

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** The Economy, Arts, Sports, and Public Realm Policy and Accountability Committee

**Date:** 27/07/2022

**Subject:** Challenges and Priorities for the Economy

**Report author:** Joanne Woodward, Chief Planning Officer, and Martin Calleja, Assistant Director, Economy

**Responsible Director:** Jon Pickstone, Strategic Director for Economy

---

## SUMMARY

This report highlights key challenges and priorities for delivering the Council's ambition to transform H&F into a Global Economic Hotspot. The report summarises commitments for 2022-26 and the economic challenges and opportunities that we are responding to, including the impact of the recent pandemic and current unusually high levels of inflation.

## RECOMMENDATIONS

The Committee note the priorities and challenges.

---

**Wards Affected:** All

---

<b>Our Values</b>	<b>Summary of how this report aligns to the H&amp;F Values</b>
Building shared prosperity	The Economy Department has a leading role to play in building shared prosperity associated with its Industrial Strategy. This includes priorities for employment and training, new affordable housing and regeneration, supporting growth within the borough's business community, and ensuring that residents benefit from the borough's resilience to and recovery from current national economic crises.
Creating a compassionate council	The council's commitment to inclusive growth is an overarching aim of the Economy Department. In particular, improving the employment prospects of our residents through raising ambitions, skills, and access to employment in an increasingly productive business community.

Doing things with local residents, not to them	The borough's Business Network, as well as its job brokerage service, is supported by co-design and consultation with local residents and businesses in order to ensure that services and programmes are sensitive to the needs of the local community. There is dedicated team to support co-production of development projects in and around estates.
Being ruthlessly financially efficient	The Economy Department has a leading role to play in securing income from development and commercial ventures. All programmes and services are needs-based and focused on delivering priority outcomes. Improving the economic prosperity of our residents will lead to reductions in pressures and costs for other services such as Housing and Adult Social Care.
Taking pride in H&F	The Economy Department is involved in delivering a range of place-making programmes that contribute to the vibrancy and identity of town centres within the borough. Area regeneration includes enhancing the borough's physical and natural features and encouraging investment, local spend, and the visitor economy.
Rising to the challenge of the climate and ecological emergency	The Economy Department has a leading role to play in the design and delivery of our climate change agenda. This includes providing planning services that steer the private sector to develop energy-efficient new buildings and public realm and facilities that encourage active travel and public transport, as well as developing our own schemes to high environmental standards.

---

## Background Papers Used in Preparing This Report

None

---

## DETAILED ANALYSIS

### Broad Context of the Economy Department's Priorities and Challenges

1. As the UK emerges from the worst effects of the Covid 19 pandemic, it continues to be affected by the wider economic downturn, Brexit, and a cost-of-living crisis sparked by inflationary pressures including the impacts of global events such as the war in Ukraine. It's essential that we focus on our local economy to maximise its opportunities, internationalise and attract inward investment, build resilience, and create prosperity everyone can share.

The borough has a high proportion of micro-businesses, and large entertainment, arts and hospitality sectors, as well as having a net inflow of workers prior to the pandemic. Whilst the local economy was therefore susceptible to the early impacts of the pandemic, its inherent strengths, which include the highest rate of 'high growth' industries and business investment in West London, means there has been a steady recovery and claimant counts are falling.

2. Despite the wider economic challenges, c.6,500 jobs have been created since 2017 in high growth sectors including: bio-science, artificial intelligence and cyber-security, creative and digital software including film & screen, and our emerging green economy, all since 2017. This represents a shift from lower to higher skilled jobs in our local economy with the White City Innovation District the epicentre of our highly skilled, highly productive economy. The borough has attracted over £3.2bn of business investment since 2017 into high growth sectors, including the largest single private funding success in London's history: a £942m investment into H&F based microsatellite company, OneWeb.
3. These economic advances are occurring as we transform our borough into a global economic hotspot, developing an economic eco-system to deliver the best possible life chances for local people of all backgrounds. Whilst stretching, these ambitions are built on a strong track record of delivery.
4. However, although relatively resilient compared to most other UK local economies, H&F is still impacted by national and international economic forces that create or reinforce some economic pressures, including:
  - An increasing level of unemployment with the borough that is likely to extend inequalities despite the availability of work locally, due to issues such as skills gaps that, without suitable intervention, could widen as the proportion of higher-value jobs grows within our economy.
  - Pay levels not keeping up with inflation. This will push more residents into poverty and debt.
  - Businesses weakened by the pandemic and further exposed to current and future economic shocks having to make increasingly tough choices around spending and investment priorities.
  - Labour shortages and inflationary pressures impacting and driving-up costs across the construction industry, increasing financial and programming risks for development programmes, including our own.
  - Insufficient affordable housing, including for some skilled workers in growth industries key to the future success of the Borough.

### **Work of the Economy Department**

5. The Economy Department aims to respond coherently to these challenges, supporting the growth and success of business sectors, the employment aspirations and chances of residents, and the creation of places where people want to invest, work, live, visit, play and enjoy.

6. The Economy Department works collaboratively across the Council on many matters, including the response to the cost-of-living crisis. Specialist employment support, including targeted help for residents that are trying to recover from recent unemployment, on low pay, and/or on the housing waiting list are key considerations.

### **Industrial Strategy and Shared Prosperity**

- Work to refresh our Industrial Strategy will begin in late 2022. Backing good growth, our refreshed Industrial Strategy will drive the continued sustainable and inclusive development of our economy in the post-Covid and Brexit landscape, and maximise the Council's convening power, financial, and land and property assets and interventions. We will work to achieve shared aims with key anchor institutions across the Borough via our Industrial Strategy Board, Enterprise Board, and engagement at the White City Innovation District.

### **Economic Development**

- We are working to ensure that our strategy for our workforce and businesses is aligned to sector sustainability growth and skills shortages.
  - a. To maximise socio-economic benefits, our H&F Works jobs brokerage service and Adult Learning and Skills service are at the forefront working in partnership with other skills providers and Council services including Children's, Adult Social Care, and Homelessness.
  - b. Continued development and innovation of our Adult Learning and Skills service has included the on-line offer, which was transformed during the pandemic. We continue to secure and maximise from the GLA e.g. funding secured to provide a numeracy and money management programme in partnership with Citizens Advice. We will ensure that the offer continues to be anchored around employment, career pathways, and the refreshed industrial strategy.
  - c. To further success in these areas, we need to more closely align our H&F Works, Apprenticeship, and H&F European Social Fund Employment Programmes to deliver more development and employment outcomes to residents that are most disadvantaged including young people and disabled residents.
- We are also driving the continued growth of the White City Innovation District through 1) stronger local strategising and networking, 2) national and international partnerships e.g. the recent economic MoU with the City of Barcelona, and Creative Enterprise Zone status in partnership with the GLA, and 3) stronger land-use and masterplanning, including maximising the benefits of proximity to the new HS2/Crossrail development hub.
- A new Cultural Strategy building on the recommendations of the Arts Commission forms part of the economic development programme alongside the

work of the Environment Department. A supplier has been commissioned to deliver the strategy to sustain the continued funding and delivery of the borough's arts and culture partnership programme. We are also boosting the arts through the continued delivery of the borough's successful partnership-based arts programme, with links to 1) our plan for a reimagined new artistic, cultural, retail and recreational hub in and around the Civic Campus with potential cultural corridor links towards Kensington Olympia, and 3) the Creative Enterprise Zone at White City.

## **New Schools and Affordable Homes**

- Much of our housing development is the remit of the Housing and Homelessness PAC, yet it is key to the development of our economy and public realm that we are building genuinely affordable homes for residents, with a focus on: maximising environmental, s106, and social value benefits; prioritising intermediate housing for key workers and accessible housing for residents with disabilities; and further development of homes built directly by the Council. There is a continuing commitment to decent land development that is co-produced with residents and community groups.
- The council's own housing programme will see 1,800 new homes built in the next 7-8yrs. 1150 homes will be built directly by the council and a further 650 in partnership. Over 60% of these homes will be affordable. Our Housing development programme has a gross development value of more than £685m and also includes new community facilities, schools, nurseries and employment space.
- Beyond the 1,800 new homes, we aim to grow our programme to target building a further 1200 new homes by carrying out a boroughwide review of our corporate estate and housing land over the next 12 months, looking for further opportunities to deliver affordable homes or repurpose buildings for mixed-use developments.
- A recent example of a success scheme under development is Hartopp and Lannoy. This includes the decant and relocation of residents from the structurally unsound Hartopp and Lannoy Points in just 9 months, then safely demolishing the blocks in a further 10 months. The replacement Hartopp and Lannoy project will deliver 134 new homes on the site, of which 84% will be affordable. It will also be the council's first Operationally Net-Zero carbon project, which will reduce on site carbon by 86% and reduce residents' energy bills by 60%.
- We will continue to embed the Council's commitment to co-production in development and follow the Defend Council Homes Policy putting residents at the centre of the design process. As key example, the White City Central development project has been co-produced with the community and aims to deliver 268 new homes, as well as new community facilities, a nursery and community hub.
- We are moving ahead with the community schools programme, starting with Avonmore and Flora Gardens primary schools who will benefit from new school buildings and facilities.

## **Key area development and regeneration**

- Economic and town planning has a continuing role in facilitating good growth in the borough, including addressing the impacts of climate change. This includes encouraging developers and businesses to tackle climate change through the further development of planning policy and guidance, and a planning service and industrial strategy that effectively promotes the wide-ranging commercial and societal benefits from green development and investment. We have made a commitment for 3000 homes to be built or developed that are energy efficient.
- We need to continue to maximise our planning powers to enable one of the largest portfolios of development work in inner-London to benefit our residents and businesses - including new homes, affordable workspace, and our S106 and community infrastructure levy programme.
- We must continue to drive high quality development and leverage community benefits across our four key regeneration areas: White City, Hammersmith, South Fulham Riverside, and Earls Court. This includes realising our vision for local highstreets, links between Old Oak HS2 station and White City, and planning and delivering regeneration across key sites including plans for the A4 fly-under and the Hammersmith masterplan.
- Completion of the regeneration programme is underway for North End Road market and High Street, including £2m of external funding. There will need to be a continuing focus supporting the evolution of high street-based businesses some of which will be significantly impacted by reduced spending power on non-essential goods and services.

## **New Civic Campus**

- The Civic Campus will provide attractive new market-priced and affordable housing and business space, council offices, enhanced public realm, and facilities for the community to benefit from. It will help regenerate the west end of King Street.
- The scheme is being delivered through a Joint Venture between the Council and A2Dominion; Ardmore is the contractor building the scheme. The project is likely to be delayed following an incident at the site on 12 May 2022. The HSE are currently investigating the incident and works to the Town Hall are on hold. Work to the new buildings has continued. The implications for the programme are currently being assessed by Ardmore and the Council / Joint Venture.