately affected by the crisis, and while accommodation & food services will see the sharpest fall in GVA, Brent is more exposed than other parts of the WLA to a downturn in the arts, entertainment & recreation sector. Wholesale & retail trade, professional services, and administrative & support services are also expected to see job losses as a consequence of the crisis.

BASELINE OUTLOOK FOR THE BRENT ECONOMY

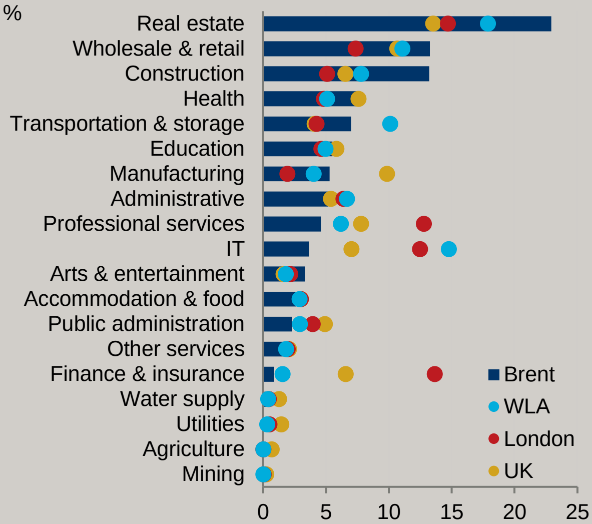
We expect the vaccination rollout will facilitate a sustained recovery in the economy: Brent's GVA will grow by 7.7% in 2021, and a further 6.2% in 2022, returning to pre-pandemic levels. As the economy recovers from the crisis, and returns to longer-run patterns of growth, we expect Brent to be the fastest-growing WLA borough. We estimate that GVA will grow by an average of **1.8% per year** from 2019 to 2025, the sixth-fastest rate across all London boroughs, and the fastest-growing Outer London borough.

Despite an expectation that Brent will be the fastest-growing WLA borough in GVA terms, job growth will be modest: we expect the Brent workforce to add **2,600 jobs** by 2025, averaging 0.3% per year—the second-lowest rate across the seven WLA boroughs. We do not expect employment to return to its pre-pandemic level until 2024. While this implies that Brent will see the greatest increase in average productivity across the WLA (0.9% per year), this is largely due to the strength of the **real estate activities** sector locally—in practice, this is largely a reflection of increasing house prices and imputed rents, rather than a substantial increase in the productive capacity of the Brent economy. Indeed, despite accounting for over a third of additional GVA across the borough to 2025, real estate only adds a modest 300 additional jobs.

As across the WLA, business service sectors such as information & communication (3.1% per year), professional services (1.9% per year), and administrative & support services (1.7% per year) will all be among Brent's fastest-growing sectors. The borough will also benefit from the fastest-growing wholesale & retail trade sector across the WLA, which will average GVA growth of 3.0% per year. Despite broader trends towards automation in the wholesale & retail sector, we expect the Brent workforce to add another 800 jobs in this sector to 2025.

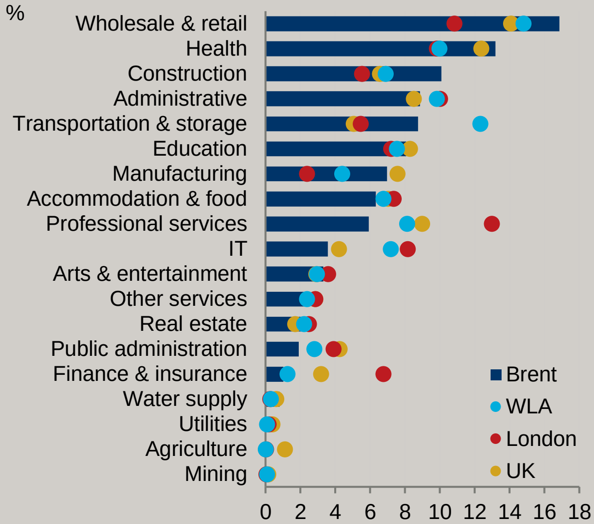
Public service sectors will be key to supporting employment growth. Human health & social work will add 1,500 additional jobs to 2025, equivalent to more than half of additional employment across Brent, with education adding a further 600 jobs. At the other end of the scale however, job losses will be concentrated in construction and manufacturing.

Fig. 43. GVA by sector, 2019



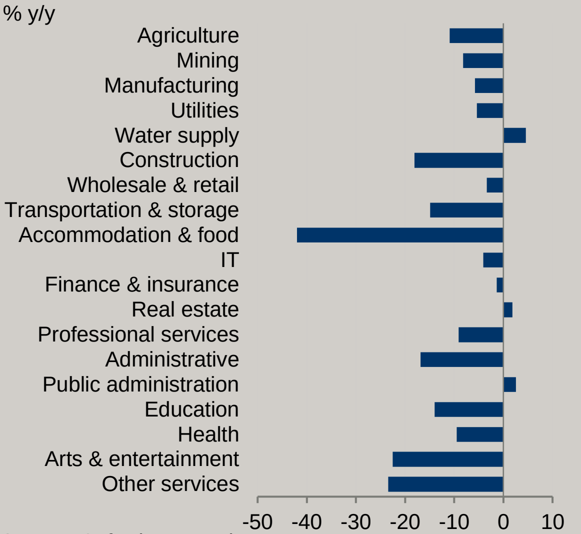
Source: ONS, Oxford Economics

Fig. 44. Jobs by sector, 2019



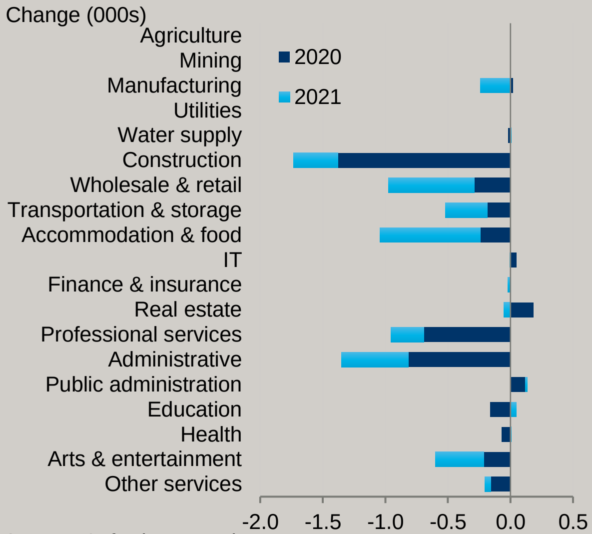
Source: ONS, Oxford Economics

Fig. 45. GVA by sector, 2019 to 2020



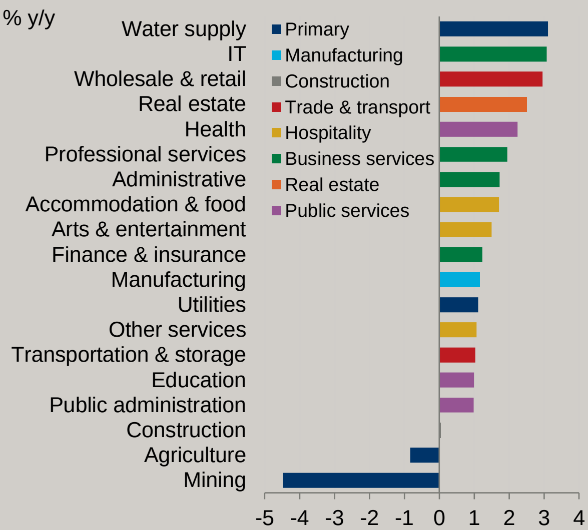
Source: Oxford Economics

Fig. 46. Jobs by sector, 2019 to 2021



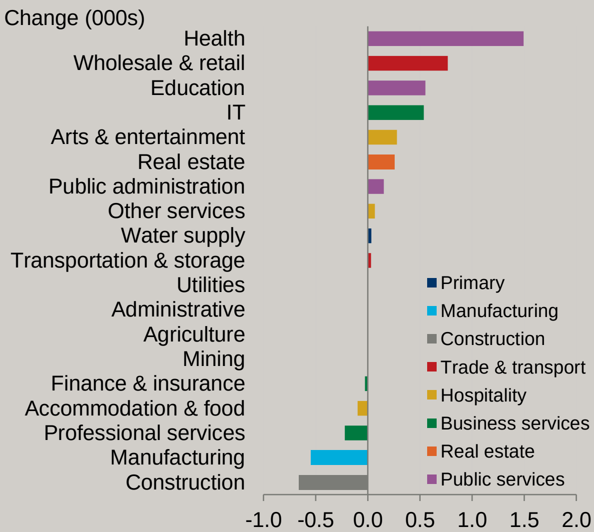
Source: Oxford Economics

Fig. 47. GVA by sector, 2019 to 2025



Source: Oxford Economics

Fig. 48. Jobs by sector, 2019 to 2025



Source: Oxford Economics

BOROUGH PROFILE: EALING

EVIDENCE ON THE IMPACTS OF COVID-19

Ealing was among the most resilient London boroughs in 2020, faring better than both the WLA and London economy. We estimate that **GVA declined by 8.9%** last year—the smallest contraction across the seven WLA boroughs, while only six London boroughs saw a lesser fall in GVA. Ealing's favourable performance is also reflected across the workforce: we estimate that the borough shed just 1,600 jobs in 2020, and expect a further 3,400 jobs to be lost in 2021. Across both years this amounts to a loss of 3.0% of the pre-pandemic workforce, the lowest decline across all WLA boroughs.

That Ealing has been less immediately affected by the pandemic than other parts of the WLA economy is largely related to its favourable sectoral composition. Prior to the crisis, **real estate activities** was Ealing's largest sector in GVA terms by some distance, accounting for almost a quarter of total GVA. That the pandemic has not led to a significant downturn in property prices has to some extent helped dampen the fall in overall GVA last year.

As elsewhere, the borough's **hospitality** sectors, most notably accommodation & food services, have seen the largest fall in GVA as a consequence of lockdown and social distancing measures, although Ealing is less exposed to these sectors than elsewhere in the WLA. We expect wholesale & retail to experience the greatest employment impact, shedding 1,100 jobs through 2020 and 2021, although both GVA and employment in the sector will be comparatively less affected by the crisis compared to the WLA as a whole.

BASELINE OUTLOOK FOR THE EALING ECONOMY

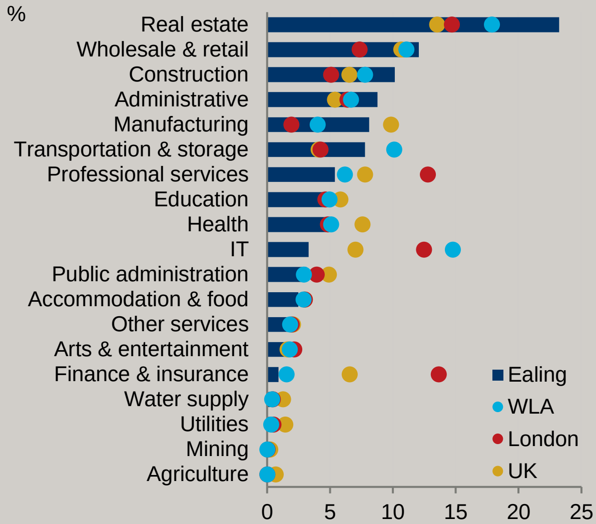
We expect the vaccination rollout will continue to support a sustained recovery in the borough's economy: Ealing's GVA will grow by 6.2% in 2021, and a further 6.3% in 2022, returning to pre-pandemic levels next year. As the economy recovers from the crisis, and returns to longer-run patterns of growth, we expect Ealing to average GVA growth of **1.5% per year** over the period 2019 to 2025, slightly above both the WLA (1.3% per year) and London average (1.4% per year).

The Ealing workforce is also expected to add **4,900 jobs** over this period, at an average of 0.4% per year. Growth will be comparatively reliant on overall improvements in productivity (1.0% per year), which will arise through the changing sectoral composition of the Ealing economy, as growth favours more productive sectors, and an overall trend towards greater automation.

However, this also reflects a comparative reliance on **real estate activities**, Ealing's fastest-growing sector. Real estate will be the main driver of growth in the Ealing economy: it alone will add 0.7 percentage points to GVA growth each year, the largest contribution across all of the WLA boroughs. However, this considerable growth will not manifest itself in the workforce: real estate will add just 600 jobs across Ealing to 2025.

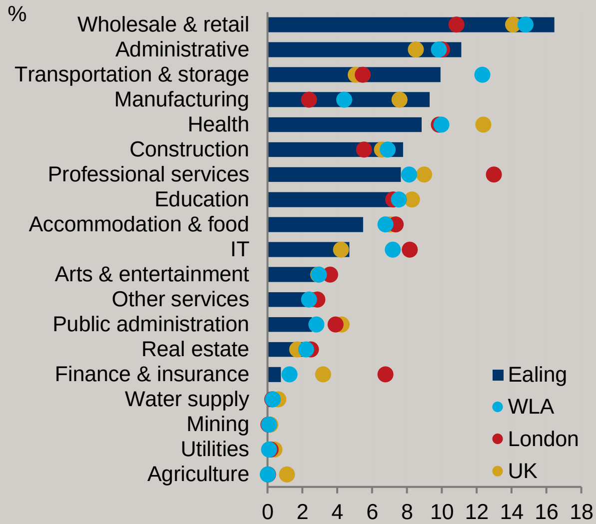
Ealing will also benefit from relatively strong GVA growth across its **business service sectors**, reflecting broader sub-regional and London-wide trends. Professional services (1.9% per year), administrative services (1.6% per year), and information & communication (1.5% per year) will all increase in prevalence across the Ealing economy, collectively adding 1,900 jobs to 2025, mostly in administrative services (1,000 additional jobs). Human health & social work (2.0% per year) and wholesale & retail trade (1.8% per year) will also be among Ealing's better performing sectors, adding 800 and 600 jobs respectively. Manufacturing and accommodation & food services will be among the only sectors to experience significant job losses over this period.

Fig. 49. GVA by sector, 2019



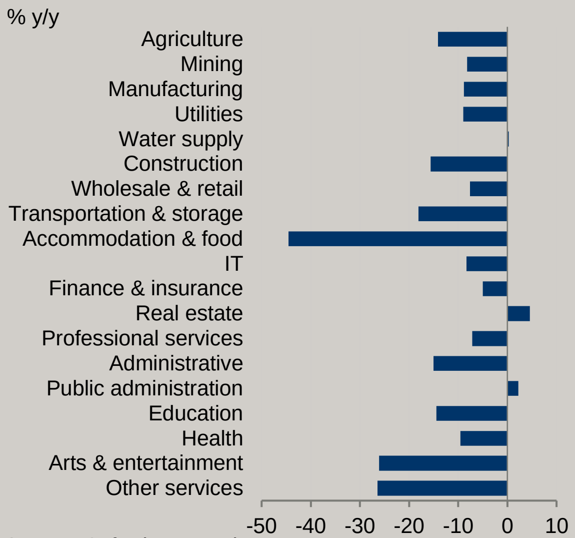
Source: ONS, Oxford Economics

Fig. 50. Jobs by sector, 2019



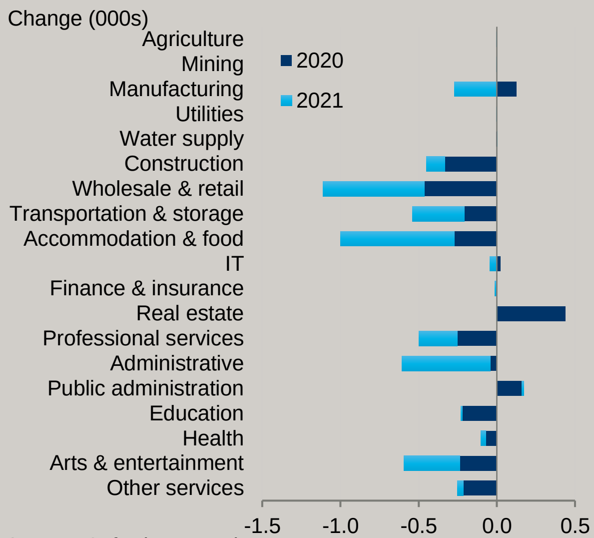
Source: ONS, Oxford Economics

Fig. 51. GVA by sector, 2019 to 2020



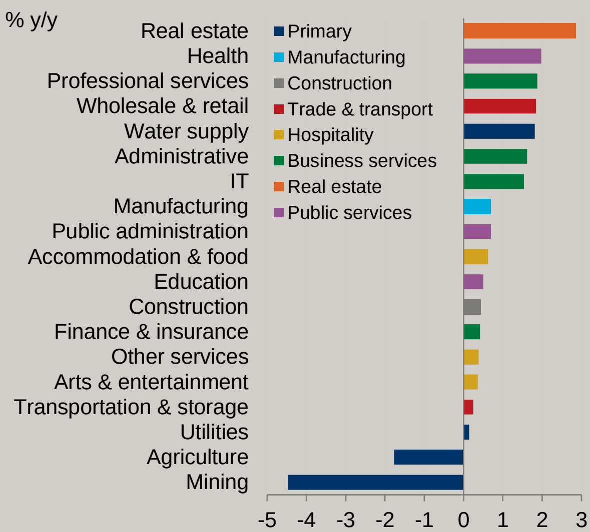
Source: Oxford Economics

Fig. 52. Jobs by sector, 2019 to 2021



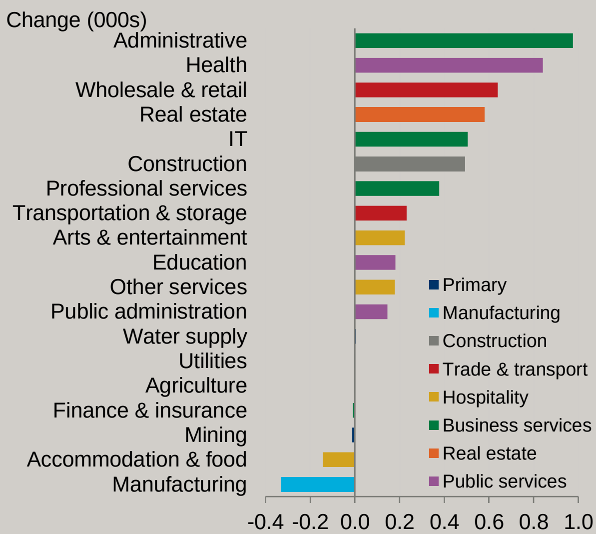
Source: Oxford Economics

Fig. 53. GVA by sector, 2019 to 2025



Source: Oxford Economics

Fig. 54. Jobs by sector, 2019 to 2025



Source: Oxford Economics

BOROUGH PROFILE: HAMMERSMITH & FULHAM

EVIDENCE ON THE IMPACTS OF COVID-19

We estimate that the Hammersmith & Fulham economy **contracted by 10% in 2020**, in line with the WLA as a whole. The crisis has therefore led to a sharper fall in GVA than across London (9.4%). The borough is estimated to have **lost 4,000 jobs in 2020**, a 2.6% contraction, and we expect a **further loss of 4,200 jobs in 2021**.

The size of the borough's contraction is to a large extent because it shares similar characteristics to the wider WLA. The borough's **hospitality** sectors are among the most affected, with GVA in accommodation & food services almost halving in 2020. Output in other sectors similarly affected by lockdown and social distancing measures, such as arts, entertainment & recreation, and other services, are also estimated to have fallen sharply in 2020, albeit to a lesser extent.

However, the borough's significant **information & communication** sector leaves it relatively less exposed to the crisis than other parts of the WLA. Prior to the crisis, this sector accounted for over a quarter of Hammersmith & Fulham's total GVA, and was its second-largest employer. This sector has seen only a slight fall in GVA as a consequence of the crisis, with little overall change in employment. However, we expect professional and administrative services to collectively shed 3,200 jobs through 2020 and 2021, over a third of overall job losses. Wholesale & retail trade (1,700 jobs) will similarly see job losses over this period.

BASELINE OUTLOOK FOR THE HAMMERSMITH & FULHAM ECONOMY

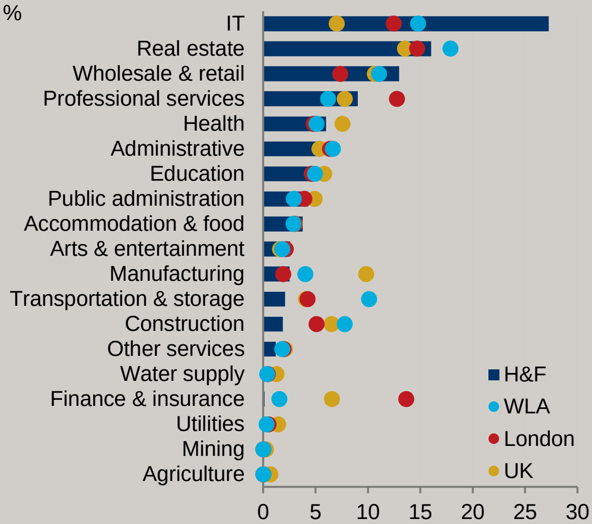
We expect the vaccination rollout will support a sustained recovery in the borough's economy. Hammersmith & Fulham's GVA will grow by 4.6% in 2021, and a further 6.6% in 2022, returning to pre-pandemic levels next year. As the economy recovers from the crisis, and returns to longer-run patterns of growth, we expect the borough to average GVA growth of **1.3% per year** over the period 2019 to 2025, in line with the WLA as a whole.

Growth will be comparatively reliant on overall improvements in productivity (0.8% per year), which will arise through the changing sectoral composition of the Hammersmith & Fulham economy, as growth favours more productive sectors, and an overall trend towards greater automation. We expect the borough's workforce to add **5,000 jobs** to 2025, at an average of 0.5% per year. Employment is expected to recover to pre-pandemic levels in 2023.

Hammersmith & Fulham will benefit from a favourable outlook for **information & communication**. We expect this sector to see GVA growth average 1.7% per year, ranking it among the borough's fastest-growing sectors, and will see the greatest employment impact: we expect the sector's workforce to add 1,700 jobs to 2025, equivalent to more than a third of the borough's total increase.

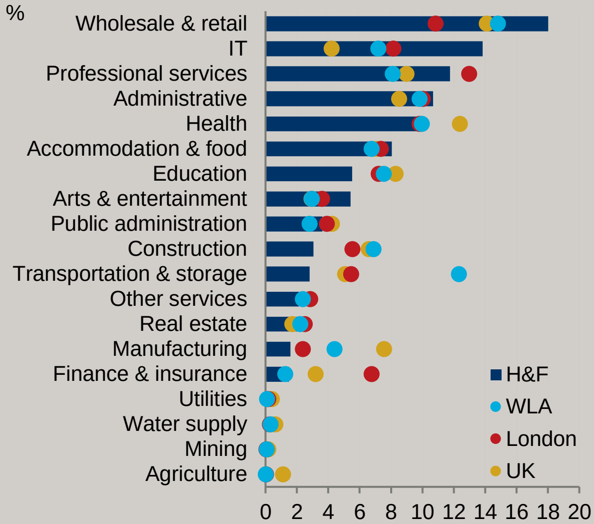
Human health & social work is forecast to be the borough's fastest-growing sector, averaging GVA growth of 2.4% per year. This sector will also add 1,300 jobs over the period to 2025. Growth in this sector is in part due to the borough's demographic outlook: we forecast Hammersmith & Fulham's population to grow by 0.7% per year on average to 2025, the fastest rate across all WLA boroughs. A growing population will also help to support GVA growth in wholesale & retail trade (1.8% per year). And while real estate activities (1.6% per year) will be among the borough's faster-growing sectors, Hammersmith & Fulham is less reliant on this sector to support overall economic growth than elsewhere in the WLA.

Fig. 55. GVA by sector, 2019



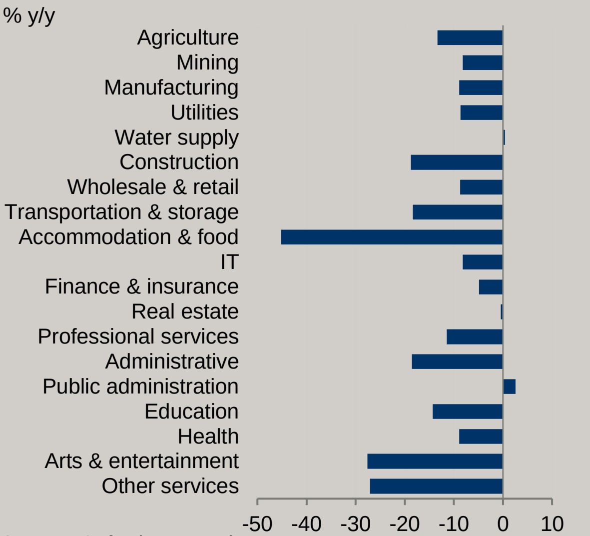
Source: ONS, Oxford Economics

Fig. 56. Jobs by sector, 2019



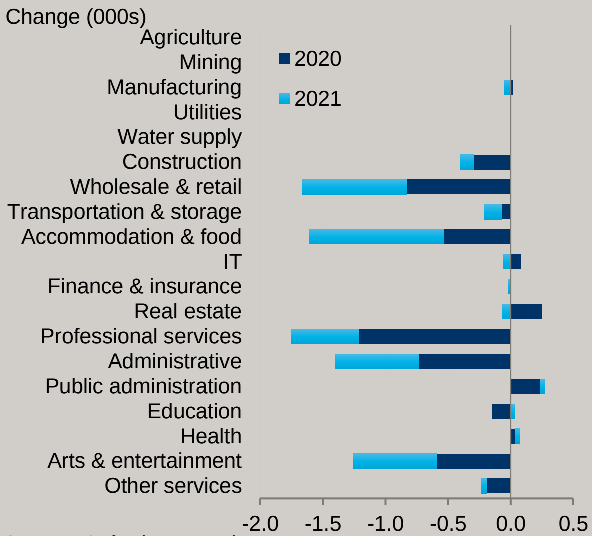
Source: ONS, Oxford Economics

Fig. 57. GVA by sector, 2019 to 2021



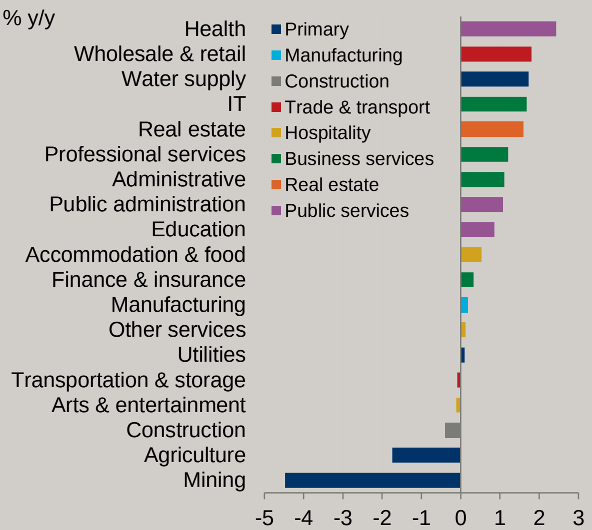
Source: Oxford Economics

Fig. 58. Jobs by sector, 2019 to 2021



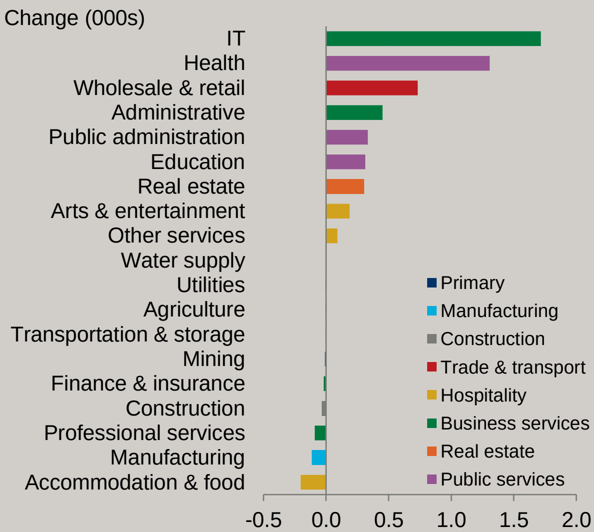
Source: Oxford Economics

Fig. 59. GVA by sector, 2019 to 2025



Source: Oxford Economics

Fig. 60. Jobs by sector, 2019 to 2025



Source: Oxford Economics

BOROUGH PROFILE: HARROW

EVIDENCE ON THE IMPACTS OF COVID-19

We estimate that Harrow experienced the sharpest fall in economic activity across the WLA last year. **GVA contracted by an estimated 12.4% in 2020**, the second-largest decline across all 33 London boroughs. We estimate that Harrow shed 2,700 jobs from its workforce in 2020, a 3.0% fall, and expect a further loss of 2,300 jobs in 2021. Harrow's performance reflects both its sectoral composition and business base. The latter is dominated by smaller firms, mostly focussed on services to local residents, and with less financial capacity to weather the crisis. It is likely that this local focus is greater in Harrow than in many other London boroughs, particularly those in central London.

As across the WLA, the crisis has led to a sharp fall in activity across Harrow's **hospitality** sectors, most notably in accommodation & food services. The Harrow economy is also heavily reliant on the construction sector, which saw activity halted through periods of lockdown in 2020, and wholesale & retail trade. Harrow is also exposed to the fall in education GVA, as a consequence of prolonged periods in which schools were shut last year. The borough will also experience job losses in professional and administrative services.

On the other hand, Harrow has benefitted from its large **real estate activities** sector. Prior to the crisis, it was the borough's largest sector by some distance, accounting over a quarter of total GVA. That the pandemic has not led to a significant downturn in property prices has to some extent helped to shield Harrow's economy from an even greater fall in GVA. Harrow's sectoral mix also leaves it less exposed to the downturn in transportation & storage than other parts of the WLA.

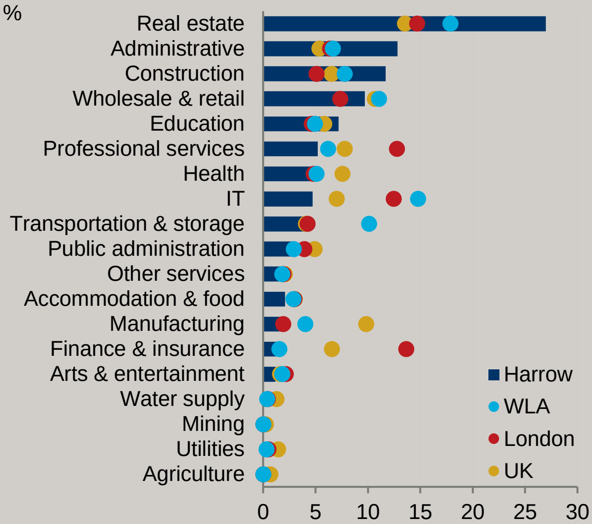
BASELINE OUTLOOK FOR THE HARROW ECONOMY

We expect the vaccination rollout will continue to support the recovery in the borough's economy: Harrow's GVA will grow by 4.6% in 2021, and a further 6.2% in 2022, although it will not return to pre-pandemic levels until 2024. By contrast, both the WLA and London economies are expected to see GVA recover at some point next year. The slower recovery of the Harrow economy will mean that GVA growth will average just **0.7% per year** over the period 2019 to 2025, almost half of the rate across the WLA (1.3% per year). Only two other London boroughs have a weaker growth outlook. Employment will similarly recover to pre-pandemic levels in 2024, adding **1,400 jobs** over this period at 0.3% per year—again weaker than the WLA as a whole (0.4% per year).

Economic growth across Harrow will largely be reliant on **real estate activities**. This sector will average GVA growth of 1.5% per year through to 2025. Due to its relative size, this sector will account for more than half of additional GVA across Harrow, adding 0.4 percentage points to overall GVA growth each year. However, this sector will add just 300 jobs across the borough by 2025. **Human health & social work** will be Harrow's fastest-growing sector, averaging GVA growth of 2.2% per year. This sector will also make the greatest contribution to employment growth, adding 800 jobs to 2025. Wholesale & retail trade (1.2% per year) will also be among the faster-growing sectors.

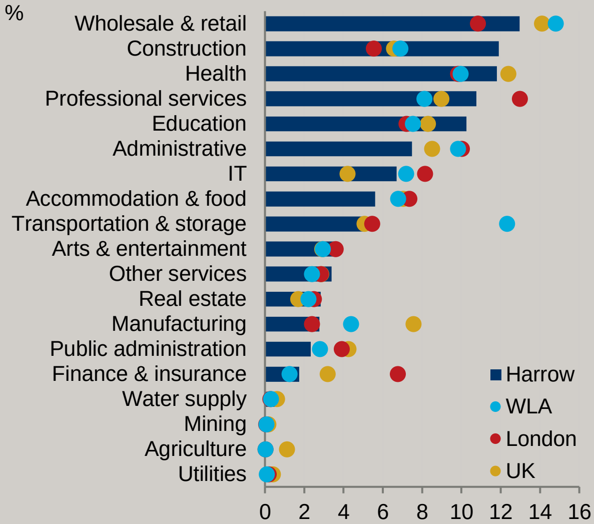
Harrow's underperformance will largely arise as a consequence of its limited exposure to **business services**, which we expect to be key in supporting growth across the WLA and London. Although information & communication (1.7% per year) will be among Harrow's faster-growing sectors, it will make only a modest contribution to overall GVA growth, with all other business service sectors either matching or underperforming growth across the borough as a whole. **Construction** will also be among the borough's weakest-performing sectors. GVA in the sector is not expected to return to pre-pandemic levels by 2025, resulting in an overall loss of 300 jobs, the most of any sector. GVA in professional services, accommodation & food services, manufacturing, and transportation & storage are similarly not expected to return to their 2019 levels by 2025.

Fig. 61. GVA by sector, 2019



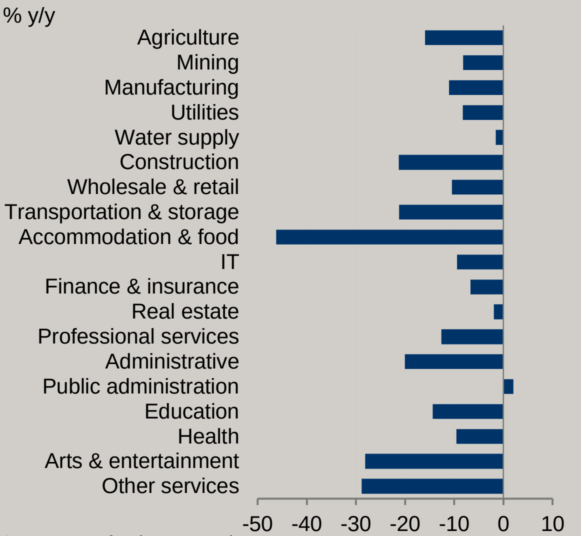
Source: ONS, Oxford Economics

Fig. 62. Jobs by sector, 2019



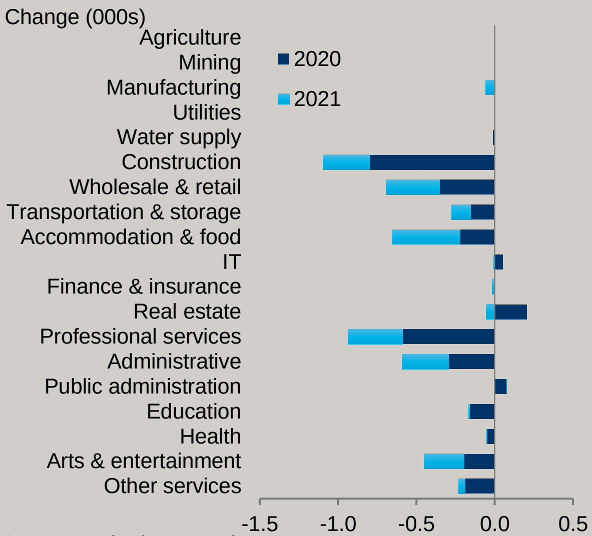
Source: ONS, Oxford Economics

Fig. 63. GVA by sector, 2019 to 2020



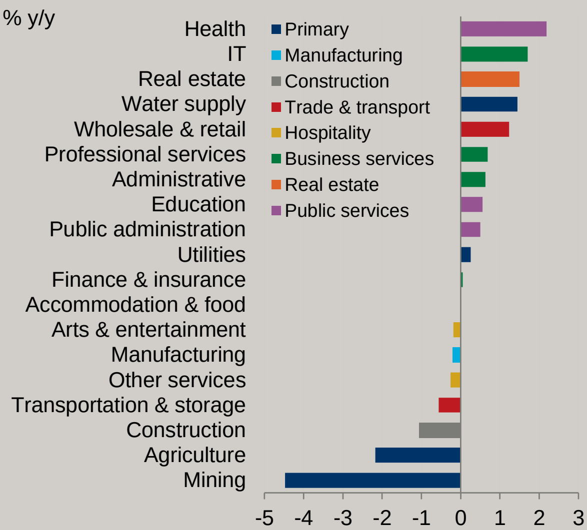
Source: Oxford Economics

Fig. 64. Jobs by sector, 2019 to 2021



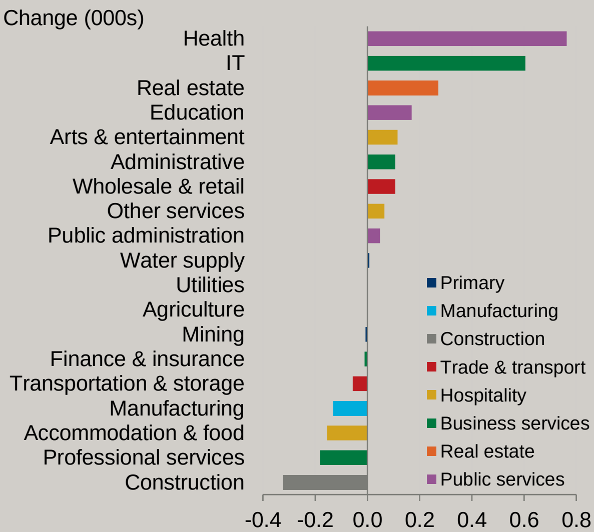
Source: Oxford Economics

Fig. 65. GVA by sector, 2019 to 2025



Source: Oxford Economics

Fig. 66. Jobs by sector, 2019 to 2025



Source: Oxford Economics

BOROUGH PROFILE: HILLINGDON

EVIDENCE ON THE IMPACTS OF COVID-19

We estimate that the Hillingdon economy **contracted by 12.2% in 2020** alone. This is one of the sharpest falls in GVA across London: we estimate that only three other boroughs saw a greater fall in 2020, and only Harrow (12.4%) saw a greater fall across the WLA. We estimate that the Hillingdon workforce **shed 3,100 jobs** in 2020, a 1.0% contraction, and expect a further **5,900 jobs** to be lost in 2021.

The significant impact of the pandemic on the Hillingdon economy is to a large extent a reflection of the presence of Heathrow Airport. Prior to the pandemic, **transportation & storage** was Hillingdon's largest sector, accounting for a fifth of both GVA and employment—around twice the concentration of the WLA average, and four times the London average. We estimate that the reduction in activity at Heathrow, coupled with the sharp fall in other transport usage, saw GVA in this sector fall by 16% in 2020. Employment has to a large extent been protected by income support schemes, although we expect a contraction this year, as employers adjust to new trading conditions.

The economic consequences of a downturn in activity extend beyond the airport's boundary. **Accommodation & food** is also significantly impacted by the crisis, with GVA falling by almost half—reflecting both reduced demand for hotels as a consequence of less travel, alongside a reduction in spending as a consequence of lockdown and social distancing measures.

BASELINE OUTLOOK FOR THE HILLINGDON ECONOMY

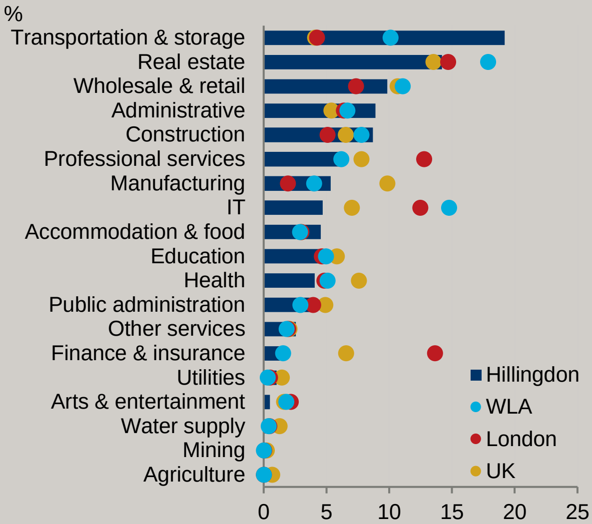
We expect the vaccination rollout will continue to support the recovery in the borough's economy: Hillingdon's GVA will grow by 6.5% in 2021, and a further 7.3% in 2022, returning to pre-pandemic levels towards the end of next year. As the economy recovers from the crisis, and returns to longer-run patterns of growth, we expect Hillingdon to average GVA growth of **1.1% per year** over the period 2019 to 2025, slightly below the WLA average (1.3% per year) and London as a whole (1.4% per year).

Growth will be comparatively reliant on overall improvements in productivity (0.6% per year), which will arise through the changing sectoral composition of the Hillingdon economy, as growth favours more productive sectors, and an overall trend towards greater automation. The Hillingdon workforce will also add **6,100 jobs** over this period—the most of any WLA borough—at a rate slightly above the WLA as a whole (0.5% per year). As across the WLA, employment will recover to pre-pandemic levels in 2023.

The sectoral composition of growth across Hillingdon will be broadly similar to the WLA as a whole. Human health & social work will be the fastest-growing sector in GVA terms, averaging 2.4% to 2025 and adding 1,400 jobs, followed by real estate (2.3% per year). And although the rate of growth of its business service sectors will typically lag the WLA and London as a whole, they will nevertheless be among the faster growing sectors across the borough. The main exception to this is administrative & support services (1.6% per year), which will outperform the WLA (1.4% per year) and add 1,600 jobs over the period to 2025—the most of any sector.

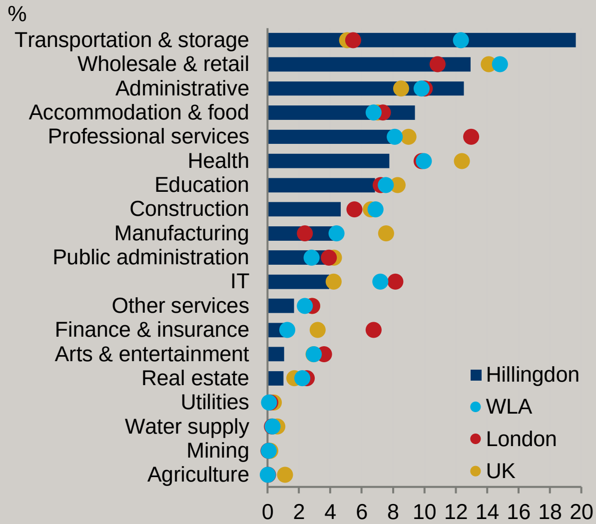
Transportation & storage will also see modest GVA growth over this period, adding 1,300 jobs to 2025, the third-most of any sector. While accommodation & food services will experience similar overall growth, this will be entirely driven by improving productivity—the workforce is not expected to return to pre-pandemic levels by 2025, shedding 400 jobs.

Fig. 67. GVA by sector, 2019



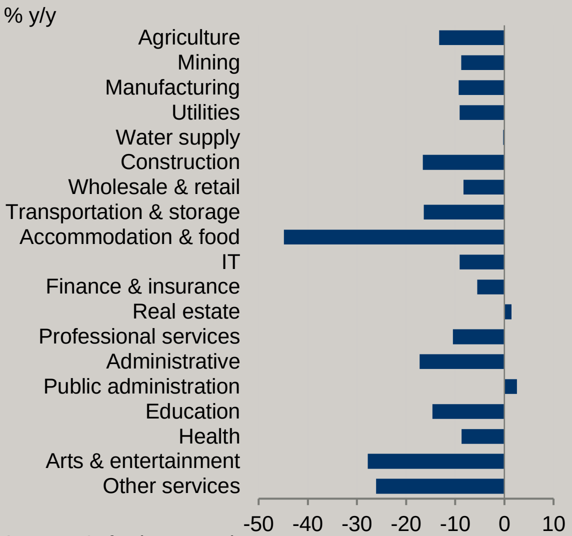
Source: ONS, Oxford Economics

Fig. 68. Jobs by sector, 2019



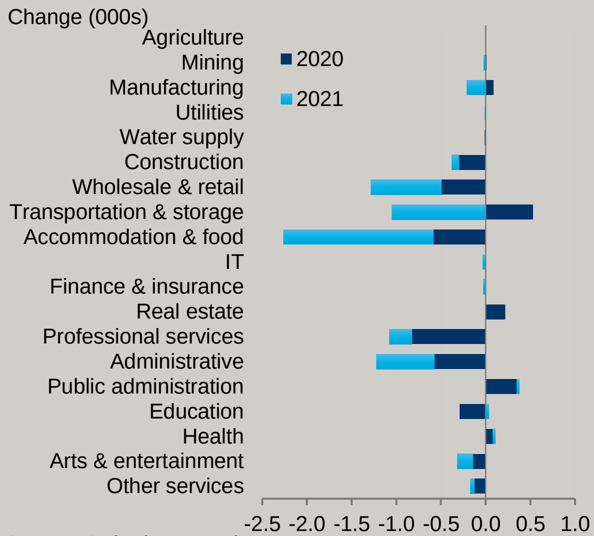
Source: ONS, Oxford Economics

Fig. 69. GVA by sector, 2019 to 2020



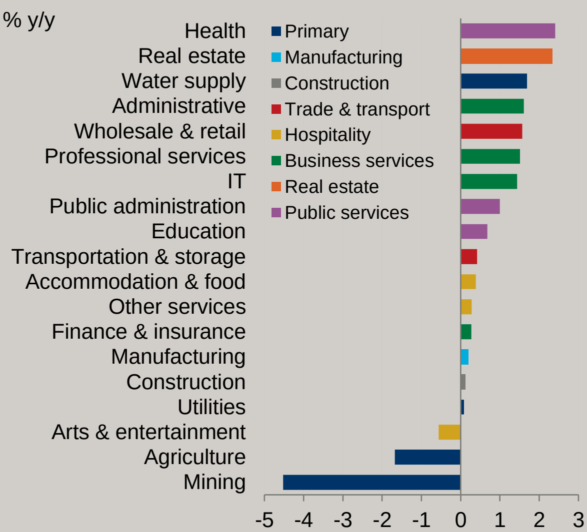
Source: Oxford Economics

Fig. 70. Jobs by sector, 2019 to 2021



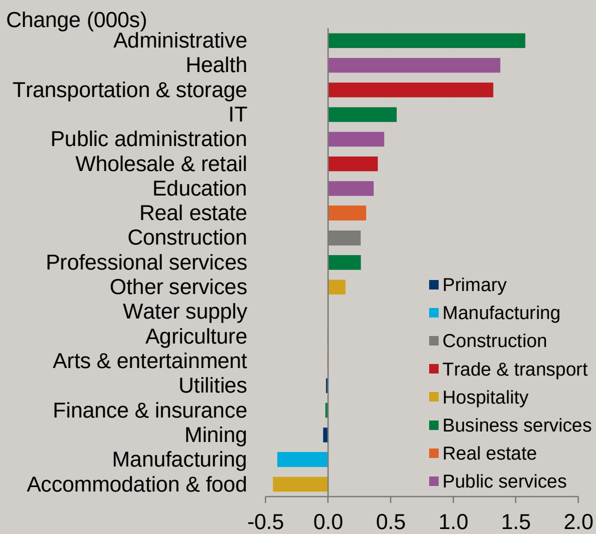
Source: Oxford Economics

Fig. 71. GVA by sector, 2019 to 2025



Source: Oxford Economics

Fig. 72. Jobs by sector, 2019 to 2025



Source: Oxford Economics

BOROUGH PROFILE: HOUNSLOW

EVIDENCE ON THE IMPACTS OF COVID-19

Hounslow is among the London boroughs most affected by the crisis. We estimate that the Hounslow economy **contracted by 11.3% in 2020** alone, the seventh-highest fall across London. Hounslow was more affected than the WLA as a whole (10.7%). We estimate that the Hounslow workforce **shed 3,700 jobs** in 2020, a 1.5% contraction, and expect a further **5,200 jobs** to be lost in 2021.

Hounslow's **hospitality** sectors are the most exposed to the crisis. Accommodation & food services in particular will see GVA almost halve in 2020 alone, while transportation & storage will also see GVA fall by 19%—demonstrating the exposure of the Hounslow economy to the reduction in activity at Heathrow. These two sectors alone will collectively account for half of all jobs lost through 2020 and 2021. Alongside other affected hospitality sectors such as arts, entertainment & recreation, the Hounslow economy is relatively less exposed to public services, which have seen employment remain stable through the crisis. Heathrow is also a significant source of employment for residents of Hounslow, and a reduction in activity at the airport will have knock-on impacts on income levels.

The Hounslow economy is protected to some extent by a high concentration of activity in **information & communication**. This sector alone accounted for over a third of overall GVA prior to the pandemic, and a quarter of employment. This sector has been among the least exposed to the crisis, and employment is expected to see a modest increase through 2020 and 2021.

BASELINE OUTLOOK FOR THE HOUNSLOW ECONOMY

We expect the vaccination rollout will continue to support the recovery in the borough's economy: Hounslow's GVA will grow by 4.9% in 2021, and a further 7.1% in 2022, not returning to pre-pandemic levels until early-2023. As the economy recovers from the crisis, and returns to longer-run patterns of growth, we expect Hounslow to average GVA growth of **1.2% per year** over the period 2019 to 2025, slightly below the WLA average (1.3% per year) and London as a whole (1.4% per year).

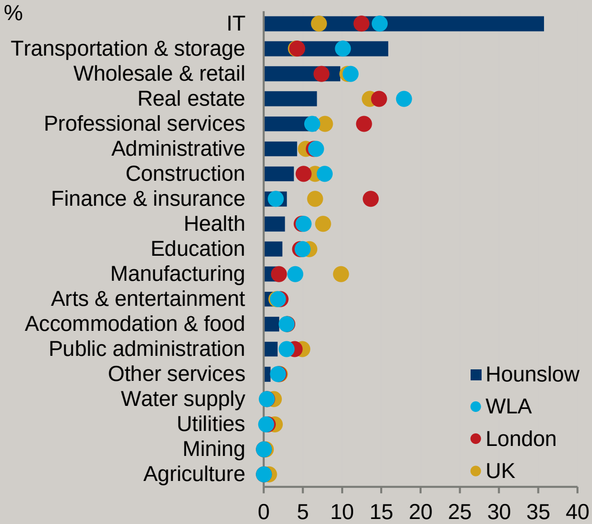
Growth will be comparatively reliant on overall improvements in productivity (0.8% per year), which will arise through the changing sectoral composition of the Hounslow economy, as growth favours more productive sectors, and an overall trend towards greater automation. The Hounslow workforce will also add **4,100 jobs** over this period, at a rate in line with the WLA as a whole (0.4% per year).

Job creation will be mainly concentrated in the **information & communication** sector, which alone will add 2,200 jobs over the period to 2025—accounting for more than half of all job creation across Hounslow. Indeed, the borough alone will account for around a third of all additional jobs in this sector across the WLA. In GVA terms however, this sector will underperform both the WLA and London as a whole, growing by an average of 1.7% per year.

Real estate activities (2.5% per year) and human health & social work (2.3% per year) will be Hounslow's fastest growing boroughs in GVA terms, adding 500 and 1,000 jobs respectively. And alongside information & communication, other business service sectors such as professional services (1.7% per year) and administrative & support services (1.6% per year) are expected to be among Hounslow's faster-growing sectors, collectively adding 1,200 jobs to 2025.

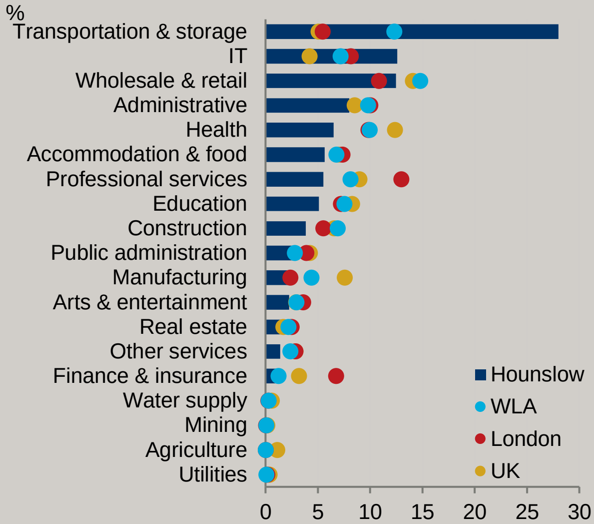
However, the downturn in activity at Heathrow, and potentially prolonged fall in **air travel**, is also reflected in Hounslow's outlook. Neither accommodation & food services nor transportation & storage are expected to return to pre-pandemic levels of GVA by 2025, shedding 500 and 200 jobs respectively. Manufacturing and wholesale & retail are also expected to see job losses, although GVA will continue to grow as a consequence of improving productivity.

Fig. 73. GVA by sector, 2019



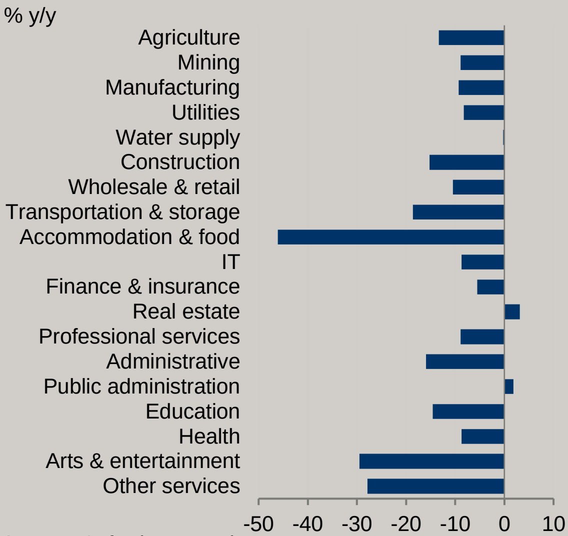
Source: ONS, Oxford Economics

Fig. 74. Jobs by sector, 2019



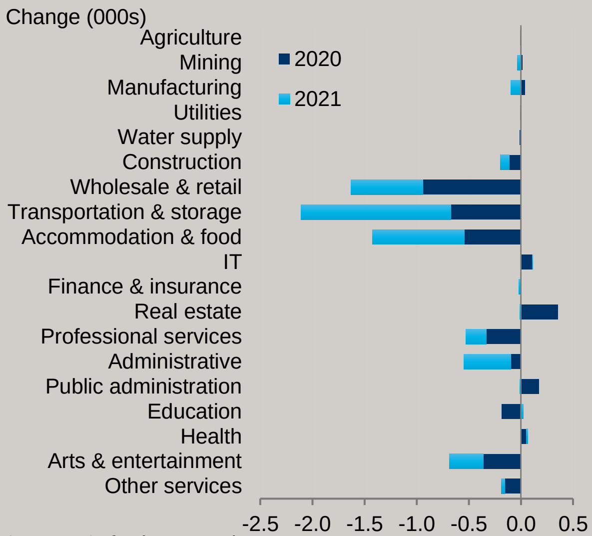
Source: ONS, Oxford Economics

Fig. 75. GVA by sector, 2019 to 2020



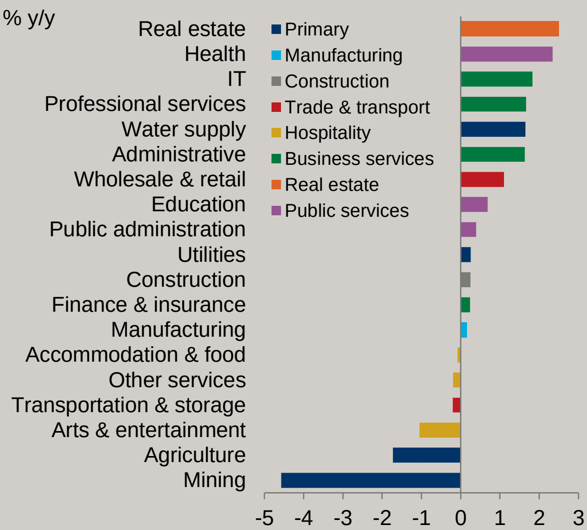
Source: Oxford Economics

Fig. 76. Jobs by sector, 2019 to 2021



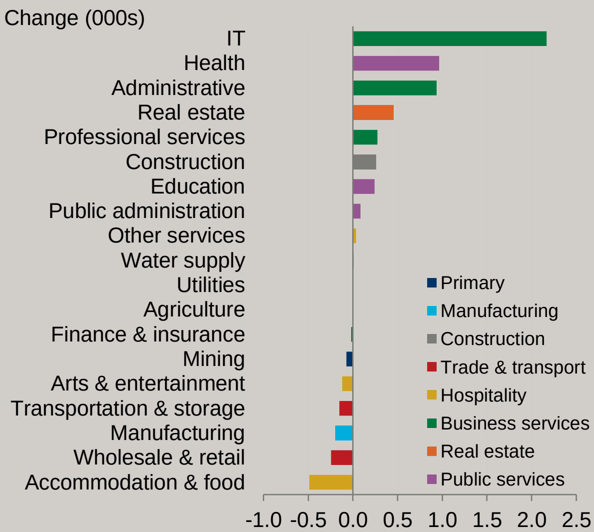
Source: Oxford Economics

Fig. 77. GVA by sector, 2019 to 2025



Source: Oxford Economics

Fig. 78. Jobs by sector, 2019 to 2025



Source: Oxford Economics

APPENDIX 2: PRIORITY AND FOUNDATIONAL SECTORS

Fig. 79. Detailed sectoral definitions

Detailed sector	Broad sector	Priority sector	Foundational sector	Other sector
01: Crop & animal production	Agriculture	Green		
02: Forestry & logging	Agriculture	Green		
03: Fishing & aquaculture	Agriculture	Green		
05: Mining of coal & lignite	Mining			Mining (part)
06: Extraction of crude petroleum & natural gas	Mining			Mining (part)
07: Mining of metal ores	Mining			Mining (part)
08: Other mining & quarrying	Mining	Green		
09: Mining support service activities	Mining	Green		
10: Food products	Manufacturing	Food manufacturing		
11: Beverages	Manufacturing	Food manufacturing		
12: Tobacco products	Manufacturing		Other manufacturing	
13: Textiles	Manufacturing		Other manufacturing	
14: Wearing apparel	Manufacturing		Other manufacturing	
15: Leather products	Manufacturing		Other manufacturing	
16: Wooden products	Manufacturing		Other manufacturing	
17: Paper products	Manufacturing		Other manufacturing	
18: Printing	Manufacturing		Other manufacturing	
19: Coke & refined petroleum	Manufacturing		Other manufacturing	
20: Chemicals	Manufacturing		Other manufacturing	
21: Pharmaceuticals	Manufacturing		Other manufacturing	
22: Rubber & plastic products	Manufacturing		Other manufacturing	
23: Other non-metallic minerals	Manufacturing		Other manufacturing	
24: Basic metals	Manufacturing		Other manufacturing	
25: Fabricated metal products	Manufacturing		Other manufacturing	
26: Computers & electronics	Manufacturing	Knowledge, information, tech & life sciences		
27: Electrical equipment	Manufacturing	Knowledge, information, tech & life sciences		
28: Other machinery & equipment	Manufacturing		Other manufacturing	
29: Motor vehicles	Manufacturing		Other manufacturing	
30: Other transport equipment	Manufacturing		Other manufacturing	
31: Furniture	Manufacturing		Other manufacturing	

Detailed sector	Broad sector	Priority sector	Foundational sector	Other sector
32: Other manufacturing	Manufacturing		Other manufacturing	
33: Repair & installation	Manufacturing			Repair & installation
35: Electricity; gas; steam & air conditioning supply	Utilities	Green		
36: Water collection; treatment & supply	Water supply	Green		
37: Sewerage	Water supply	Green		
38: Waste collection; treatment & disposal	Water supply	Green		
39: Remediation activities & other waste management	Water supply	Green		
41: Construction of buildings	Construction	Construction		
42: Civil engineering	Construction	Construction		
43: Specialised construction activities	Construction	Construction		
45: Wholesale & retail trade & repair of motor vehicles	Wholesale & retail		Wholesale & retail	
46: Wholesale trade	Wholesale & retail		Wholesale & retail	
47: Retail trade	Wholesale & retail		Wholesale & retail	
49: Land transport & transport via pipelines	Transportation & storage		Non-airport transport & storage	
50: Water transport	Transportation & storage		Non-airport transport & storage	
51: Air transport	Transportation & storage	Air transport & Heathrow-related		
52: Warehousing & support for transportation	Transportation & storage	Air transport & Heathrow-related		
53: Postal & courier activities	Transportation & storage		Non-airport transport & storage	
55: Accommodation	Accommodation & food services	Air transport & Heathrow-related*	Accommodation & food	
56: Food & beverage services	Accommodation & food services	Air transport & Heathrow-related*	Accommodation & food	
58: Publishing activities	Information & communication	Creative		
59: Motion picture, video, television, sound & music publishing	Information & communication	Creative		
60: Programming & broadcasting	Information & communication	Creative		
61: Telecommunications	Information & communication	Knowledge, information, tech & life sciences		
62: Computer programming, consultancy & related	Information & communication	Knowledge, information, tech & life sciences		
63: Information services	Information & communication	Knowledge, information, tech & life sciences		
64: Financial services	Financial & insurance		Financial & professional services	
65: Insurance	Financial & insurance		Financial & professional services	
66: Activities auxiliary to finance & insurance	Financial & insurance		Financial & professional services	
68: Real estate	Real estate		Financial & professional services	
69: Legal & accounting	Professional services		Financial & professional services	

Detailed sector	Broad sector	Priority sector	Foundational sector	Other sector
70: Activities of head offices & management consultancy	Professional services		Financial & professional services	
71: Architecture & engineering	Professional services	Creative		
72: Scientific research & development	Professional services	Knowledge, information, tech & life sciences		
73: Advertising & market research	Professional services		Financial & professional services	
74: Other professional, scientific & technical	Professional services	Knowledge, information, tech & life sciences		
75: Veterinary activities	Professional services		Financial & professional services	
77: Rental & leasing activities	Administrative & support services			Administrative & support services
78: Employment activities	Administrative & support services			Administrative & support services
79: Travel agency, tour operator & other reservation services	Administrative & support services			Administrative & support services
80: Security & investigation	Administrative & support services			Administrative & support services
81: Services to buildings & landscaping	Administrative & support services			Administrative & support services
82: Office administration & business support	Administrative & support services			Administrative & support services
84: Public administration & defence	Public administration		Public administration	
85: Education	Education		Education	
86: Human health	Human health & social work	Health & care		
87: Residential care	Human health & social work	Health & care		
88: Social work without accommodation	Human health & social work	Health & care		
90: Creative, arts & entertainment	Arts, entertainment & recreation	Creative		
91: Libraries, archives, museums & other culture	Arts, entertainment & recreation	Creative		
92: Gambling & betting	Arts, entertainment & recreation		Gambling/ betting	
93: Sports activities, amusement & recreation	Arts, entertainment & recreation	Creative		
94: Activities of membership organisations	Other services	Knowledge, information, tech & life sciences		
95: Repair of computers, personal & household goods	Other services	Knowledge, information, tech & life sciences		
96: Other personal services	Other services		Other personal services	

* Hillingdon and Hounslow only.

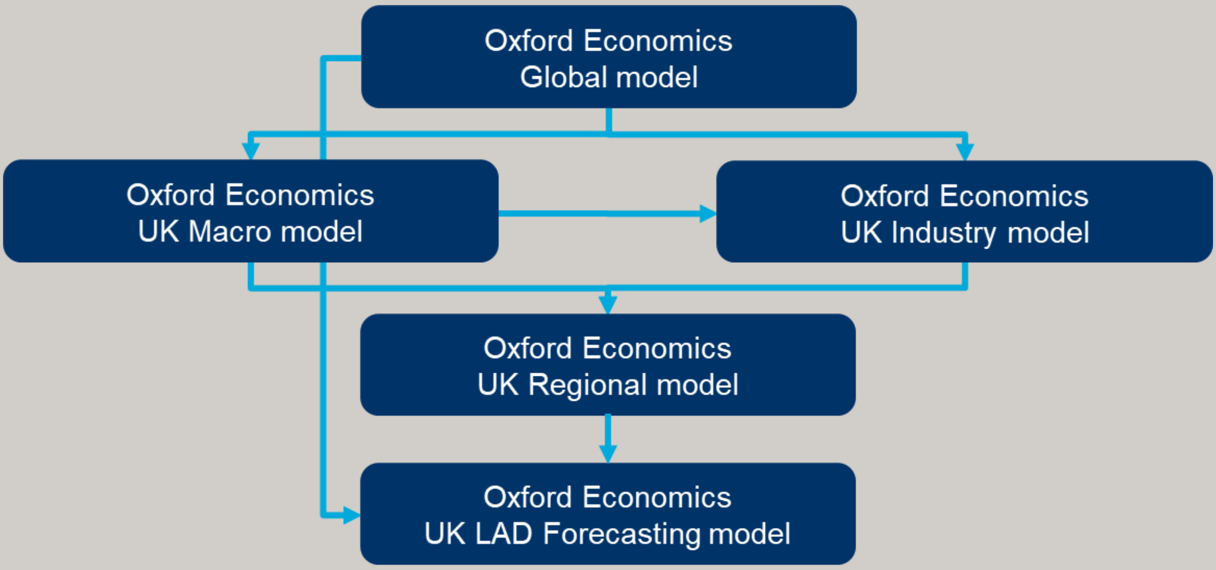
APPENDIX 3: LOCAL AUTHORITY DISTRICT FORECASTING MODEL

Our baseline forecasts are drawn from Oxford Economics' Local Authority District Forecasting Model. The model should be viewed as one piece of evidence in making policy decisions and tracking economic and demographic change. It is not intended to be used on its own to set employment targets for local authority areas. Such targets will need to take account of local opportunities, constraints, and community aspirations. As with all models it is subject to margins of error which increase as the level of geographical detail becomes more granular, and relies heavily upon published data.

Models, though predominantly quantitative, also require a degree of local knowledge and past experience — or more generally forecasting art — to make plausible long-term projections. To this end the Oxford Economics model has been developed by a team of senior staff who have a long history in model building and forecasting at both local and regional levels.

The Local Authority District Forecasting Model sits within the Oxford Economics' suite of forecasting models. This structure ensures that global and national factors (such as developments in the Eurozone and UK Government fiscal policy) have an appropriate impact on the forecasts at a local authority level. This empirical framework (or set of 'controls') is critical in ensuring that the forecasts are much more than just an extrapolation of historical trends. Rather, the trends in our global, national, and sectoral forecasts have an impact on the local area forecasts. In the current economic climate this means most, if not all, local areas will face challenges in the short-term, irrespective of how they have performed over the past 15 years.

Fig. 80. Hierarchal structure of Oxford Economics' suite of models



Source: Oxford Economics

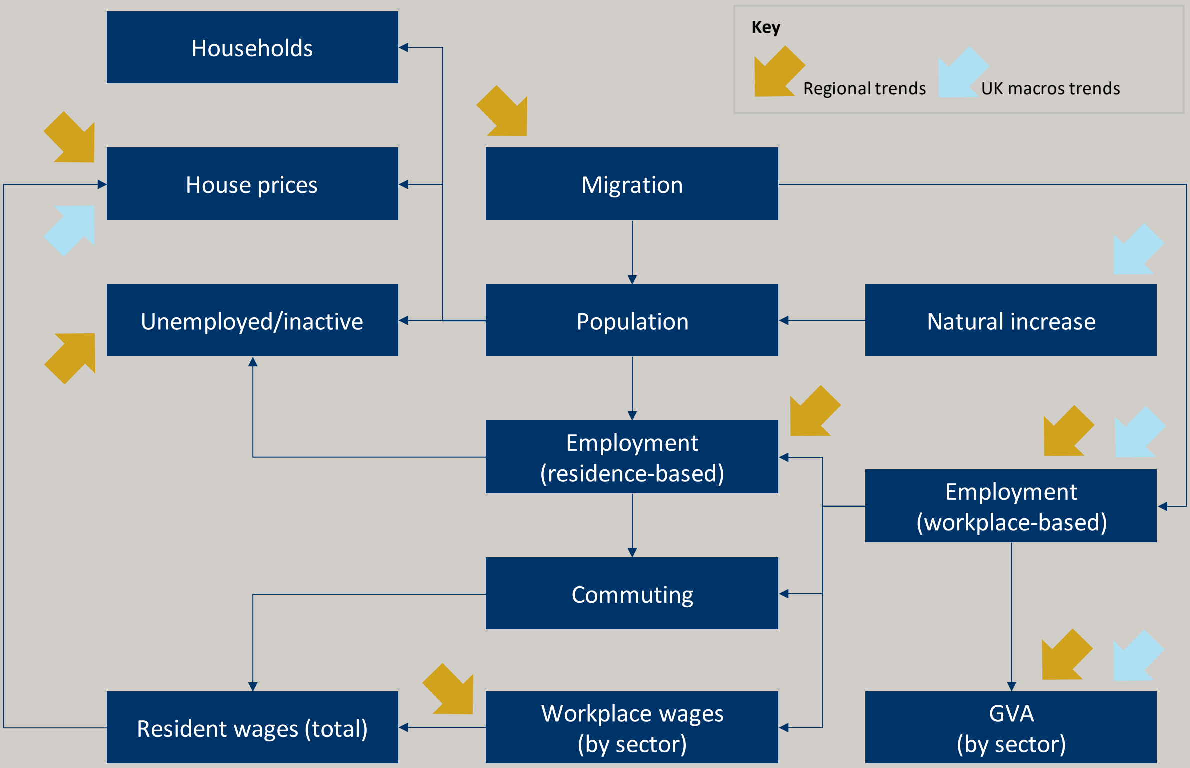
The Local Authority District Forecasting Model produces baseline forecasts, which can be compared with other published forecasts (though care should be taken over data definition issues), and as a guide to aid commentary or analysis of local authority economies. These forecasts can in one sense be considered to provide baseline 'policy-off' projections with which the actual outturn under policy initiatives could be compared. However, there are inherent difficulties in using the forecasts as a 'policy-off' baseline. In particular the base projections are 'unconstrained' in the sense that they make no allowance for constraints on development which may be greater than in the past—for instance, the impact of a slowdown of activity at Sellafield on the Copeland economy.

Our local forecasting model depends essentially upon three factors:

- **National/regional outlooks**: all the forecasting models we operate are fully consistent with the broader global and national forecasts which are updated on a monthly basis;
- **Historical trends** in an area which implicitly factor in supply side factors impinging on demand), augmented where appropriate by local knowledge and understanding of patterns of economic development built up over decades of expertise; and
- **Fundamental economic relationships** which interlink the various elements of the outlook.

The main internal relationships between variables are summarised in76. Each variable is related to others within the models. Key variables are also related to variables in the other Oxford Economics models.

Fig. 81. Main relationships between variables in the LAD Forecasting Model



Source: Oxford Economics

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Agenda Item 4

	West London Economic Prosperity Board **26 May 2021**
Title	**West London screen industries opportunity**
Report of	David Francis – Director, West London Alliance
Status	Public
Urgent	No
Enclosures	N/A
Officer Contact Details	David Pack, Head of Economy & Skills (interim), West London Alliance (packd@ealing.gov.uk)

Summary

The film and screen industries have an established and growing presence in West London and are one of the sub-region's key growth sectors, currently employing an estimated 100,000 people both directly and through supply chains. There are substantial benefits to West London in encouraging the development of a thriving screen industry sector as one of the sub-region's key growth sectors.

Globally, more film and TV content is being produced than ever before, driving demand for film and TV production. This has benefited UK-based screen industries, 75% of which is based in London. The projected increase in UK inward investment in film and high-end TV is from £2.4bn in 2018 to £4.2bn in 2025[1].

This report presents work underway – as part of the focus on growth sectors through the Build & Recover plan – to scope how best to address two key constraints to the future growth of this sector: the availability of suitable space and a pipeline of skilled workers.

[1] Department for Culture, Media & Sport, British Film Commission, 2019.

The work is being undertaken by the WLA and West London Business, working with the GLA, London & Partners[2], the Department for International Trade, and the industry itself, to better understand the two constraints and develop actions as part of supporting West London's economic recovery.
Recommendations
Leaders are asked to: • **Note** and **comment on** the work underway to address two key constraints to the growth of the screen industries in West London and the proposed actions and interventions in development.

1. WHY THIS REPORT IS NEEDED

1.1 The Build & Recover plan's focus on developing West London's growth sectors has the potential to bolster not only the sub-region's economic recovery but also contribute to that of the UK more widely. The creative industries – and the screen industries specifically – has been identified by both the Dept. of International Trade and London & Partners as particularly buoyant for the sub-region in inward investment terms.

1.2 West London already has a competitive advantage in this industry. Our Sub-region benefits from superior connectivity – through its strategic location close to Heathrow and central London - and a major studio base (e.g. Ealing, Osterley, West London and nearby at Elstree, Pinewood and Shepperton), presence of international players (e.g. Sky, Discovery, Paramount, Vue, Pokemon and QVC) and a flourishing supply chain of smaller businesses also linked to key industry players based outside of West London such as the BBC.

1.3 This report presents work underway – as part of the focus on growth sectors through the Build & Recover plan – to scope how best to address two key constraints to the future growth of the Film and Screen sector in West London: the availability of suitable space and a pipeline of skilled workers

2. UNDERSTANDING THE KEY CONSTRAINTS FACING THE SECTOR IN WEST LONDON: SKILLS

2.1 In November 2019, ScreenSkills – the industry-led skills body for the UK's screen-based creative industries – in its latest quarterly 'skills barometer' survey of key industry players, found that nearly 60% of those surveyed considered recruitment difficulties a very serious or serious problem. The same survey also described dozens of different types of roles considered 'difficult to recruit to', pointing towards a skills shortage.

2.2 Further research is required to understand the scale, nature and detail of the challenge at the West London level and to inform any response. However, initial investigations suggest that, while there is established training provision relating to the screen industries across West London (spanning higher

[2] London & Partners is the Mayor's official promotional agency for London.

education, further education and specialist providers), only a small element of that provision is currently accredited by industry bodies such as Film London's London Filming Partnership or Screen Skills' 'ScreenSelect' course endorsement scheme.

2.3 The nature of many roles within the screen industries – including those seen as hard to recruit to (detailed at Appendix One) – is such that learning is often undertaken 'on the job', suggesting plentiful opportunities at the entry level and a potential role for apprenticeships as part of the broader skills development picture.

3. UNDERSTANDING THE KEY CONSTRAINTS FACING THE SECTOR IN WEST LONDON: SPACE

3.1 There is currently an estimated 500,000 sq ft in stage space in studios across the seven West London boroughs. While there is demand for an additional 1.9m sq ft across the UK, there is only some 800,000 sq ft in the pipeline. Given the industry's interest in London – and specifically West London – this suggests there is a considerable opportunity to seize.

3.2 Given the lack of large, available sites across the West London boroughs, it is likely that the greatest opportunities lie not in the major film studio spaces, rather in the mid-size studio spaces of between 30,000-100,000 sq ft.

3.3 Intelligence gathered from the sector to date suggests that West London has remained competitive as a location for the screen industries through making available temporary space - e.g. warehouses or factory space – for periods from 12 months up to 3-5 years, for specific productions.

3.2 There are, however, challenges in accessing such spaces e.g. change of use from industrial to film use typically requires planning approval and approaches to 'meanwhile' uses for sites awaiting redevelopment which might be attractive to the screen industries are not consistent across boroughs.

4. DEVELOPING AN APPROACH TO ACTIONS AND INTERVENTIONS

4.1 To improve understanding of the constraints outlined above and to generate momentum in identifying and implementing solutions to them, two roundtables were convened in April 2021, one on skills chaired by Cllr Curran in his capacity as Chair of the West London Skills and Employment Board and one on space chaired by Debbie Adler, Head of Creative Industries (North America) at the Department for International Trade.

4.2 Attendees at the skills roundtable included senior representatives from various elements of the screen industries, industry bodies and skills providers (further and higher education and specialist providers). The space roundtable included senior representatives from industry bodies, landlords, developers, temporary space agencies and boroughs' planning leads.

4.3 On skills the emerging areas of focus, to be developed further, are likely to be:

- Undertake a detailed audit of existing screen industries skills provision in West London to identify gaps and opportunities, building on the WLA's recent
- Explore how best to make prospective new entrants to the sector 'set ready', addressing any gaps in current skills provision in partnership with industry.
- Connect the current offer from further and higher education closer to the industry in West London, ensuring it reflects the sector's needs.
- Consider an awareness-raising strategy for young people to better understand the nature of opportunities within the sector and routes into them

4.4 On space the key areas of focus, to be developed further, are likely to be:

- Continue facilitation of introductions between developers and studios;
- Explore opportunities for identifying sites for smaller, flexible studio and incubator space for screen industries businesses;
- Improve understanding among local authorities of the sector's space needs and of the local economic benefits of studio developments;
- Explore the possibility of a structured approach across boroughs to temporary and 'meanwhile' use of sites for the screen industries;
- Work through the Department for International Trade to ascertain how central government could help unlock barriers to inward investment.

4.5 Leaders are asked to note the areas above as the broad basis for future work to address constraints to the growth of the screen industries as a key asset in West London's economic recovery. Officers will work with the partner organisations mentioned above to develop the identified areas into fuller programmes of work and will explore the merits of an event to launch the programme as part of this.

5. REASONS FOR RECOMMENDATIONS

6.1 As a key growth sector for West London the screen industries are an important part of the wider growth sectors focus of the Build & Recover plan and an important component in driving economic recovery. There is also wider interest from London government, industry bodies and skills providers in addressing the two identified constraints to its development in West London. The approach above provides a basis for addressing those constraints and helping to ensure benefits to West London's communities from the sector's success.

6. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

6.1 N/A

7. POST DECISION IMPLEMENTATION

7.1 Subject to Leaders' input at this meeting, officers will work with partner organisations to develop the approach above, reporting back to this Board on progress at a future meeting.

8. IMPLICATIONS OF DECISION

8.1 **Corporate Priorities and Performance**

- This report relates directly to the development of the agreed West London Build & Recover economic recovery strategy, specifically its focus on growth sectors and on skills and employment.

8.2 **Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- It is anticipated that the WLA's contribution to the work outlined above will be met from existing, funded officer time, working in partnership with the various organisations detailed above.

8.3 **Social Value**

- The potential to secure local employment opportunities - including accessible roles at the entry-level with progression opportunities – and to generate supply chain benefits for local businesses from a successful screen industries sector suggests there should be social value benefits from this work.

8.4 **Legal and Constitutional References**

- This work falls within the following sections of the WLEPB's Functions and Procedure Rules:

    - Representing the participating local authorities in discussions and negotiations with regional bodies, national bodies and central government on matters relating to economic prosperity for the benefit of the local government areas of the participating authorities.
    - Representing the participating authorities in connection with the Greater London Authority, London Councils and the London Enterprise Panel, for the benefit of the local government areas of the participating authorities, in matters relating to the economic prosperity agenda.
    - Representing the participating local authorities in discussions and negotiations in relation to pan-London matters relating to economic prosperity.

- The Joint Committee's role and purpose on behalf of the Participating Boroughs relates to ensuring appropriate, effective and formal governance is in place for the purposes of delivering the West London Vision for Growth and advancing Participating Boroughs' aspirations for greater economic prosperity in West London, including promoting "the Economic Prosperity Agenda", in partnership with employers, representatives from regional and central government, and education and skills providers.

- The purpose of the Joint Committee will be collaboration and mutual co-operation and the fact that some functions will be discharged jointly by way of the Joint Committee does not prohibit any of the Participating Boroughs from promoting economic wellbeing in their own areas independently from the Joint Committee. The Joint Committee is not a self-standing legal entity but is part of its constituent authorities. Any legal commitment entered into pursuant of a decision of the Joint Committee must be made by all of the Participating Boroughs.

8.5 **Risk Management**

- This report will support the West London Economic Prosperity Board to oversee successful delivery of the Build and Recover plan and its aims.

8.6 **Equalities and Diversity**

- The Build and Recover plan focuses on ensuring that West London's economic recovery is an inclusive recovery, benefiting those most impacted by the economic impact of the pandemic. The proposed approach to securing skills and employment benefits from a successful screen industries sector can assist in promoting equalities and diversity across the sub-region.

8.7 **Consultation and Engagement**

- The roundtables undertaken to date informing this work – and the stakeholder engagement undertaken outside of those sessions – has involved a wide range of stakeholders from industry, industry bodies, London government and skills providers – in addition to West London Business/Creative Enterprise Zone West, co-leading the work, working with FilmLondon, London & Partners and the Department for International Trade.

9. BACKGROUND PAPERS

N/A

APPENDIX ONE

Screen industry roles defined as ‘difficult to recruit to’[3]

Quarterly ScreenSkills Barometer – November 2019

Figure 8: Jobs hard to recruit for[3]

Film	
1st assistant director	Guest services manager
Art director	Line producer
Assistant accountant	Location manager
Assistant coordinator	Marketing officer
Assistant location manager	Post-production supervisor
Cinematographer	Production accountant
Edit assistant	Production coordinator
Editor	Production manager
Financial controller	Project manager
Gaffer	Training manager
	Unit production manager

VFX	
Compositor	Experienced environment technical director
Creature FX technical director (all levels)	Head of production
Executive producer	Graphics software developer
Experienced digital matte painter	Virtual production manager

High-end TV	
1st assistant director	Line producer
Accounts assistant	Location manager
Assistant production accountant	Post producer
Director	Post-production supervisor
Editor	Producer
Electrician	Production accountant
Finance controller	Production manager
Grip (all levels)	Prop hand
	VFX supervisor

Animation	
Animators (2D traditional high-end)	Layout artist (2D traditional high-end)
Assistant animators/clean-up artists (2D traditional high-end)	Pipeline technical director
Character FX artist	Previz
Creative director	Production coordinator
Creative producer	Rigging technical director
Head of production	Story artist
	Storyboard artist
	Writer

Unscripted TV	
Casting researcher	Production assistant
Editor	Production coordinator
Edit assistant	Production manager
Production accountant	Production secretary

Children’s TV	
1st assistant director	Location manager
2nd assistant director	Production accountant
Assistant editor	Production coordinator
Assistant production accountant	Production secretary
	Prop buyer

Severity of recruitment difficulties

More than half of respondents aware of the issue (57%) considered recruitment difficulties a serious or very serious problem that very often or always limits activities, while a further 30% of the sample perceived it as a moderate issue (figure 9).

[3] ScreenSkills, *Quarterly ScreenSkills Barometer*, November 2019