LOCALIS

Local London and Levelling Up

THE ROLE OF EAST AND NORTH EAST LONDON IN LOCAL, REGIONAL AND NATIONAL GROWTH

By Joe Fyans

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Executive summary

Key points

- The Local London subregion – comprising the boroughs in East and North East London – presents a clear problematisation of the often-presented view of London as a universally prosperous economic monolith.
- As well as sharing many of the challenges felt by areas often described as 'left behind' and seen as the key targets for levelling up, the area also shares many of the UK Government's priorities encompassed in the levelling up agenda and broader push to build back better, with tangible opportunities within the subregion to advance these goals.
- Growth opportunities in Local London centre on altering the industrial mix in the area to raise productivity closer to the London regional level, using improvements in connectivity both physical and digital to create a network of town centres acting as employment hubs for the knowledge-intensive service sector.
- Investment opportunities in Local London include prospects for regeneration and development on brownfield sites and associated infrastructure improvements, as well as a need to double down on existing infrastructure projects in the Thames Estuary and the London-Cambridge corridor.
- When compared with other London subregions and the mayoral combined authorities, the economic need for levelling up in the subregion is pronounced. Need for a levelling up in the quality of life of many residents in the subregions left behind communities is evident across numerous metrics, including health outcomes and material standard of living.

Local London and Levelling Up

The relationship between the levelling up agenda and London has been the subject of intense scrutiny, both inside and outside of the city. Much of the way the capital is described in policy documents and speeches around the agenda tend to frame London's growth as a problem, in so far as it is disproportionate to growth in other regions. Beyond this, the city is generally disregarded in favour of a focus on policies to boost other regions of England. The lack of detail on the capital's role in building back better and levelling up could be seen to imply either that London will take care of itself while the rest of the country is levelled up, or that to level up the country, London must necessarily be levelled down – in other words, stripped of resourcing.

The monolithic image of London as a universally prosperous megacity is connected inextricably to the caricatures of the capital which were adopted by both major political parties across the media in the wake of the 2019 election, of an overly wealthy and out-of-touch metropolis, entirely detached from the surrounding country. The general, politically expedient characterisation of London is in this way connected to the economic policy of regional rebalancing. However, this is not in the national interest, particularly in the aftermath of COVID-19 – without serious investment in recovery, the situation within the city in terms of inequality will worsen, with the lowest paid already having been hit hardest by the pandemic

Viewing London as a monolith is easy to do when the focus of the agenda is the difference between regions. Although London is undeniably one city, its megacity status means that when thinking about economic policy, it is more useful to think of things subregionally – this is part of the reason for the existence of sub-regional partnerships in London, which formed around the skills agenda in their respective local labour markets. Viewed subregionally, London breaks down into a city with vastly divergent fortunes – previous EU funding has viewed London as several subregions for statistical purposes, with Local London covering the area 'Outer London East and North East'.

In the Local London area, the image of London put forward after the 2019 election often seemed risible, with many people in outer North and North East London experiencing similar levels of access to services and cultural engagement as those much further away from the country's financial and political capital. The area in many places has more history in common with those places more commonly targeted for 'levelling up' than might be assumed. In some parts of England, deindustrialised towns were left behind as development money poured into London and ignored their areas. Yet in London, the same process played out in microcosm for many communities which were left behind by the city's development. This again has been exacerbated by the pandemic, with high COVID rates a repeated feature across the different 'waves' of the virus and all parts of the subregion effected.

As the levelling up agenda starts to take shape through the 2021 Spending Review and Levelling Up White Paper, it is crucial to make the case for Local London not just as an area in need of levelling up, but as an engine which can power the agenda in the rest of the country through tangible prospects for growth and 'shovel-ready' investment opportunities.

What can Local London do for Levelling Up?

The Local London subregion has much to offer the levelling up agenda in terms of opportunities for growth and tangible prospects for investment. As a subregion, the return on investment for money spent in Local London is considerable, with the possibility to generate growth to fund levelling up across the country.

The rise in homeworking at the start of the pandemic saw a boost to the satellite town centres which make up much of the area. This shift in the geography of work across the city presents opportunities to level up in East and North East London. As the economy reopens and the landscape of London's economy finds a new equilibrium, there is an opportunity to double down on these changes and boost the output, productivity and vibrancy of the Local London subregion to the benefit of increased national growth. This kind of change depends on the improvement of business conditions through the provision of better infrastructure; digital, physical and social. By creating a more favourable environment for professional services – as well as boosting the local foundational economy - the potential for local businesses specialising in this high-productivity sector to succeed increases.

To raise the productivity of the industrial mix in the subregion, connectivity must be prioritised and invested in. Through upgrades to physical and digital infrastructure, alongside reshaping local town centres to adapt to these structural changes, a network of town centres in Enfield, Walthamstow, Ilford, Romford, Barking, Stratford, Woolwich and Bexleyheath could boost productivity in high-productivity sectors at the London level, whilst simultaneously creating multiple overspill benefits in the form of growth opportunities for the subregion. Key to harnessing a network effect from these developments will be master planning across different localities.

The need to level up through such improvements has in a sense been recognised in the Local London subregion for some time and is reflected in the already existing, nationally vital infrastructure improvements in the area. However, due to the relative instability in government between Brexit in 2016 and the 2019 election, consistency around these projects has not always been maintained. Doubling down on these projects – specifically the Thames Estuary development and the Innovation Corridor from London to Cambridge via Stansted – should be seen as a simple first step to boosting growth in the subregional economy, with outsized national returns.

The importance of unlocking human potential

Inequality has consistently been recognised by local leaders as a key impediment to quality of life for individuals and economic growth for the community – the most crucial growth opportunity in the Local London area is therefore to unlock the latent human potential in the subregion, particularly through a levelling up of skills and training. This is deeply tied-in with the government agenda, with the need to improve skills provision and drive up qualifications of all kinds is recognised and reflected in the Build Back Better strategy, as well as in the Skills for Jobs white paper released in January 2021.

In terms of skill levels, the Local London area lags the rest of the capital, which limits the opportunities of residents and reduces the desirability of the subregion as a location for business. Raising the skill level locally is commensurate with the goal of levelling up the subregion in general, particularly regarding the emerging sectors mentioned above and their potential to broaden the local skills base, but also in relation to construction for development and regeneration, where skills for new, more sustainable methods can be embedded into the labour market. Realising these benefits requires a skills strategy which is aligned with the wider vision for London but still responsive to the challenges faced by residents in the Local London subregion.

Achieving this in place requires a mixed approach of 'soft' powers focused on convening and influencing the local labour market, and 'hard' powers focused on improving the access to and provision of public services. Programmes to increase engagement with the labour market and boost economic activity have the potential to alleviate the problem of income inequality and boost the overall contribution of the region to the national economy through soft power. Hard power in the form of long-term financing must also be delivered in the name of reducing health inequalities and removing barriers to accessing public services currently felt across the Local London subregion – crucial factors in unlocking the human potential of the area.

What can Levelling Up do for Local London

Beyond the many tangible prospects for growth in the subregion, it is also worth noting that Local London is by many metrics as deserving a target of 'levelling up' as any of the more often-cited places in the North and Midlands. Part of the problem with policies to redress regional and inter-regional inequalities over the past few decades has been a shifting focus, as different metrics are used by different governments to define what places are deprived, undeveloped or 'left behind'. The issue of how demand for investment is decided is particularly pertinent in the new national situation of independence from the European Union.

In a situation of continued EU membership, Local London would receive up to €1.1bn of structural funding. With the Shared Prosperity Fund now replacing EU structural funds, there is need for urgent clarity on how the fund will be allocated, whether it will match EU funding levels and, where there are differences, what the justification is for the decision-making.

Given the problem of viewing London simultaneously as a city on par with other UK conurbations and as a region on the scale of the devolved nations, it is helpful to break London down into its subregions and compare these with the similarly sized mayoral combined authorities. GVA per head for the boroughs within Local London is on average the lowest of all the London subregional partnerships, as well as the Greater Manchester, Liverpool City Region and West Midlands combined authorities. This is despite the fact that the boroughs making up Local London have a higher rate of productivity than all the mayoral combined authorities. The average hour worked in a Local London borough is worth £38.50 to the national economy, a gap of around £5 with Central London – were this gap to be closed through an influx of higher-productivity industries, the associated gap in GVA would also narrow, to significant national benefit.

The Indices of Multiple Deprivation also give a picture of the need for levelling up in Local London – most dramatically through the subregion's incredibly high percentage of neighbourhoods among the most deprived in the country in terms of barriers to accessing services. Connected to a multifaceted need for regeneration in many parts of the subregion, these barriers require patient financing to overcome in a sustainable and long-lasting way. Another key consideration in the determination of 'need' for levelling up is the impact of the pandemic - in Local London, many vulnerable residents pushed to the very brink by the pandemic and its impact, causing further strain on already struggling public services. The proportion of workers furloughed, and those who lost their job entirely, is higher than the national average[1] in the subregion and in some boroughs markedly higher than even the London levels[2]. This again is an issue where the unique set of issues facing the capital compound existing problems at the subregional level.

These economic divides within London, and more broadly between city subregions, are reflected in the labour market. Local London lags the rest of London on metrics of skills, employment quality and productivity – with the trend pointing towards a widening gap. The wage gap between the top and bottom earners is severe in Local London, as across the city – with the bottom 25% of

1 Trust For London 2021 – London's Poverty Profile
2 Particularly the aforementioned 'COVID triangle'

Enfield residents earning on average £545 less a week than the top 25% of earners. The risk of being further 'left behind' is therefore acute in the Local London subregion. This situation is not static, government policies around the economy can either address and alleviate this condition or ignore and exacerbate it, with the associated damage to national growth and prosperity.

Recommendation: Levelling up in Local London

A master plan deal for Local London

Good planning is essentially to sustainable and good quality growth in the Local London area. Coherent strategy at the sub-regional level can help achieve levelling up for residents in left-behind areas of Local London, whilst also benefitting the national agenda by providing the receipts of boosted growth to the Treasury.

London's geography is moving Eastwards – with multiple major developments with varying levels of national significance detailed in this report – and it is important that growth is managed, inclusive of residents and maximises national benefits. To ensure that the provision of skills, employment and housing are co-ordinated and serve the overarching national, regional and local goals for recovery and renewal, as well as being connected with the bordering areas to London and associated projects, a formalised subregional convening role is required.

Local London needs a subregional deal for growth, giving the subregional leadership board power to convene and coordinate constituent boroughs and external partners in delivering levelling up. A multi-year 'masterplan', encompassing the different borough's local and corporate plans into an overall vision for the area must be agreed and funded between the boroughs, the government and the Greater London Authority.

Key features

- The master plan would tie in and be developed in consultation with key stakeholders of the Innovation Corridor and the Thames Estuary Growth Board to give a full impression of the growth trajectory across the area.
- Producing a long-term vision for the subregion would provide stability conducive to business investment and give an impression of the aggregate skills demand of the future labour market, allowing for

better collaboration between Local London and local further and higher educational institutions.

- To ensure proper local buy-in and to capture the benefits of local expertise, community consultation must be a golden thread throughout the document – from ensuring and promoting the use of both digital and physical consultation on individual local plans, through to maintaining a clear and transparent working process in devising the overall master plan.
- Targets for the master plans outcomes in residents' lives must be agreed between all tiers of governance at the outset, with clear and definable metrics identified for levelling up quality of life, employment and environment in left behind communities.

Funding requirements

The key requirement for a master plan would be funding for the process of devising and carrying out the plan, along with 'buy-in' support from both a central government and GLA level. The subregional leadership must have the funding to recruit qualified and capable staff, and must also have the certainty that this funding will not be withdrawn at the change of a political cycle. Agreeing the aims and scope of a master plan deal could be carried out in broadly the same manner as devolution deals are reached between government and devolved areas, where funding is provided for the administration of the master planning process based on key shared outcomes.

CHAPTER ONE

Local London and Levelling Up

The relationship between the levelling up agenda and London has been the subject of intense scrutiny both inside and outside of the city. The essence of the debate is whether levelling up is something to be done against London, aside from London or to accentuate London. This section argues that the conception of London presented in arguments about levelling up is too often monolithic, lacking the nuance and denying the plurality of the city.

This is particularly true in the case of the Local London geography, covering as it does outer East and North East London. When considering the issues faced in the subregion, and comparing the priorities for resolving those issues, it is clear that the conversation around levelling up is of great relevance to the lives and livelihoods of local communities.

1.1 London's characterisation in the levelling up discourse

This subsection outlines the image of London given in the immediate aftermath of the 2019 election and how it connects to the levelling up agenda.

1.1.1 London – problem to be solved or prosperity to be spread?

While the Levelling Up White Paper is still to be determined, there are some clues to be gained from official policy statements, speeches and other documentation on the subject. For this report, we have focused mainly on levelling up as it is described in the prospectus for the Levelling Up Fund[3], the 2021 Queen's Speech[4] and the government's plan for growth, entitled 'Build Back Better'[5]. Much of the way the capital is described in these publications tends to frame London's growth as a problem, in so far as it is disproportionate to growth in other regions. The documentation, having established this problem, tends to then move onto describing how projects relating to levelling up will boost growth within the regions. How London is connected to this often goes unsaid – creating among many[6][7][8] the reasonable impression that London is to be ignored in the levelling up agenda.

The lack of detail on the capital's role in building back better and levelling up could be seen to imply either that London will take care of itself while the rest of the country is levelled up, or that to level up the country, London must necessarily be levelled down – in other words, stripped of resourcing. Funding decisions around key policies have so far seemed to support the latter[9] – as did the Prime Minister's July 2021 speech on the subject in the West Midlands[10], which again implied that the problem in London is, essentially, 'too much growth'. Although the Prime Minister acknowledged the existence of inequalities in London – albeit in the context of a favourable comparison to deprivation elsewhere – the prevailing message was that investment in London amounts to 'turbo-charging' an already overheated and over congested city. While this is undoubtedly true in parts of the city, there are swathes of the capital where local, regional and national

3 HM Treasury (2021) – Levelling Up Fund: prospectus
4 Prime Minister's Office, 10 Downing Street (2021) – Queen's Speech 2021
5 HM Treasury (2021) – Build Back Better: our plan for growth
6 Brown (2021) – Boris's levelling up risks leaving behind London
7 Malik (2021) – Levelling up should take many forms. And don't forget London's poorest need it too
8 Greening (2021) – Levelling up isn't just about the North – it's unfair for Boris Johnson to paint London as 'rich'
9 Local Government Chronicle (2021) – Treasury under pressure to explain 'levelling up' funding priorities amid bias claims
10 Prime Minister's Office, 10 Downing Street (2021) – PM Economy Speech: 30 June 2020

benefits could be achieved from major investment. This nuance is much easier to understand if the city is looked at less as a homogonous city and more as a diverse region.

1.1.2 Focus on region-level inequality

Several independent studies[11][12] have highlighted the importance of inequality within regions as being equally as stark and in need of policy remediation as the inequality between regions. **This highlights the need for a subregional, mezzanine level of governance in the UK.** This need has been tacitly acknowledged in government policy for at least the past decade – most prominently at first with the centring of the Greater Manchester Combined Authority in the Northern Powerhouse project during the coalition years. It was sub-regional local enterprise partnerships, not upper-tier councils who were deemed the most suitable geographic boundaries for which to produce local industrial strategies under Theresa May's government. Under the current government, combined authorities remain encouraged as a means to achieving greater powers of economic development and investment from Whitehall[13], while the request for local authorities to cluster together to bid for levelling up funding further implies a subregional lens.

Where London is concerned, however, the narrative is too often still of a single, monolithic city of untold prosperity, with little in common with the rest of the country. Viewing London as a monolith is easy to do when the focus of the agenda is the difference between regions. Broadly speaking, the regional lens is a good way of tracking the distribution of productivity and income across a country, but to focus solely on the regions in policy terms tends to smooth over too many cracks. Viewed subregionally, London breaks down into a city with vastly divergent fortunes. Previous EU funding has viewed London as several subregions for statistical purposes, with Local London covering the area 'Outer London East and North East'. Under this definition, the subregion would be one of the UK's seven least developed regions and therefore eligible for development funding from Brussels. Perversely, however, bringing control closer to the area appears to have broadened and simplified the view from government, rather than nuanced it to better consider the facts on the ground.

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11 UK2070 Commission (2020) – Make No Little Plans: Acting at scale for a fairer and stronger future

12 Centre for Progressive Policy (2020) – Beyond hard hats: What it will take to level up the UK

13 For example, the allocation of the Brownfield Fund and a ringfenced £7.5bn 'gainshare' investment through devolution deals highlighted in the 2020 Budget

1.1.3 Characterisations of political hegemony and cultural values

The monolithic, universally prosperous image of London is connected inextricably to the caricatures of London which were adopted by both major political parties across the media in the wake of the 2019 election. This, of course, was in response to the results of the election, where the Conservative party smashed through the 'Red Wall' of formerly Labour-voting constituencies and won a significant majority as a result. This resounding victory was widely attributed to Labour 'losing touch'[14] with these voters and becoming too reflective of the 'Westminster bubble'[15] and wider cosmopolitan values which, the narrative went, are abound in London but are entirely detached from the rest of the UK. In reality, Londoners are generally aligned with the rest of the country in terms of values[16], and the extremely high housing costs in London bring the average Londoners' disposable income to about the same level as someone in, for example, Yorkshire[17].

In the Local London area, the image of London put forward after the election seems inaccurate, with many people in outer North and North East London seeing similar levels of access to services and cultural engagement as those much further away from the country's financial and political capital. Yet no answer to, or even acknowledgement of, this situation is forthcoming in the documentation around levelling up, with its focus on London's success and the lag of other regions. This makes a degree of sense, as given the political discourse in late 2019, it would be strange to move into 2020 with an explicit acknowledgement of the need for investment in London. **The general, politically expedient characterisation of London is thus connected to the economic policy of regional rebalancing. However, this is not in the national interest, particularly in the aftermath of COVID-19.**

1.1.4 The picture after the pandemic

The risk to the national interest posed by an economic rebalancing policy which damages growth in the capital has increased exponentially due to the impacts of COVID-19. The pandemic caused serious damage to the capital in a number of ways, the overarching theme is one of areas previously thought invulnerable

14 BBC News (2019) – General election 2019: Corbyn 'out of touch with ordinary people'

15 ITV News (2019) – I'm listening to views outside the Westminster bubble - and the parties won't like what I've heard

16 Brown (2021) – The London Problem

17 Institute for Fiscal Studies (2020) – Catching up or falling behind? Geographical inequalities in the UK and how they have changed in recent years

– retail in Central London, 'tech city' offices on Old Street – being rocked to the point of destruction. Although the city is now on course for recovery, a return to pre-pandemic output is not expected to reach pre-pandemic levels until the end of the year, with employment levels not likely to recover until 2023[18].

This has major implications at the national level, as perpetual growth in the capital has been something of an underlying economic assumption for some years. A weakening of London's economic position globally – particularly in terms of high-value sectors like knowledge-intensive services – will likely not be to the benefit of other regions within the nation but to competitor cities internationally. With the pandemic, the issue may have, within a year, transformed from one of how best to spread London's prosperity across the country to one of how best to mitigate the potential damage to GDP of a long-lasting dip in the London economy from whence the lion's share of the national income is sourced.

This external shock to London's economy could not have come at a worse time in terms of the government's attitude to London. Without serious investment in recovery, the situation within the city in terms of inequality will worsen, with the lowest paid already having been hit hardest by the pandemic. As later sections of this report will show, there is also a risk to future-readiness in the disadvantaging of London, if the pressing need to invest in generating new jobs in sustainable industries is not met by government, unemployment and economic inactivity could become exacerbated over time. This would only lead to creating more 'left behind' places to the detriment of both local residents and the country at large.

1.2 The challenge posed by East and North East London to the regional picture

Focusing in on a subregional understanding of London, this subsection looks at some key facets of the levelling up agenda – economic and industrial decline, town centres and high streets, the impact of the pandemic – and places them in the context of East and North East London.

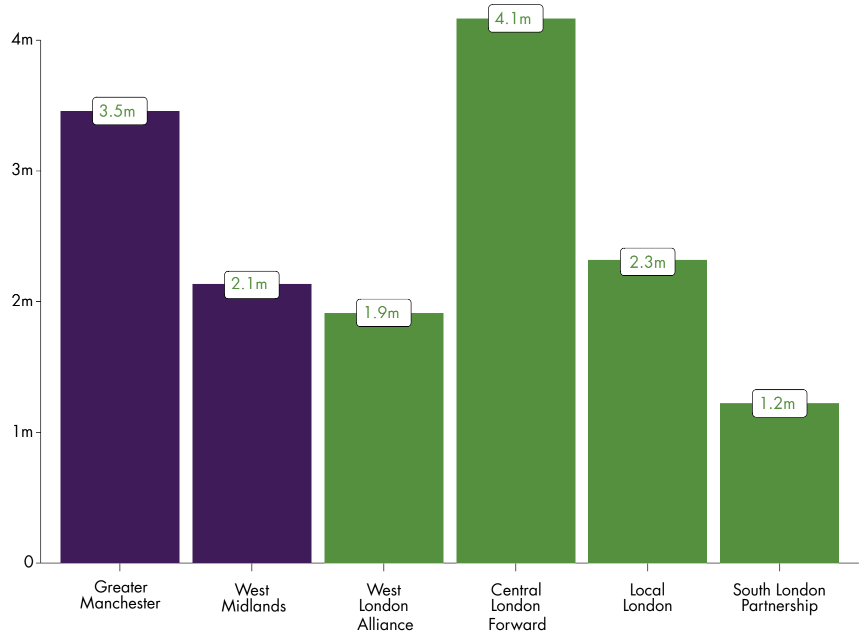
1.2.1 Understanding London through the subregional lens

The sheer size and scale of London's economy, being consistently ranked as one of the four largest and most influential metropolises throughout the 21st century, makes it better thought of as a region in terms of public policy and its relation to the UK. Although London is undeniably one city, its megacity status means that when thinking about economic policy, it is more useful to think of

18 GLA Economics (2021) – Macroeconomic scenarios for London's economy post COVID-19

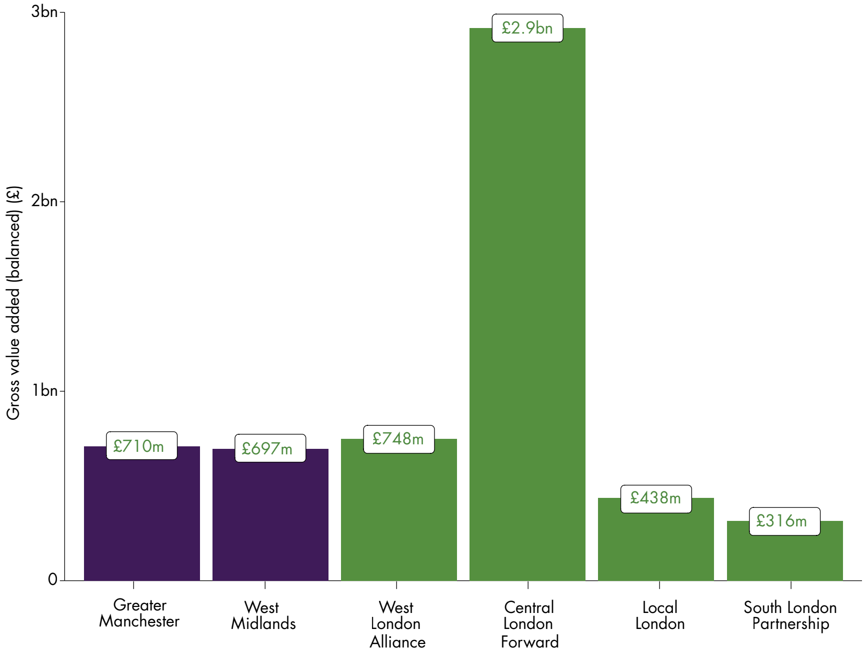
things subregionally – this is part of the reason for the existence of sub-regional partnerships in London, which formed around the skills agenda in their respective local labour markets. Economic geography is not an exact science, with multiple overlapping definitions of functional economic areas existing across the country, but the London subregions are arguably more useful in terms of their comparability to other parts of the country, being similar to the size of key combined authorities in population and GVA.

Figure 1. Population in London subregions and combined authorities



Source: ONS mid-year population estimates

Figure 2. GVA in London subregions and combined authorities



Source: ONS regional productivity data

Across the 1572 square kilometres of London exists a broad, variegated economy with varying degrees of integration and interdependency existing within the city and out across the country. Thus, within the megacity of London, here exists several configurations that could be fairly compared with Manchester, Birmingham or other key UK cities, each with their own broad identities - North and South London being perhaps the most well-known cultural distinction made within the city, or the distinct identities of East and West London. These cultural identities have been developed through shared histories and are often intrinsically tied to the economic story of the different places, from financial services which have existed for centuries in the City to the logistics and transportation sector which expanded in West London throughout the 20th century because of the development of Heathrow Airport in WW2[19].

1.2.2 Scars of economic decline in Local London

In the Local London subregion of East and North East London, there is more history in common with those places more commonly targeted for levelling up than might be assumed. Those areas, still scarred from the deindustralisation of the North and Midlands in the 1970s and 80s, are often cited as the intended targets of 'levelling up'. However, there are still repercussions from the rapid and uneven development of East London after its own deindustralisation in the same period with the closure of the London Docklands and their industrial hinterlands[20]. The shift from a manufacturing economy to a service economy in London was also felt by the departure of major car manufacturing plants in Dagenham[21] and the loss of the photographic materials manufacturing base in Ilford. As with many towns in other regions, these events took place in the decades immediately preceding the accelerated growth brought about by the 'big bang' in financial services.

In some parts of England, deindustrialised towns were left behind as development money poured into London and ignored their areas. Yet in London, the same process played out in microcosm for many communities which were left behind by the city's development. These left behind neighbourhoods, often representing pockets of extreme deprivation, constitute just as much of a waste of human potential as their equivalents in the deindustrialised North. Focusing on the subregion thus complicates the story of London's key problem being too much rampant growth. The nature of that growth, its inclusivity and sustainability, is a core issue which simply defunding the city will exacerbate rather than resolve.

1.2.3 Breaking open London's 'town centres'

In East and North East London, looking at the various local centres as 'town centres' in their own right reveals many that are blighted by the same problems which the levelling up agenda rightly seeks to solve elsewhere. Poor social infrastructure, lack of cultural investment and – despite the connections into Central London – low connectivity between places are all problems for 'towns' in the Local London area. These are all issues highlighted as key identifying factors of need in the prospectus for the Levelling Up Fund, yet only one of the local authorities in the area qualified as a high-priority area in the fund. As well as being attributable to the controversial indicators used to measure need[22], this may also be partially blamed on the use of averages, smoothing over the extremes in the East London boroughs and missing the clear need for levelling up in many town centres.

20 London Intelligence – Deindustralisation

21 Hochadel (2018) – Case Studies: Barking & Dagenham, Hackney and Tower Hamlets

22 Financial Times (2021) – Government criticised over design of levelling up fund

The nature of the high street, a clear focus for policy on building back better, varies massively across the city. For residents in many of East London's town centres, barriers to health on the high street are manifold, with the paucity of options and negative public health effects more akin to those in other parts of the country than in more affluent centres within London. At the same time, there are some marked exceptions to the similarities – for example, skills provision is far less likely to be a problem in London, whereas poor access to services can be far greater in these left behind towns within London than in those without.

This subregional complication of the levelling up agenda amounts to an argument for more autonomy at the subregional and local levels in the way levelling up is carried out. A purely regional focus ignores these complexities entirely whereas drilling down further shows the broad commonalities and specific discrepancies shared among geographically disparate places. The importance of navigating these complexities calls for a meaningful role in levelling up for local councils and subregional groupings.

1.2.3 The subregional impacts of the pandemic

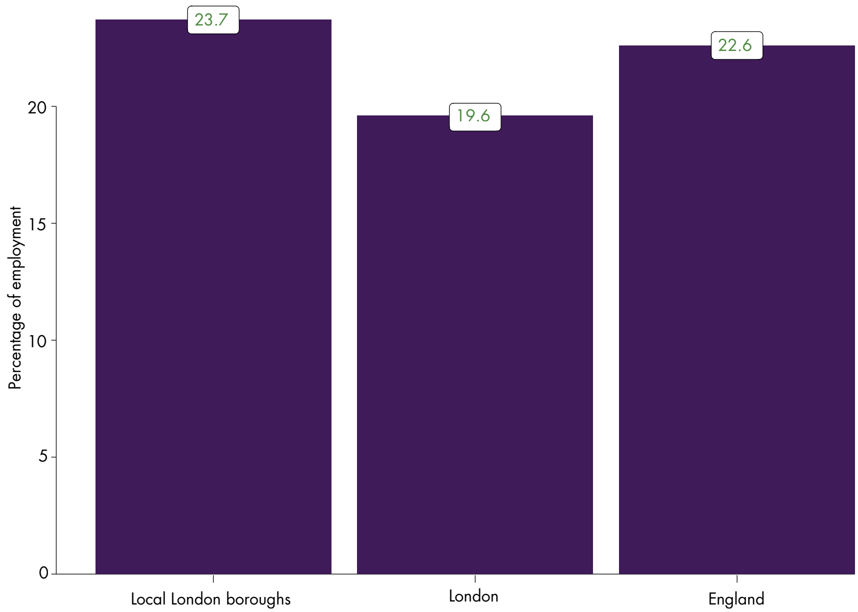
In the Local London area, the pandemic hit hard, with high COVID rates a repeated feature across the different 'waves' of the virus and all parts of the subregion effected. The impact of the pandemic on people's working situations, however, varied drastically depending on employment – for those residents commuting into central London for jobs in the knowledge-intensive service sector, homeworking was easily adoptable and employment less likely to be interrupted. **For the many residents working in London's foundational economy – particularly around retail and hospitality – the impact of the pandemic was a sharp increase in the precarity of work which in many cases may already have been on low-to-no hour contracts[23].** The high concentration of people working under these precarious conditions has been put forward as the driving factor behind the high infection rates which led to the Local London boroughs of Redbridge, Barking & Dagenham, and Newham, as the 'COVID Triangle'[24].

23 TUC (2021) – Covid-19 and Insecure Work

24 Financial Times (2021) – Inside the 'Covid Triangle': a catastrophe years in the making

Figure 3. The Foundational Economy

Retail, wholesale, accomodation and food services



Source: Business Register and Employment Survey

This divide is reflected in housing – with the access to gardens enjoyed by many employed in higher-wage jobs contrasting starkly with the confined conditions many workers in the foundational economy experienced over lockdown[25]. Yet despite the many negative impacts of the pandemic, there are some potentially positive transformations which could emerge from the pandemic if the correct course of action is taken. The rise in home-working over the course of the pandemic caused a degree of revitalisation in some of the radial 'town centres' which make up much of the Local London area. With the right investments in physical and digital infrastructure, these gains could be capitalised upon to the benefit of the subregion, the city at large, and the country in general.

1.3 'The People's Priorities' and the priorities in East and North East London

To conclude this examination of the relationship between levelling up and Local

25 Guardian (2020) – Coronavirus park closures hit BAME and poor Londoners most

London, this subsection focuses on the identified priorities of the government's Plan for Growth and compares these with the identified priorities of the subregional partnership and its constituent councils.

1.3.1 General rhetorical alignment

A point of clear alignment across the strategies of Local London, its constituent boroughs and the national government is the need to maximise community involvement and co-design in the post-pandemic remodelling and regeneration of town centres and high streets. Local London had already committed to greater community participation in both the economy and the local area through its Action Plan in 2019, with the impetus of the pandemic response this must be doubled down on, particularly considering the opportunity to create a business hub in the area. Ensuring residents are active partners in the reshaping of these town centres into a network of hubs is crucial to avoid repeating the mistakes of previous generations of economic policy and the creation of left behind communities.

This tallies with another key point of alignment – the need to increase connectivity between places through investments in physical and digital infrastructure. As mentioned, connectivity within the Local London area is poor, particularly in terms of digital infrastructure, a fact long identified as a significant obstacle to unlocking the growth potential of the subregion. Increasing sustainability across all sectors of the economy as part of the push to Net Zero is naturally a national priority. In Local London, the need to reach Net Zero emissions within the timeframe is felt acutely, with many opportunities to draw down on the target within the subregion.

Beyond these specific points of alignment, there is also a general sense across the levelling up documentation of raising 'place patriotism' – investing in culture and regeneration to make places people are proud to live in. This has been an identified goal of Local London for some years and encapsulates the essence of what levelling up could mean in the area.

1.3.2 Global Britain and Local London

The Build Back Better strategy states that "the UK's success as a trading nation will depend on its ability to use its comparative strengths to anticipate evolving demand at both a country and sector level". Local London is ideally situated to take a leading role in the reshaping of Britain's trade relationships in the aftermath of the UK's departure from the European Union; being in the capital but within close range of three major deep-sea ports. The growing presence of several sectors in which the UK must remain globally competitive compounds the need for continued investment, both in the physical infrastructure to support these industries, and the social infrastructure to support the human capital on which they depend.

The factor of location also stands to be greatly amplified with investment – in addition to its strategic location for trade, the area has the potential to be a nexus of these ports and the UK's Innovation Corridor linking London to Cambridge, a role which could be cemented through investment in the corridor. The corridor itself contains research bodies from multiple universities engaged in 'phase 1' research in the life sciences as well as major manufacturers in that sector[26], with associated further education institutes providing training for technicians. Transport investment, such as increasing the rail capacity from Cambridge, alongside a programme of improved digital infrastructure to better connect the corridor would see considerable return in Britain's global competitiveness.

This crucial contribution to the UK's national competitiveness will be increased through the development work around the Thames Estuary[27] – particularly the adaptation of the river and expansion of the railways to take more freight off roads and onto the river. The estuary development is indicative of a broader eastwards shift in the centre of gravity for innovation in London. The new UCL East campus will drive research on hydrogen power[28], joining other universities in the Stratford area working on AI vehicles[29] as part of the UK's efforts to lead the world in shaping the future of mobility. This eastwards shift is also evident in the creative industries, with the London College of Fashion consolidating into a single Stratford[30] campus alongside other planned sites such as the new V&A East[31]. These industries are vital to the mission of Global Britain, and must be supported through investment in the wider area, both its connectivity – the radial nature of London's transport system does not naturally accommodate this eastwards shift – and its social infrastructure.

26 The UK Innovation Corridor – About

27 Thames Estuary Growth Board – Who We Are

28 UCL – Advanced Propulsion Lab: About

29 Loughborough University (2017) – Connected and autonomous vehicle project aims to steer the next generation of automated public transport

30 London College of Fashion – LCF's Move

31 V&A – V&A East

CHAPTER TWO

What can Local London do for Levelling Up?

The Local London subregion has much to offer the levelling up agenda in terms of opportunities for growth and tangible prospects for investment. Given its position in the capital, its wealth of assets and, in less positive terms, the amount of human potential currently wasted due to issues around public service provision and infrastructure, Local London has much to offer in terms of headroom for growth.

As a subregion, the return on investment for money spent in Local London is considerable, with the possibility to generate growth to fund levelling up across the country.

2.1 Growth opportunities

This subsection focuses on Local London as an area with unique potential in terms of an expansion of the knowledge-intensive service sector, as well as laying out what stands to be gained both locally and nationally from alleviating inequalities in the area.

2.1.1 Knowledge-intensive services

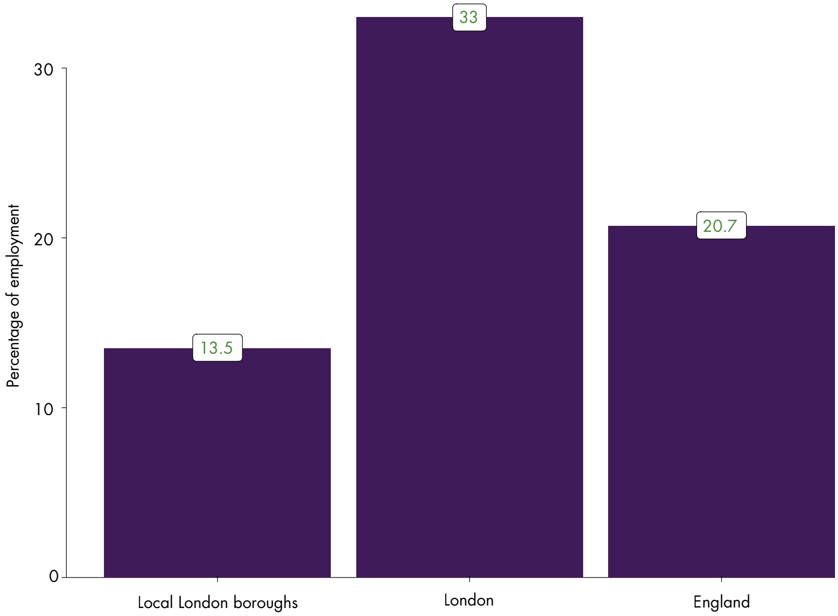
Boosting national growth to fund building back better depends on a greater proliferation of jobs in high-productivity sectors, where the average hour worked contributes more to the national economy than in other, less productive sectors. One of the most important factors in London's economic success is its dense concentration of firms working in the knowledge-intensive sector. Broadly speaking, these are industries where a considerable amount of professional knowledge and a high skill level are required from a large portion of the workforce.

Knowledge-intensive services can be broken down into "high-tech" knowledge-intensive services like telecommunications, market services like the legal or accounting professions and financial services, amongst other subcategories[32]. These sectors do not operate in a vacuum and their high concentration in central London also serves to support a broad foundational economy within the city and creates supply chains and offshoots across the country. The way the pandemic has impacted these sectors, despite their concentration in central London, therefore has knock-on effects across the economy of the whole city. Jobs in the knowledge-intensive services are the most likely to have been affected by the so-called "home working revolution" which, rather than a broad shift across the economy, can be understood as a rapid acceleration of a rise in home working within these professional, white-collar occupations caused by the pandemic[33].

32 Eurostat – Glossary: Knowledge-intensive services (KIS)

33 ONS (2020) – Coronavirus and homeworking in the UK: April 2020

Figure 4. Knowledge-intensive services



Source: Business Register and Employment Survey

Whilst not expected to cause the kind of urban exodus originally predicted in the early stages of the pandemic, it is undeniable that the rise in homeworking and associated commercial property and human resources decisions made by businesses will change the composition of London's workspaces. This presents challenges and opportunities in the Local London subregion. The immediate challenges arise in those foundational sectors in outer London which are directly connected to the knowledge-intensive service sector in central London. Before the pandemic, the radial nature of London's economy naturally led to firms further down the supply chain, which nonetheless are foundational to the knowledge-intensive service sector, to be located further out of the centre. These industries range from the supply chains of office management to the cleaning and maintenance of buildings and were heavily impacted by the sudden drop in office working.

On the other hand, this shift in the geography of work across the city also presents opportunities to level up in East and North East London. The rise in home working at the start of the pandemic saw a boost to the satellite town centres which make up much of the area. The increase of knowledge-intensive service workers – who would normally be commuting out of the area – working during the daytime in the area had a positive impact on the foundational economy[34] in those centres. As the economy reopens and the landscape of London's economy finds a new equilibrium, there is an opportunity to double down on these changes and boost the output, productivity and vibrancy of the Local London subregion to the benefit of increased national growth. At the same time however, providing support for those people whose livelihoods have been impacted by the drop in full-time office working in central London must be provided to achieve a just and sustainable transition.

2.1.2 Employment hubs and associated spill-overs

Levelling up Local London depends on the improvement of business conditions through the provision of better infrastructure; digital, physical and social. To raise the productivity of the industrial mix in the subregion, connectivity must be prioritised and invested in. Growing knowledge-intensive services depends on a network effect[35], wherein relatively small, well-connected employment hubs in outer London branch off from the central nodes in the City, Westminster, Islington and elsewhere. This is not about displacing the economic activity of central London – the advent of mixed working methods in the knowledge-intensive service sector allows for an expansion and a diversification of activity at the London level. This change is now well served, however, by the radial set-up of the capital's current infrastructure.

Increased homeworking – or working in alternate workspaces much closer to home than central London offices – can improve productivity and quality of life for service sector professionals in the Local London subregion, whilst also increasing the value of the foundational economy in the area. Through upgrades to physical and digital infrastructure, alongside reshaping local town centres to adapt to these structural changes, a network of town centres in Enfield, Walthamstow, Ilford, Romford, Barking, Stratford, Woolwich and Bexleyheath could boost productivity in high-productivity sectors at the London level, whilst simultaneously creating multiple overspill benefits in the form of growth opportunities for the subregion. The other side to this issue is digital inclusivity – carefully managing the upgrade to digital infrastructure in particular, to ensure that all residents have access to the new economy will be crucial.

34 Centre for London (2020) – Suburban spending boosted while central London flags, says new report

35 Huang, Hong & Ma (2020) – Urban network externalities, agglomeration economies and urban economic growth

Even before the impact of the pandemic on high streets began to play out, it had long been argued for town centres to move towards a mixed-use model. The Grimsey Review and its subsequent follow-ups argued strongly for reimaging high streets as hubs for communities and stressed the importance of workspace to this goal[36]. Workspaces on urban high streets, particularly in London, have been gathering support as an answer to the more long-term aspect of high street decline for some years[37] and in the aftermath of the pandemic, institutions such as the London Economic Action Partnership have looked to seize the initiative in identifying new models[38]. The new 'Class E' planning use-class covering 'Commercial, Business and Service', introduced in response to the pandemic, can help give flexibility to high-street developments seeking to embed this model.

Key to harnessing a network effect from these developments will be master planning across different localities. As well as retaining a greater proportion of residents in their own economic areas, building a network of hubs for professionals has the potential to increase resilience in the subregion to macroeconomic changes by improving the local business structure and environment. By creating a more favourable environment for professional services – as well as boosting the local foundational economy - from retail and hospitality to construction and maintenance - the potential for local businesses specialising in this high-productivity sector to succeed increases.

2.1.3 Unlocking human potential

Perhaps the most crucial growth opportunity in the Local London area, both from a sense of social responsibility and economic imperative, is to unlock the latent human potential in the subregion. **It must be noted that inequality has consistently been recognised by local leaders as a key impediment to quality of life for individuals and economic growth for the community.** The problems facing residents are therefore well-known in Boroughs who are under-resourced and underpowered to address these issues in a long-term and strategic way. Such an approach to unlocking human potential, providing equality of opportunity, must surely be central to the levelling up agenda.

Achieving this in place requires a mixed approach of 'soft' powers focused on convening and influencing the local labour market, and 'hard' powers focused on improving the access to and provision of public services. Working with local employers, skills providers and residents to raise engagement in the labour market

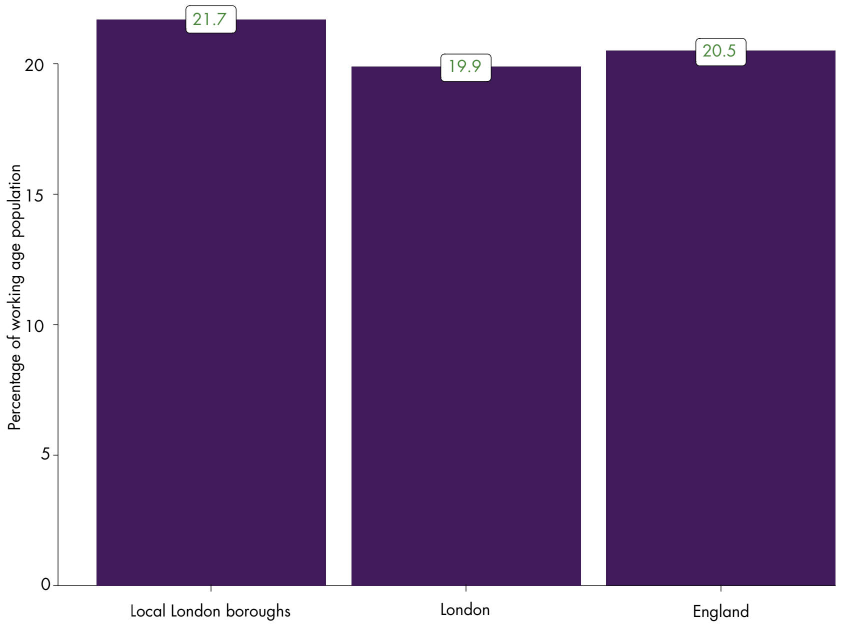
36 All three versions of the review are available at Vanishing High Streets

37 Future of London (2017) – Workspace that Works

38 LEAP (2020) – Flexible Workspaces on our High Streets

and the quality of employment provided, whilst also increasing access to public services and improving local health and wellbeing, could lead to a beneficial cycle of reciprocal improvements to local wellbeing and contributions to national growth.

Figure 5. Economic inactivity



Source: Annual Population Survey

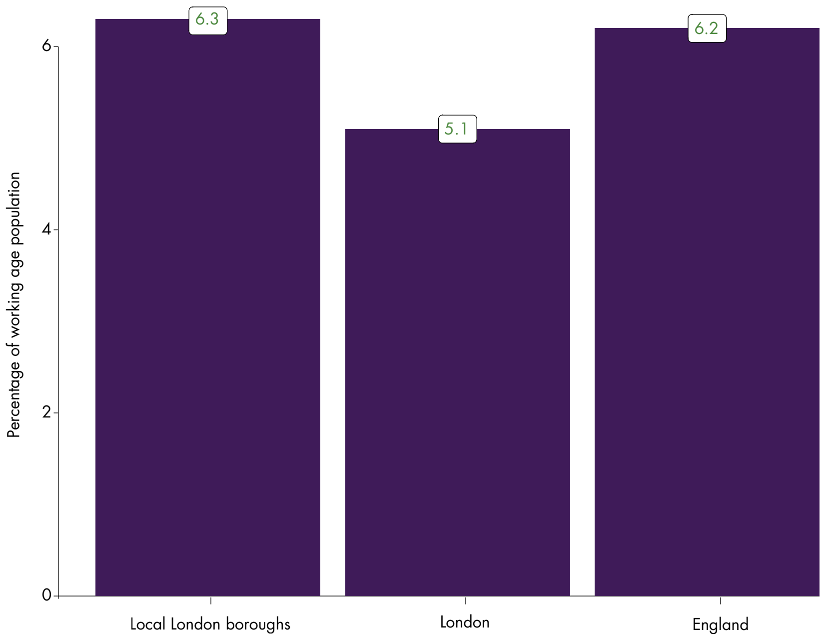
Like other places in the country where the decline of key industries in the second half of the 20th century caused a ‘locking out’ of the labour market for some communities, generational unemployment in the Local London subregion has led to significant levels of economic inactivity. Programmes to increase engagement with the labour market and boost economic activity have the potential to alleviate the problem of income inequality and boost the overall contribution of the region to the national economy. Part of this involves raising the quality of employment, particularly in terms of wages and working practices in the foundational economy – something which is keenly supported by the public in the wake of the crucial role played by ‘key workers’ in the pandemic and could be achieved through increasing the ‘soft power’ of subregional leadership. Policies such as accreditation schemes, and the coordination of local chambers of commerce and business associations, can be used to help raise the baseline for employment without direct intervention.

In terms of more formal, 'hard' powers, reducing health inequalities and removing barriers to accessing public services currently felt across the Local London subregion are crucial factors in unlocking the human potential of the area which local councils must be equipped to fund. This is especially important in the wake of the pandemic and the impact of the 'COVID' triangle on the subregion. The huge strains on local authority finances generated by the ongoing social care crisis and other pandemic management have constrained capacity to provide the kind of joined-up public services required to breaking point. On top of this, the immediate economic impact of the pandemic on many residents has damaged the local economy and placed further strain on services. The need for a long-term financial settlement for public services is therefore crucial to levelling up the area and providing equality of opportunity to residents.

2.1.4 Benefits of a skills uplift

Perhaps the most crucial factor in unlocking the human potential of the resident population and boosting economic growth in East and North East London would be a well-funded and strategically coordinated programme to raise the skill levels across the population. The need to improve skills provision and drive up qualifications of all kinds is recognised by government and reflected in the Build Back Better strategy, as well as in the Skills for Jobs white paper released in January 2021. The introduction in the latter of Skills Improvement Plans at the local level and a Strategic Development Fund "to facilitate changes to provision that have been endorsed by local employers" is a welcome recognition of the importance of local leadership in skills provision.

Figure 6. People with no qualifications



Source: Annual Population Survey

This plank in the levelling up platform is of particular relevance to East and North East London. In terms of skill levels, the Local London area lags the rest of the capital, which limits the opportunities of residents and reduces the desirability of the subregion as a location for business. This is something Local London have recognised as a subregional partnership and as individual councils, with organisations such as Enterprise Enfield working to equip local employers with the tools they need to stay competitive and employer-led initiatives like the East London Business Association working in collaboration with local councils to improve access to opportunity in the area. These organisations and the programmes they run deliver real results for residents but the structural nature of the skills problems require a long-term and well-funded strategy produced in concert with the overall investment prospectus for the area.

Raising the skill level locally is commensurate with the goal of levelling up the subregion in general, particularly regarding the emerging sectors mentioned above and their potential to broaden the local skills base, but also in relation to construction for development and regeneration, where skills for new, more sustainable methods can be embedded into the labour market. Realising these benefits requires a skills strategy that is aligned with the wider vision for London articulated through bodies like the GLA and LEAP, but still responsive to the challenges faced by residents in the Local London subregion. A subregional action plan for infrastructure and related investment could have the benefit of aggregating demand for skills, giving the opportunity to create clearly defined skills pathways with institutional responsibilities delineated across the subregion.

2.2 Investment opportunities

Having expounded on the opportunities for growth that could arise from decentralisation of London's economy, this subsection puts forward some of the major opportunities for investment to unlock that growth.

2.2.1 Brownfield sites and development

In 2015, the UK government recognised land remediation as a priority, as an industry in which the UK is globally competitive[39], with the work in Stratford around the Olympic Park cited as an example of success in the field. With this prominent example of the power of converting and developing brownfield sites at the heart of the subregion, many opportunities remain for investment in land remediation across the Local London area. Major development projects, especially when aggregated across the subregion, are crucial both to the regeneration of the area and the mission to improve skills and employment in the area. Perhaps most importantly, both new developments and regeneration projects are a pivotal aspect of addressing the housing shortage in the capital.

Cost of living is the primary factor driving much of the inequality within the Local London region – simply put, without alleviating the cost of living in the subregion there will be limited opportunities to uplift the quality of life for a great many residents. Beyond this, as discussed above, raising the skills baseline is critical to improving the labour market conditions to the extent that quality of employment in the subregion can be meaningfully raised. Well organised programmes of land remediation and development have the potential to alleviate both whilst also increasing the favourability of local business conditions once development is complete and safeguarding the UK's competitive advantage in land remediation through the training of a new generation of specialists.

Sustainability of new developments – from the planning stage through to the completed building – is a clear priority both nationally and locally. Ensuring that

39 Department for International Trade (2015) – Land remediation: bringing brownfield sites back to use

sustainable development is both profitable and locally beneficial requires a scale of development beyond a site-by-site allocation process. New skills and new methods of construction can be pioneered in the area, with associated training programmes for the local population, if a clear strategic overview can be taken on a programme of investment. Maximising the return on investment in this case requires the assembly of a complex array of cross-sectoral stakeholders across the subregion. Clear delineation of institutional responsibilities for sills provision, demarcated pathways to employment for individuals and a conduit for employer input can all help increase the impact of investment in transforming brownfield sites.

2.2.2 Community-led town centre regeneration

Making use of hyper-local democracy in decision-making around town centre regeneration has been emphasised by the government, which reflects a growing appreciation of the need for neighbourhood-level institutions since the first COVID lockdown. Regeneration and development in the area thus requires a dual approach, with a strategic overview focused on the broader subregion and its contribution to regional and national growth, but with room for hyper-local decision-making on specific schemes. Drawing on this local knowledge can improve the commercial viability of town centre regeneration by ensuring that what is provided is used by the community, as well as providing town centres within the broader Local London network with their own character reflective of the local area.

There is an active and engaged voluntary sector present across East and North East London. Community groups in many of these places have been working for years on the material improvement of their local area. These groups and the spaces they occupy make up the backbone of social infrastructure in the subregion and the experience and knowledge they have accrued is invaluable. Empowering these communities to take a hand in the regeneration of the local area stands to pay dividends – as the success of the National Lottery-funded Big Local schemes in the area has shown[40][41]. The devolution of responsibility for distributing investment pots, relatively very small sums, for schemes at the hyperlocal level of town centres and high streets to such community groups can provide a disproportionate impact, boosting the levelling up agenda and improving the material conditions of communities in the subregion.

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40 North Meets South Big Local – Our Work

41 St James Street Big Local – The Plan

2.2.3 Infrastructure improvements

To create the conditions for a fast-growing and highly productive knowledge-intensive service sector, improvements to the transport and digital infrastructure within the Local London subregion are crucial. Throughout the subregion, connectivity into central London is generally adequate at least. However, connections between the boroughs are poor, with limited movement currently taking place within the subregion. The lack of orbital links around the area disrupts the economic geography of the subregion, with radial infrastructure isolating the town centres of East and North East London from each other.

Two key investments would open up the subregion for inter-borough connections: additional river crossings and the extension of Crossrail to Kent across Bexley with orbital connections around Havering. Both of these proposals are well-supported locally; the C2E partnership of local authorities on either side of the London/Kent border has been organising around the need to extend Crossrail past its current planned terminus at Ebbsfleet since 2016 and the need to redress a historic shortage of crossings at the East London end of the river Thames[42] has long been recognised by local leaders.

Investment in digital infrastructure is equally important to establishing the business conditions necessary to level up the Local London economy – Local London has a digital infrastructure programme underway to this end but the lack of long-term and consistent funding presents a consistent barrier to improvement. Further investment in this programme is needed to ensure rapid delivery of improvements to the connectivity of homes and businesses in the area, especially in light of the shift to homeworking in key sectors. Securing these investments alongside a realistic timetable to delivery would provide the kind of business certainty and market signalling needed to capture the benefits of a rebalanced London labour market and spread prosperity through a network of town centres.

The role for governance – both local and subregional – in this provision extends beyond convening stakeholders around infrastructure improvements. Business support to ensure that local small businesses are informed and equipped to benefit from new infrastructure is also required. While cutting-edge firms in the digital sector operate in the subregion, many SMEs are still in the process of taking full advantage of the opportunities presented by new technology. Bringing business support organisations focused on these SMEs into the process of infrastructure provision can help spread the associated economic benefits and will be an important aspect of ensuring an equitable and inclusive levelling up in East and North East London.

42 Londonist (2017) – Why Aren't There Bridges On The Thames in East London?

2.2.4 Doubling down on existing schemes

The already existing, nationally vital infrastructure improvements are a major component in the attractiveness of the Local London subregion, presenting a base to build on in terms of local infrastructure and a variety of opportunities to improve the national position. Due to the relative instability in government between Brexit in 2016 and the 2019 election, with three different governments cycled through in that period, consistency around these projects has not always been maintained. To ensure that the Local London subregion is not left behind in levelling up, commitment to these schemes, which have already proven their worth to the national interest, must be reaffirmed and doubled down upon as part of the push to build back better.

Development around the Thames Estuary will provide a multiplicity of benefits, with the key national strategic advantages being the ability to move more freight onto the river Thames and off the roads (thus accelerating the achievement of net zero) and the potential for much-needed new housing built into the action plan. Locally, projects around the estuary including new film studios in Barking and Dagenham, new jobs arising from the South East's Freeport in the estuary, as well as a boost to digital industries are all tangible benefits from investment in the Thames Estuary.

The 'Innovation Corridor' connecting London to Cambridge and Stansted is of major significance to the UK's life sciences sector. Investment in expanding the rail infrastructure to provide four-track access to Cambridge and Stansted from the Local London area would help to connect the corridor up to existing major developments within the subregion, opening employment opportunities and increasing the viability for businesses associated with the life sciences sector to operate in outer London.
This is particularly important as the population of the area grows with developments such as the Riverside in Barking, which will increase the demand on the existing transport. Ensuring that new and existing areas within the subregion are well connected to the innovation corridor will be pivotal to ensuring equality of opportunity in East and North East London.

The importance of embedding and connecting the Innovation Corridor is further magnified by the proliferation of institutions of research and development in Stratford's Queen Elizabeth Olympic Park. As well as the new UCL East campus, Cancer Research UK and the British Council are also establishing in the area, adding to the area's strength as a cluster for innovation. Links between configurations like this in London and their parallels in Cambridge support these key, high-value sectors with better conditions for business relocation or expansion and provide infrastructure for an expanding and nationally important workforce.

CHAPTER THREE

What can Levelling Up do for Local London?

Beyond the many tangible prospects for growth in the subregion, it is also worth noting that Local London is, by many metrics, as deserving a target of ‘levelling up’ as any of the more often-cited places in the North and Midlands.

This section compares the area with other London subregions and the combined authorities to illustrate the complex interplay of prosperity and deprivation in East and North East London.

3.1. Need comparison with other areas

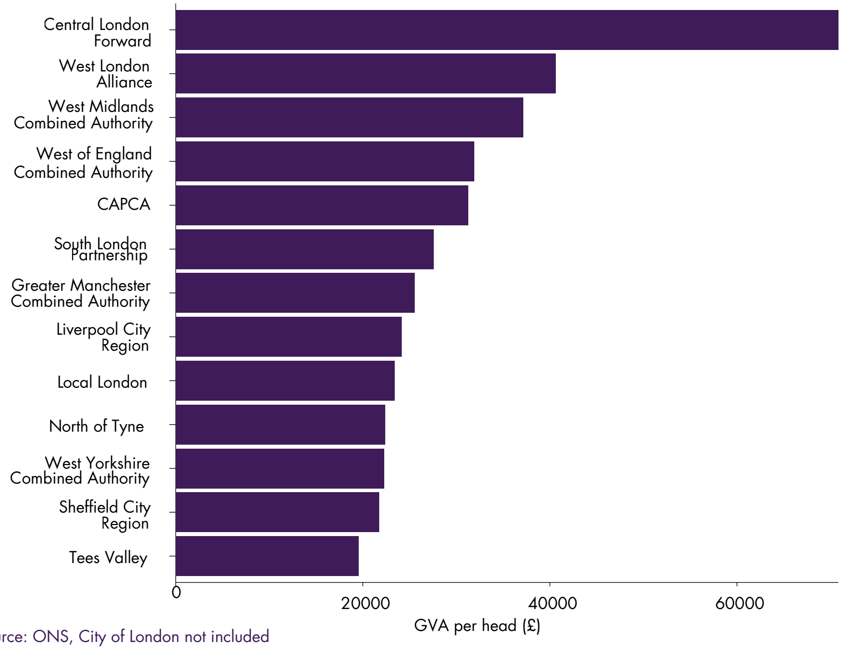
This subsection provides an overview of the need for levelling up in Local London as compared to other London subregions and the mayoral combined authorities – which are more directly comparable to London subregions than to the city as a whole.

3.1.1 Comparison with combined authorities and national levels

Given the problem of viewing London simultaneously as a city on par with other UK conurbations and as a region on the scale of the devolved nations, it is helpful to break London down into its subregions and compare these with the similarly sized mayoral combined authorities.

Figure 7. GVA per head

Average among boroughs



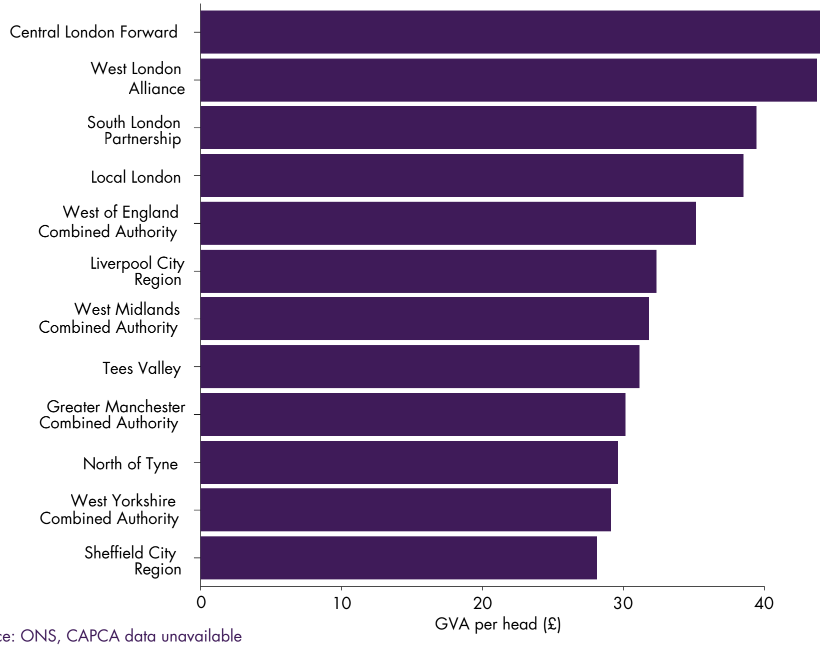
Source: ONS, City of London not included

The need to increase the value of economic output in the area, through means highlighted in the previous section, is reflected in the economic output per head of the population in the Local London area. GVA per head for the boroughs within Local London is on average £23,417. This is the lowest of all the London subregional partnerships, as well as the Greater Manchester, Liverpool City

Region and West Midlands combined authorities. This is despite the fact that the boroughs making up Local London have, on average, a higher rate of productivity than all the mayoral combined authorities, despite also being the lowest within London. The average hour worked in a Local London borough is worth £38.50 to the national economy, a gap of around £5 with Central London – were this gap to be closed through an influx of higher-productivity industries, the associated gap in GVA would also narrow, to significant national benefit.

Figure 8. GVA per hour

Average among boroughs



Source: ONS, CAPCA data unavailable

These economic divides within London, and more broadly between city subregions, are reflected in the labour market. Although performing slightly better than the combined authorities in terms of the percentage of the population with no qualifications and, conversely, the percentage of the population working in highly skilled jobs, Local London lags the rest of London, with the trend pointing towards a widening gap. This situation is not static, government policies around the economy can either address and alleviate this condition or ignore and exacerbate it, with the associated damage to national growth and prosperity.

The risk of being further 'left behind' is therefore acute in the Local London subregion. Yet despite being generally closer to the subregional combined authorities than the rest of London on many key metrics, in terms of inequality, the residents of Local London often face the worst of both worlds. The wage gap between the top and bottom earners is severe in Local London, as across the city – with the bottom 25 percent of Enfield residents earning on average £545 less a week than the top 25 percent of earners[43]. This is in spite of Local London boroughs having a lower median wage on average than other parts of the capital[44].

These gaps in wages, educational attainment, and access to high-value employment amount to a gap in opportunity within London, which Local London residents face on top of the extreme living costs in the capital; after adjusting for housing costs, the average Londoner is no better off than the average resident in the North. This is equally true of those deprived communities in Local London and their counterparts elsewhere in the country.

3.1.2 Allocating investment and metrics of need

Part of the problem with policies to redress regional and inter-regional inequalities over the past few decades have been a shifting focus, as different metrics are used by different governments to define what places are deprived, undeveloped or 'left behind'. The most recent manifestation of this issue is the controversy around the Levelling Up Fund allocation formula, but there has long been controversy from voices both local and regional around the way that government investment is divided up across the country.

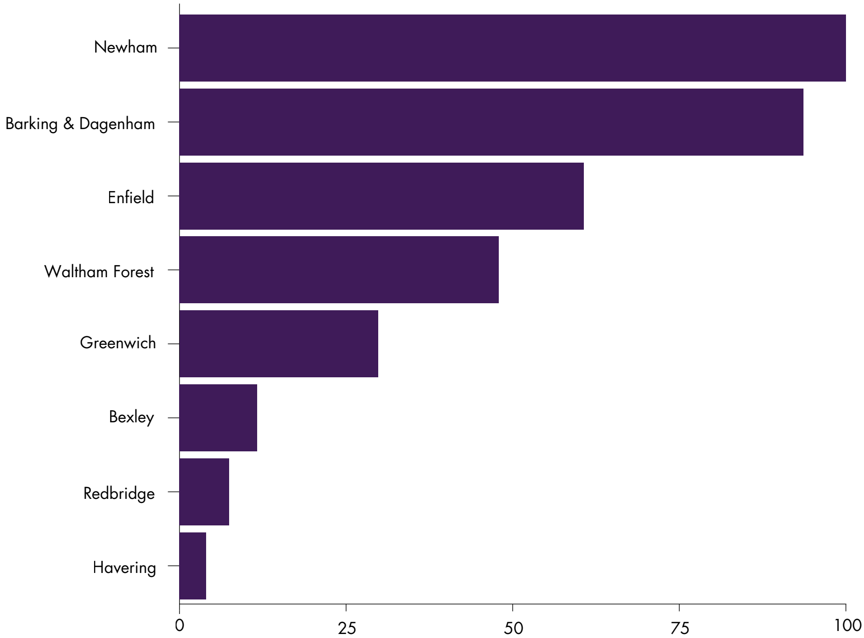
The issue of how demand for investment is decided is particularly pertinent in the new national situation of departure from the European Union, as the use of European Union Structural Funds had previously occupied the role in regional development which is now to be filled with the Shared Prosperity Fund. As an EU-wide measure, the structural funds were at a remove from, and therefore less directly controversial within, British politics. With the Shared Prosperity Fund now replacing EU structural funds, there is need for urgent clarity on how the fund will be allocated, whether it will match EU funding levels and, where there are differences, what the justification is for decision-making. In a situation of continued

43 ONS (2020) - Annual Survey of Hours and Earnings 2020: Resident Analysis
44 Ibid.

EU membership, Local London would receive up to €1.1.bn as one of the seven 'less developed regions' in the UK[45]. This kind of investment, funnelled into the sort of programmes outlined in section 2, would be transformative and is essential to the goal of levelling up the area and, through positive spill-over, the country.

Figure 9. Barriers to services in Local London boroughs

Percentage of neighbourhoods in bottom 10 percent of national rank



Source: Indices of Multiple Deprivation 2019

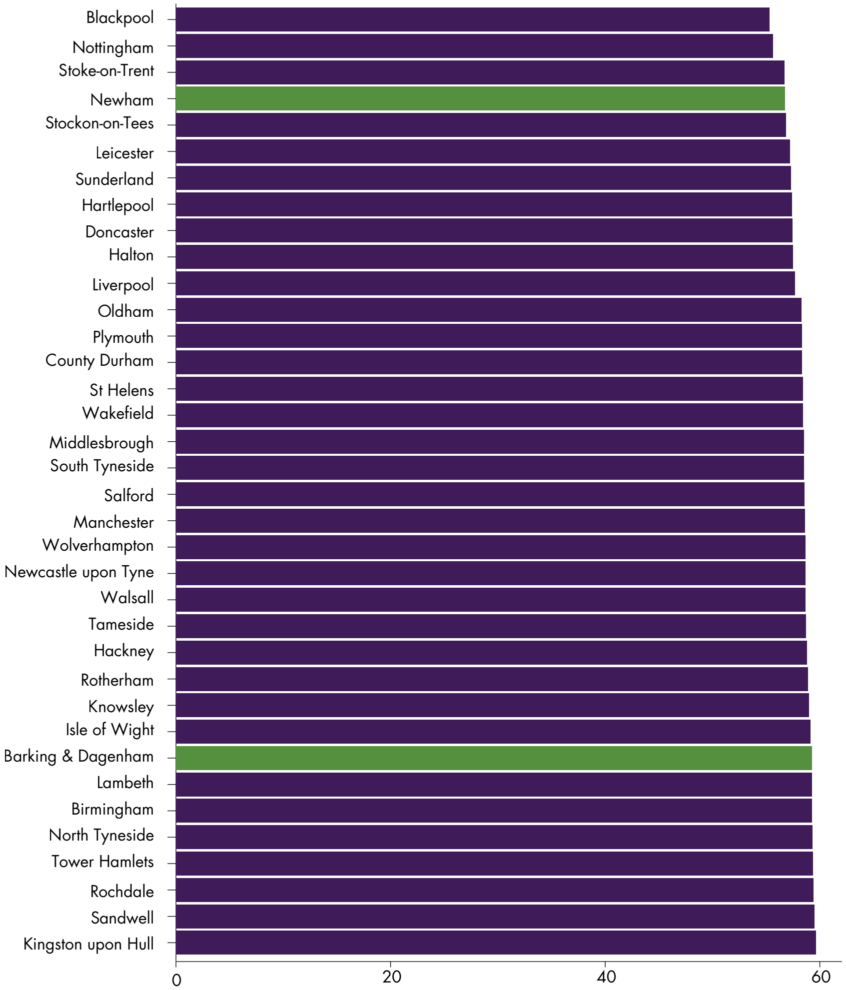
The Indices of Multiple Deprivation also give a picture of the need for levelling up in Local London – most dramatically through the subregion's incredibly high percentage of neighbourhoods among the most deprived in the country in terms of barriers to accessing services. Five out of eight Local London boroughs have more than 25 percent of their neighbourhoods in the bottom decile of the national rankings for this domain of deprivation. **Connected to a multifaceted need for regeneration in many parts of the subregion, these barriers require patient financing to overcome in a sustainable and long-lasting way.** This is reflected in the health inequalities seen in the area –

45 Local London (2020) – Sharing Prosperity with Local London

inequalities in health outcomes have been cited as a key target of levelling up, with the prime minister citing divergences in life expectancy across the country as unacceptable. The data shows how relevant this is in the Local London area – using healthy female life expectancy as a proxy for health outcomes, two Local London boroughs fall in the bottom 25 percent of English local authorities, with Newham in particular (where barriers to services are highest) seeing one of the lowest rates in England.

Figure 10. Female healthy life expectancy in England

Bottom 25 percent of upper-tier local authorities



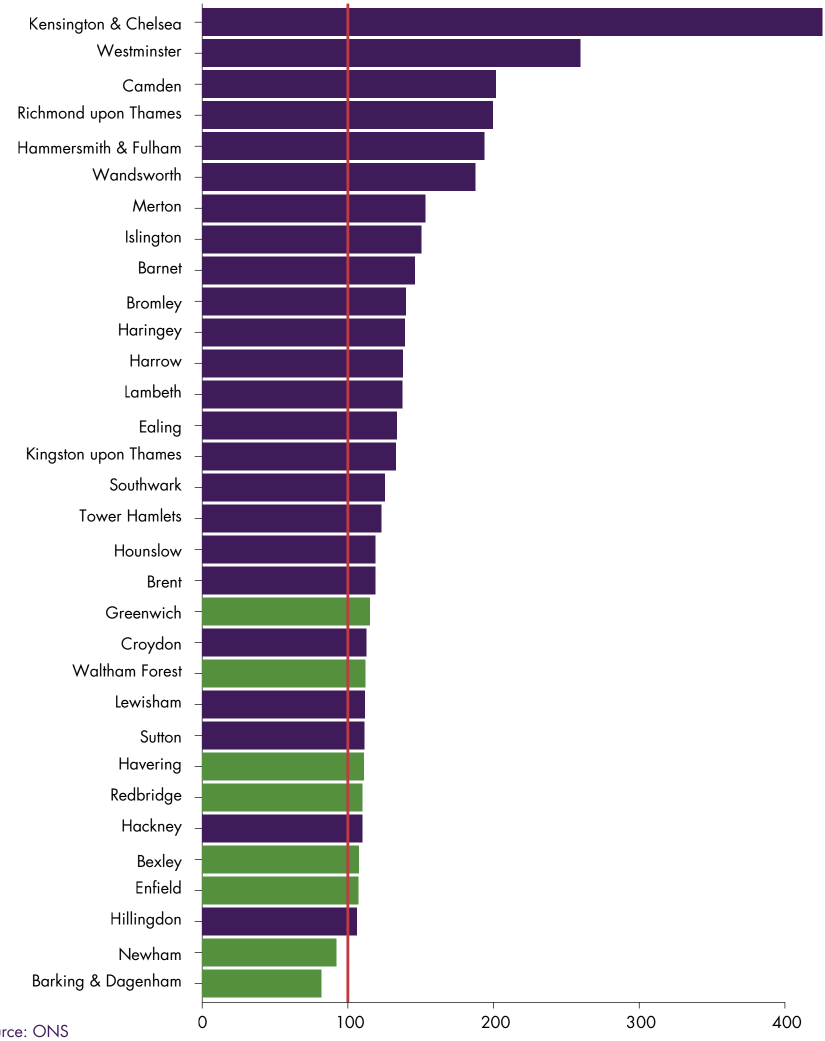
Source: Public Health England

Cost of living is another metric of need where Local London boroughs lag the city and, in some places, the country. Gross disposable household income is a measure defined as "the amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures"[46] and is as such a measure for approximating the average material standard of living within an area. Adjusted for population, both Newham and Barking and Dagenham are below the UK average for this measure, with Bexley and Enfield only slightly above and all falling below the London average. Considering costs and standards of living, as has been pointed out by the Institute for Fiscal Studies breaks open the regional picture of London to reveal the need for levelling up within the city.

46 ONS – Gross Disposable Household Income

Figure 11. GDHI per head in London boroughs

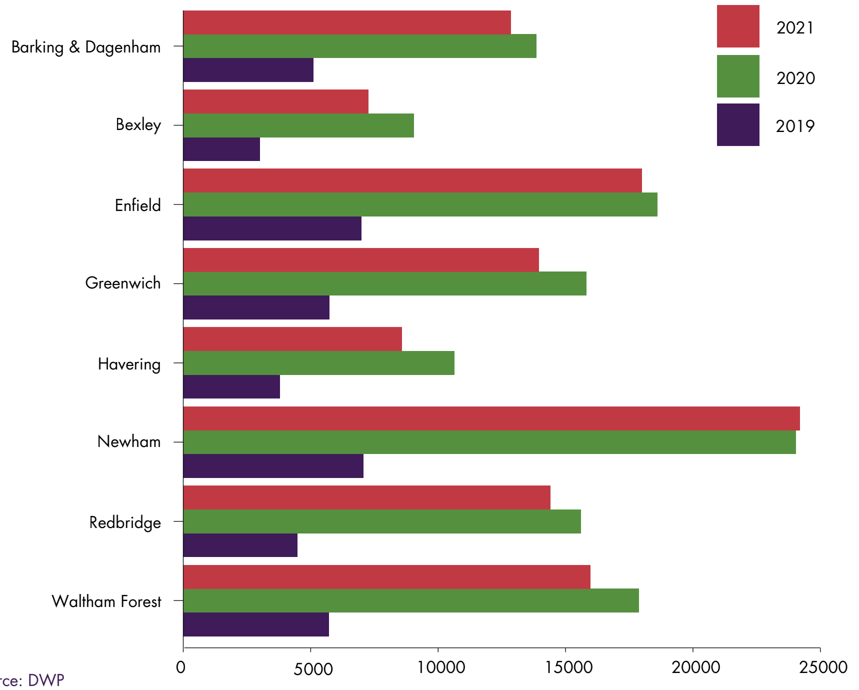
UK=100



Source: ONS

Another key consideration in the determination of 'need' for levelling up is the impact of the pandemic. This again is an issue where the unique set of issues facing the capital compound existing problems at the subregional level. As a whole, the capital was hit with higher number of workers on furlough, disproportionate damage to key sectors and multiple overlapping health crises caused by the poor housing conditions of many residents. In Local London, these factors exacerbated existing inequalities, with many vulnerable residents pushed to the very brink by the pandemic and its impact, causing further strain on already struggling public services. The proportion of workers furloughed, and those who lost their job entirely, is higher than the national average[47] in the subregion, and in some boroughs, markedly higher than even the London levels – particularly the aforementioned 'COVID triangle'.

Figure 12. Claimaint count in Local London boroughs
The month of August in 2019, 2020 and 2021



Source: DWP

47 Trust for London (2021) - London's Poverty Profile 2021: COVID-19 and poverty in London

CHAPTER FOUR

Levelling up in Local London

Good planning is essentially to sustainable and good quality growth in the Local London area. Coherent strategy at the sub-regional level can help achieve levelling up for residents in left-behind areas of Local London, whilst also benefitting the national agenda by providing the receipts of boosted growth to the Treasury.

London's geography is moving Eastwards – with multiple major developments with varying levels of national significance detailed in this report – and it is important that growth is managed, inclusive of residents and maximises national benefits. To ensure that the provision of skills, employment and housing are co-ordinated and serve the overarching national, regional and local goals for recovery and renewal, as well as being connected with the bordering areas to London and associated projects, a formalised subregional convening role is required.

A master plan deal for Local London

Local London needs a subregional deal for growth, giving the subregional leadership board power to convene and coordinate constituent boroughs and external partners in delivering levelling up. A multi-year 'masterplan', encompassing the different borough's local and corporate plans into an overall vision for the area must be agreed and funded between the boroughs, the government and the Greater London Authority.

Key features

- The master plan would tie in and be developed in consultation with key stakeholders of the Innovation Corridor and the Thames Estuary Growth Board to give a full impression of the growth trajectory across the area.
- Producing a long-term vision for the subregion would provide stability conducive to business investment and give an impression of the aggregate skills demand of the future labour market, allowing for better collaboration between Local London and local further and higher educational institutions.
- To ensure proper local buy-in and to capture the benefits of local expertise, community consultation must be a golden thread throughout the document – from ensuring and promoting the use of both digital and physical consultation on individual local plans, through to maintaining a clear and transparent working process in devising the overall master plan.
- Targets for the master plans outcomes in residents' lives must be agreed between all tiers of governance at the outset, with clear and definable metrics identified for levelling up quality of life, employment and environment in left behind communities.

Funding requirements

The key requirement for a master plan would be funding for the process of devising and carrying out the plan, along with 'buy-in' support from both a central government and GLA level. The subregional leadership must have the funding to recruit qualified and capable staff, and must also have the certainty that this funding will not be withdrawn at the change of a political cycle. Agreeing the aims and scope of a master plan deal could be carried out in broadly the same manner as devolution deals are reached between government and devolved areas, where funding is provided for the administration of the master planning process based on key shared outcomes.

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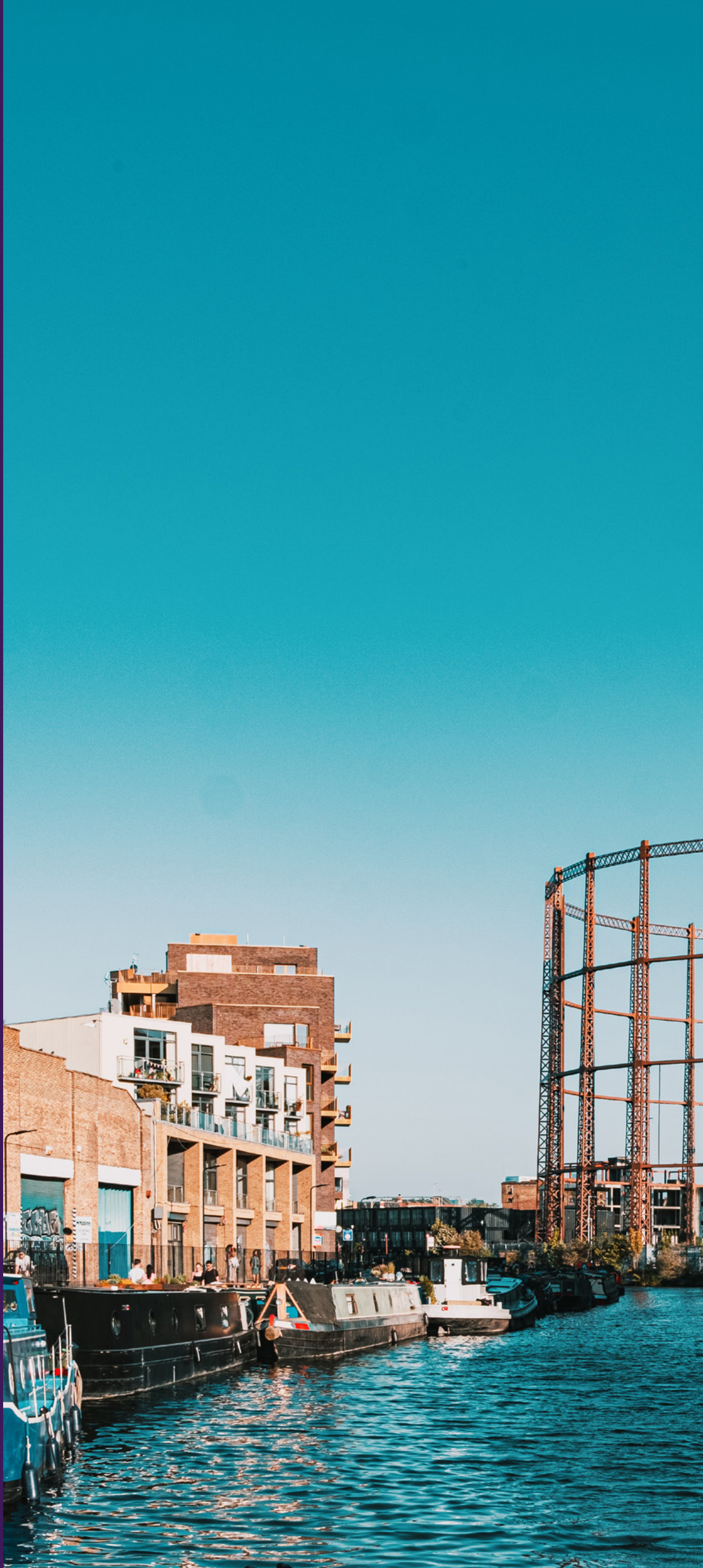

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