

	<b>West London Economic Prosperity Board</b>  <b>26 May 2021</b>
<b>Title</b>	<b>West London economic recovery – updated evidence base, progress and a proposed refresh of Build &amp; Recover plan</b>
<b>Report of</b>	Niall Bolger, Chief Executive, LB Hounslow  David Francis – Director, West London Alliance
<b>Status</b>	Public
<b>Sponsor</b>	Cllr Stephen Cowan, Leader, LB Hammersmith & Fulham and Chair, West London Economic Prosperity Board
<b>Urgent</b>	No
<b>Enclosures</b>	Annex A: <i>'How has coronavirus affected the West London Economy?' – Oxford Economics</i>
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## 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<sup>1</sup>, 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?'

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<sup>1</sup> <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<sup>2</sup> experienced a greater loss of output in 2020 (14%) as a consequence of the pandemic than the nine foundational sectors<sup>3</sup> (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**

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

<sup>3</sup> 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<sup>4</sup> 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.

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<sup>4</sup> <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 24<sup>th</sup> 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
<b>Growth sectors</b>	<ul style="list-style-type: none"> <li>• Develop and scale a '<b>West London Innovation District</b>' approach</li> <li>• Embed <b>skills/reskilling</b> and <b>green recovery</b> in that approach.</li> <li>• Continue focus on <b>digital infrastructure (e.g. 5G)</b></li> </ul>
<b>Aviation communities</b>	<ul style="list-style-type: none"> <li>• Develop and make the case for <b>Aviation Communities Fund</b>, with specific links to skills and employment needs and to growth sectors.</li> </ul>
<b>Skills and employment</b>	<ul style="list-style-type: none"> <li>• Extent of challenge underlines need for breadth and focus of <b>sub-regional activities to remain as planned.</b></li> <li>• Ensure additional emerging opportunities harnessed e.g. <b>joint work with NHS</b>, link to <b>growth sectors, green skills.</b></li> <li>• 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.</li> </ul>
<b>Entrepreneurs and microbusinesses</b>	<ul style="list-style-type: none"> <li>• Focus sub-regional work on <b>sharing good practice in supporting small businesses locally.</b></li> <li>• Ensure entrepreneurs' and microbusinesses' needs addressed by work under other themes, primarily <b>skills/employment, growth sectors, town centres.</b></li> </ul>
<b>Green recovery</b>	<ul style="list-style-type: none"> <li>• Extent of challenge underlines need for breadth <b>of sub-regional activities to remain</b> and to embed the need to <b>build a green economy</b> within all plan themes, with proposals to</li> </ul>

	<p>scale up activities to focus on the following areas:</p> <ul style="list-style-type: none"> <li>• Scope sub-regional approaches to delivering <b>green infrastructure</b> to include: <ul style="list-style-type: none"> <li>• Buildings and energy (to encompass <b>retrofitting</b> and a potential energy masterplan and investment strategy.</li> <li>• <b>Transport</b> – 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.</li> <li>• Exploring sub-regional and cross-borough approaches to <b>green corridors</b>.</li> <li>• Creating <b>investible propositions</b> for West London.</li> </ul> </li> <li>• Ensure green recovery as cross-cutting theme drives work on <b>green skills</b> and the <b>Innovation District</b> concept.</li> <li>• Promoting and enabling a transition to <b>net zero communities</b> covering: <ul style="list-style-type: none"> <li>• <b>net zero lifestyles</b> through a reduction in consumption emissions and facilitating of a circular economy approach.</li> <li>• <b>net zero neighbourhoods</b>, building models for 15-minute neighbourhoods tailored to local context across West London.</li> <li>• Scoping how best to <b>tackle poverty and inequalities through environmental action</b>.</li> </ul> </li> </ul>
<b>Town centres</b>	<ul style="list-style-type: none"> <li>• Focus sub-regional work on <b>sharing good practice</b> in supporting town centres locally.</li> <li>• Develop approach to a <b>sub-regional town centre needs assessment</b> to inform future of town centres in West London.</li> </ul>

<b>Housing and infrastructure</b>	<ul style="list-style-type: none"><li>• Continue focus on developing business case for and championing <b>West London Orbital</b>.</li><li>• Scope how to take forward infrastructure priorities identified in <b>Strategic Infrastructure Delivery Plan</b>.</li></ul>
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