

REVIEW C: LOCAL COMMERCE, EMPLOYMENT, SKILLS & JOB CREATION

Committee name

Corporate Services, Commerce and Communities Policy Overview Committee

Officer reporting

Nigel Cramb, Partnerships & Business Engagement Manager

Papers with report

None.

HEADLINES

This report provides the Committee with baseline information regarding the Borough's economy, and will highlight some of the strengths, weaknesses, threats and opportunities in Hillingdon's economy. Two witnesses are currently confirmed for this meeting: Rebecca Selby and Richard Upton from U+I.

RECOMMENDATIONS:

That the Committee note the evidence heard at the witness session.

SUPPORTING INFORMATION

At the scoping meeting for this review, the Committee received baseline information on the Borough's economy. This is reprinted to provide context for the additional narrative.

Hillingdon's Business Base - the March 2018 NOMIS figures from the Office for National Statistics show that Hillingdon's business community stood at 15,315. This is the total number of businesses in Hillingdon, including the Borough's retail sector. The makeup of Hillingdon's business community in terms of number of employees can be seen below (a comparison the business sector statistics for Hounslow and Harrow boroughs are included, as well as a comparison with 2015 figures):

Business type	Hillingdon		Hounslow		Harrow	
	2015	2018	2015	2018	2015	2018
Micro (0-9 employees)	11,380	13,035	11,795	12,940	12,160	14,340
Small (9-49 employees)	1,565	1,675	1365	1390	950	975
Medium (49 - 249 employees)	475	605	365	370	170	170
Large (250+ employees)	100	105	80	75	20	15
	13,520	15,315	13,605	14,775	13,300	14,775

From the NOMIS figures, there are a number of issues worthy of note. Whilst Hillingdon has a healthy business base in terms of the numbers of businesses, it also has a good balance in terms of business size and the range of employment. Like Hounslow and Harrow, Hillingdon has a solid micro business base, which makes up the bulk of our economy, but unlike Harrow and Hounslow, Hillingdon also has a strong large business base.

As is to be expected with such a quantum of businesses, the range and diversity of business activity in Hillingdon is significant. Whilst it is to be expected that a Borough with two airports and excellent road and rail connections, the logistics, transport and storage sector is strong. However, the Professional Scientific and technical sector, and the service sectors are also both major

Classification: Public

Corporate Services, Commerce & Communities Policy Overview Committee – 23 July 2019

employers. It comes as little surprise that as a consequence of having such a broad based economy, Hillingdon has one of the lowest Job Seekers Allowance levels in London. Furthermore, Hillingdon supports a jobs density ratio of 1.05 (ratio of total jobs to population). Outside of central London, Hillingdon has the highest concentration of large employers or corporate headquarters.

Business start-ups in Hillingdon - Latest information on business start-ups shows the healthy growth but down from a peak in 2016 (as seen to the right).

Year	Number of Start-ups
2015	2,811
2016	2,911
2017	2,550
2018	2,511

At the scoping meeting, members asked for additional information on the types of businesses being established. An analysis of the Borough start-ups over 2018 and up to May 2019 revealed that the most prevalent business start-up sectors were:

- Real Estate;
- Wholesale/Retail;
- Construction; and,
- Transport.

In terms of wards, the most consistent wards in terms of start-ups are as follows:

- Townfield;
- West Ruislip; and,
- Northwood Hills.
- Closely followed by West Drayton and Botwell wards.

These figures are based upon residents / businesses opening commercial business accounts with the main high street banks.

JSA claimant levels are traditional indicators of how economies are doing. In Hillingdon, as previously reported, the levels of Hillingdon residents without a job remain low. The figures from September 2018 figures showed claimant levels at just 2,555. December 2018 figures were at 2,645, or 1.3% of Hillingdon's working age population. The London and national averages remain higher at 2.4%.

The latest available figures from May 2019 record 3,830 claimants. Whilst this is a small increase on previous figures, it is still only 1.9% of the Borough's working age. This compares to a London and UK average of 2.7%.

The latest Employment Support Allowance figures (ESA – the benefit which has replaced Incapacity Benefit) are not published as frequently as the JSA figures, but the latest figures from May 2019 stand at 7,910. May 2018 show claimants numbers of 7,510.

Brexit

At the scoping meeting members asked for a view as to how the issue of the UK leaving the European Union was affecting business. Despite the continued speculation in the press, and considerable anecdotal evidence as to the impact of Brexit, there is very little local evidence.

In the months following the vote to leave the EU, West London business the regional Chamber of Commerce undertook a survey of its membership. Whilst the responses are now some two years

old, the following headline concerns would still seem to be relevant based upon concerns expressed by the CBI (Confederation of British Industry):

- Difficulties in recruiting key and qualified staff from other European countries;
- Increasing challenges in terms of exporting and importing goods; and,
- There were concerns specifically relating to securing workers for the construction sector.

There has been a noticeable drop in the number of 'major planning applications being submitted but whilst the uncertainty over Brexit might be having an impact on planning applications it is equally as likely that the reduction is due to the delays in the completion of the Elizabeth line (Crossrail development).

Opportunities and Challenges

One of the questions asked at the Committee's scoping meeting was "how is the Hillingdon economy performing?" Without commissioning an in depth study, it is not an easy question to answer. Even if the Council were to have commissioned a study, much economic data is open to being interpreted in a number of ways. Hillingdon's economy is best described as complex and forever evolving. Its performance can be viewed and interpreted on a range of levels.

Strengths

- Hillingdon has consistent low levels of JSA claimants;
- There are high levels of job vacancies. It has more jobs than residents seeking employment;
- There is a consistent level of business activity, as can be seen by the number of businesses in the Borough. Whilst the majority of in work residents are employed by small and medium enterprises, Hillingdon has significant numbers of large (250+ employees) corporate organisations and certainly many more than the other West London boroughs;
- Heathrow airport is situated in the Borough. This means that there are always going to be job opportunities (a study in 2013 estimated that Heathrow generate 84,000 jobs, both in the airport and commercial concerns associated with Heathrow). Companies continue to be keen to locate near to Heathrow;
- There is ongoing investment in many sectors of the local economy. Many of the residential developments contain commercial elements in their design. Additionally, there is considerable interest from the providers of 5G and full fibre broadband technology in Hillingdon;
- High profile, high quality, educational establishments are situated in Brunel University, HCUC (formerly Uxbridge College) and New Bucks university. These organisations serve to secure resources and new training and employment opportunities for our residents;
- The way people work is changing; shared space and flexible office accommodation is becoming increasingly popular and the Borough is well served with this type of accommodation; and,
- Hillingdon is starting to attract new innovation such as the Central Research Laboratory, and there are potential new commercial sectors such as the film industry.

Based on the above highlights, Hillingdon's economy is buoyant. The Information in the scoping document supports this assumption.

Challenges

- There is pressure on employment land from residential development. The financial returns from residential development are, in the short term, much more attractive and this may well have longer term impacts for residents seeking local employment;
- The conversion of office to residential accommodation under the Governments 'prior approval' legislation has had a significant impact in the Borough's office accommodation offer;
- The growth of more attractive employment destinations. Hillingdon's office sector is facing significant competition from new office developments in Chiswick, Hammersmith and also the new White City developments;
- The global nature of investment is also having an impact. Decisions on where to invest in London are increasingly being taken by non-UK based management. The long-term associations that businesses have for particular towns and areas are being superseded by real estate price and attractiveness in terms of workforce recruitment;
- The shift within the economy to more automation and use of technology in key employment areas, such as aviation and logistics will potentially lead to a decline in employment numbers. Hillingdon has traditionally benefitted from a proliferation of relatively well-paid jobs that do not require anything above entry level qualifications. When technology changes, residents with the lower skills levels tend to be more vulnerable;
- The Borough has growing number of ESA claimants (those seeking work but facing additional barriers to employment such as health / disability challenges; and,
- Continuing uncertainty caused by the Brexit issue. Whilst difficult to quantify the impact until the issue is resolved, investors will continue to be cautious.

When taking these issues into consideration, it could portray a different view of Hillingdon's economy, one of an economy with some challenges going forward.

As ever, the truth about the performance of Hillingdon's economy lies somewhere between the two viewpoints of the economy.

How this report benefits Hillingdon residents

Policy Overview Committees directly engage residents in shaping policy and recommendations from the Committees seek to improve the way the Council provides services to residents.

Financial Implications

None at this stage.

Legal Implications

None at this stage.

BACKGROUND PAPERS

NIL.