

Harrow

Local Economic Assessment 2019 - 2020

Issues and Analysis

The Local Economic Assessment primarily reports on what has been happening, because the majority of economic data sources are historic, rather than forward looking. This section summarises the key facts from the previous sections and attempts to take a forward-looking view in identifying some of the main economic issues facing the borough over the coming years.

Summary of Key Facts

- Harrow's population has been steadily increasing over the past 30 years, although the rate has slowed in recent years. Over the past decade Harrow's population has increased by around 9% (20,600).
- Population estimates indicate that Harrow has the fourth highest proportion of residents from minority ethnic groups nationally and the borough's population is likely to become increasingly diverse
- Generally Harrow is overall more deprived than in 2015. The most deprived areas are in the centre of the borough with pockets of deprivation in the south and east.
- Economic forecasts indicate modest employment growth in the borough to 2031
- The Harrow Local Plan has identified that 3,000 additional jobs could be created through comprehensive and co-ordinated regeneration within the Harrow and Wealdstone Opportunity Area
- Commuting patterns show that Harrow is a net exporter of labour
- Economic activity and employment rates in Harrow are similar to London's overall rates
- Wages in Harrow are generally lower than in West London and London, leading to a high proportion of residents commuting to other areas for better paid jobs
- Unemployment rates in Harrow, along with Brent, are lower than in all the other West London boroughs, with unemployment showing a downward trend since 2013
- The overall number and proportion of people on key out-of-work benefits declined between 2013 and 2018, but there was slight increase in 2019
- The borough has a relatively well skilled and well qualified workforce, with a high proportion of Harrow's residents holding 'Other Qualifications', including foreign qualifications
- Harrow's most dominant employment groups are Health, Education, Professional, Scientific and Technical and Retail
- Micro businesses, employing less than five people, represent 87% of Harrow's 15,000+ 'businesses', the highest proportion of microbusinesses of all West London boroughs
- The number of businesses overall in Harrow has increased over the period from 2008 to 2019. However, there has been a decline in the number of businesses employing over 200 or more people.
- There has been a steady increase in business start-ups, but business survival rates have been worsening
- Harrow has a good supply of brownfield sites and over the past five years (to the end of March 2019) Harrow delivered over 4,000 net additional units, exceeding targets by over 1,300 units.
- Harrow is one of the most unaffordable areas to live in the West London sub-region based on ONS affordability ratios data for 2019.
- Harrow Town Centre is one of London's thirteen Metropolitan Centres and regarded as one of the UK's top 100 retail locations
- Commercial property rental levels are generally lower in Harrow than other locations in London, although office rents have increased in recent years
- Footfall levels across the borough's town centres have been falling, in line with national trends. The provision of new public spaces in Harrow's town centres will allow more organised events to take place throughout the year resulting in an increase in footfall levels.
- The amendment to Permitted Development (PD) rights allowing a change of use from office to residential without the need for planning permission is leading to a loss of office floorspace and jobs in the borough.

Summary of Key Issues

- Need to maintain the attractiveness of the borough as place to invest in and to live in
- Increasing Harrow's competitiveness in the West London sub-region is key to ensuring job growth that benefits Harrow
- Harrow faces increasing competition from neighbouring town centres, and other forms of retailing. Harrow needs to maintain Harrow Town Centre's status as a Metropolitan Centre. Coupled with this is the challenge of ensuring that Harrow's other centres remain vibrant, and maintain their viability, to ensure that residents have places locally to shop, and to provide work.
- Need to attract new investment to the borough, particularly into the borough's town centres
- Need to maintain business/employment base in borough, despite pressure for redevelopment of (increasingly outdated) employment sites and buildings for other uses
- Need to address vacancy levels and improve the quality of employment land and buildings in the borough
- Need to nurture and grow Harrow's Small to Medium Enterprises (SMEs), as they are more adaptable to change and provide a mix of local jobs
- On-going reductions in public sector jobs in Harrow will impact on the local economy, unless the private sector is able to provide replacement employment
- Need to ensure that population growth is matched by employment growth
- Population and household growth leads to greater housing demand, so there is a need to increase the supply of housing in the borough
- There is a need to increase the supply of higher skilled workers in line with skills forecasts
- Need to ensure good transport links to employment opportunities, both inside and outside the borough, are maintained and enhanced
- Improving traffic flow and reducing traffic congestion to keep Harrow moving
- The Harrow and Wealdstone Action Area Plan will facilitate economic development and regeneration within the Harrow and Wealdstone Opportunity Area
- Need to provide new office and light industrial accommodation, including a range of size of units for micro-businesses, SMEs and move-on space
- Increasing unemployment amongst long-term benefit claimants needs to be tackled
- Continuing welfare reform measures, resulting in more people coming off benefits and seeking work, highlights the need for appropriate training programmes to be in place

Analysis

Harrow's Current Economic Conditions and the likely Economic Trajectory

The continuing reductions in levels of public spending are likely to have an effect both at a national and local level in the short to medium term. With 22,000 people (31% of the workforce) in Harrow employed in the public sector (Public Administration and Defence, Education and Health), the proposed reductions in public spending are bound to have an effect on the local economy, as people lose their jobs and spend less in the borough. The proportion of these people who find employment in the private sector will have a significant effect on the impact of future public sector job losses.

In the medium to long term, slow but steady employment growth is likely. Forecasts show an small increase of around 8,000 jobs in the borough over the period from 2016 to 2036. The forecasts show decreases largely in the Recreation, Wholesale trade, Other private services sectors, Air & water transport and Land transport, warehousing, postal & courier activities sectors to 2036 and major increases in the Professional services, Education, Real estate activities, Health and Residential care & social work sectors over the same period. GLA Economics projections indicate that overall employment in Harrow will continue to grow but relatively gradually and then plateau at around 93,000 jobs from 2041 to 2050.

The adoption of the Harrow Local Plan, with the establishment of the Harrow and Wealdstone Opportunity Area (which encompasses the Kodak site) will facilitate the creation of 3,000 new jobs within this area and a further 1,000 jobs coming from infill development within Harrow's network of town centres and from other identified sites on previously developed land, provided that investment is forthcoming.

Harrow's fit with the 'Functional Economic Area', Sub-regional and Regional Economy

Harrow, like many Outer London boroughs, has a small but significant local economy while at the same time having significant links with the employment opportunities in Central London and neighbouring boroughs. Around 40% of Harrow's residents work within the borough, while about 23% work in the neighbouring London boroughs of Brent, Hillingdon, Barnet and Ealing. Due to the good public transport links into Central London, over 22% commute into Central London, where wage levels tend to be higher. There are also a significant number of people that commute into the borough - most notably from South Hertfordshire (Watford, Hertsmere) and adjacent London boroughs such as Hillingdon, Brent and Ealing.

Harrow's Sectoral Structure and the Comparative Strengths and Weakness of the Local Economy

Harrow's most dominant employment sectors are: Health, Education, Professional, Scientific and Technical and Retail, accounting for 49% of Harrow's jobs. There is a strong local business economy with around 15,200 businesses in the borough (ONS Inter-Departmental Business Register, 2019). 87% of these are small businesses employing between 0 and 4 people. The IDBR recorded 59 'businesses' in Harrow employing 100-199 people and 22 'businesses' employing 200 or more people compared to 56 and 29 respectively in 2013.

In 2019, large 'businesses' provided 15.7% of the total number of jobs in the borough, down from 22.1% in 2013. The small number of large businesses means that the borough is becoming more vulnerable, as when large businesses move out of the area a significant number of jobs can disappear as a result of a closure/relocation. By contrast, there are a significant number of small/micro businesses in the borough. Many of these are in the professional and business service sectors. These small businesses tend to be more flexible and can react more quickly to changes in the local economy.

There has been an increase in the number of business start-ups from 2004 to 2018 for all West London boroughs. Harrow had 1,370 new business in 2004 compared to 2,585 in 2018. Harrow has closely mirrored the trends seen in other West London boroughs with a substantial increase in business births from 2010 to 2016, followed by a sharp decline in 2017. In Harrow, unlike Ealing and Hounslow, business births recovered slightly in 2018. The latest start-up data by industry shows that for Harrow from 2015 to 2017, the professional, scientific and technical sectors had the most new businesses with the construction industry a close second and information and communications in third place.

Harrow's Infrastructure

Economic growth and new housing within the borough will need to be matched by investment in physical infrastructure. Based on the findings of the council's evidence base (for the Harrow Core Strategy), there are currently no significant infrastructure constraints identified that would prevent the borough from promoting further growth. However, there are quality of life and business environment improvements that are required to maintain the competitiveness of Harrow's town centres, retain local employment and the attractiveness of our residential areas, as well as to enhance Harrow's potential to attract inward investment.

Such improvements include the upgrading of Harrow-on-the-Hill Station and Harrow bus station; key junction improvements and orbital transport connections; urban realm and heritage projects; the delivery of an integrated Green Grid; improved access to and quality of open spaces and leisure facilities; the maintenance of education facilities; and the quality and sustainability of both the existing housing and business stock. These challenges need to be managed in light of other objectives to reduce carbon dioxide emissions, improve air quality, and reduce road traffic through support for more sustainable modes of transport.

In support of infrastructure provision, the council had been improving its arrangements for securing enhanced levels of planning obligations. However, the recession and recent reforms to the use of planning obligations have impacted significantly on progress in this area. Nevertheless, the council is committed to using Section 106 funding to secure affordable housing and site specific requirements, and has also prepared a Borough Community Infrastructure Levy to fund strategic infrastructure improvements, including improvements to public transport, walking and cycling.

Harrow's Economic Development Ambitions and Proposals

Harrow's economic development ambitions and proposals to 2026 are set out in detail in the council's Regeneration Strategy.

Other relevant priorities and policies are set out in the Harrow Core Strategy and the Harrow and Wealdstone Area Action Plan. These are available at:

<https://www.harrow.gov.uk/planning-developments/harrows-local-plan-core-strategy>

<https://www.harrow.gov.uk/planning-developments/harrow-wealdstone-area-action-plan>

West London Economic Assessment (A baseline analysis of the West London economy)

Peter Brett Associates were commissioned in October 2015 to complete an economic assessment of West London. The assessment is high level and does not cover all economic themes in borough by borough detail but seeks to inform an over arching sub-regional approach. The purpose of this report is to provide information on what West London's stakeholders need to know about the current and likely future conditions to secure prosperity in West London.

This study provides:

- A look at overall trends, applied to West London
- A spatial review of economic performance across the West London area, with a view on sub-area level performance
- Key findings that will help inform the delivery of future policy, and targeting available resources where they are most likely to be effective

The full report can be viewed at:

<https://www.westlondon.com/wp-content/uploads/2016/09/TheWestLondonEconomicAssessment.pdf>

In 2018 Peter Brett Associates were acquired by Canada-based international consultant Stantec.