Local London and Levelling Up

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

By Joe Fyans
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

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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.