



EXPERT ANALYSIS TO INFORM THE LONDON STANSTED CAMBRIDGE CORRIDOR GROWTH COMMISSION

THE LONDON-STANSTED-CAMBRIDGE CORRIDOR: ECONOMIC CHARACTERISTICS AND PERFORMANCE

JANUARY 2016

The LSCC Growth Commission aims to provide independent analysis and advice to raise the global economic potential of the London-Stansted-Cambridge Corridor, setting out a 30-year vision for transformational change.

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INTRODUCTION

THE GOAL OF THIS PAPER IS TO INFORM THE INITIAL DEBATES AND INQUIRY EVENTS OF THE LONDON-STANSTED-CAMBRIDGE CORRIDOR GROWTH COMMISSION

This report presents an analysis of the London-Stansted-Cambridge Corridor economy, and the characteristics and performance of the local areas that constitute the Corridor.

It assesses the available socio-economic evidence for the London-Stansted-Cambridge Corridor, and the wider area that surrounds it. Much of the information is sourced from official statistics, from the UK Office for National Statistics. This is because the data and evidence are generally robust, consistent between localities, and available over different years to allow analysis of performance over several years.

This report presents the latest available official evidence, as of December 2015. It also draws on relevant sources of analysis and information from other organisations, which are summarised later on in the report.



KEY INSIGHTS

ABOUT THIS REPORT

This report analyses the available socio-economic evidence for the London-Stansted-Cambridge Corridor, and the wider area that surrounds it. Much of the information is sourced from official statistics, from the UK Office for National Statistics. This is because the data and evidence are generally robust, consistent between localities, and available over different years to allow analysis of performance over time.

This report presents the latest available official evidence, as of December 2015. Of course, other organisations have also provided relevant sources of analysis and information, and these are summarised in Chapter 6.

DEFINING THE LONDON-STANSTED-CAMBRIDGE CORRIDOR

We use two definitions in this report.

LSC Corridor, consisting of local authority districts, boroughs and unitary councils. Most of the analysis relates to this definition. This encompasses the 15 local authority areas of:

- London Boroughs of Enfield, Hackney, Haringey, Islington, Redbridge and Waltham Forest;
- Cambridge City and South Cambridgeshire;
- Peterborough City;
- Broxbourne, East Herts, Stevenage
- Epping Forest, Harlow, Uttlesford

LSC Region, comprising the wider county and unitary authority areas surrounding the corridor.

This is the broader region of influence, where partner organisations and institutions are based, and which provides a wider functional market for the corridor.

- Counties and unitaries: Essex, Cambridgeshire, Peterborough
- Districts in Norfolk and Suffolk that are part of the Greater Cambridge Greater Peterborough local enterprise partnership: St Edmundsbury, Forest Heath and King's Lynn West Norfolk
- North, (some) Central, and East London boroughs: Camden, City of London, Enfield, Hackney, Haringey, Islington, Newham, Redbridge, Waltham Forest, and Westminster.

KEY CHARACTERISTICS

- > The LSC Corridor area – that reflects the Consortium membership – has 2.7 million residents.
- > The wider region (based on counties and unitaries and including Westminster and the City) has 5.4 million residents.
- > Significant population growth – has grown at double the national rate (between 2000 and 2014) and is forecast to continue this high rate of growth
- > Wider LSC region – £226 billion of economic output in 2014
- > Financial services and business services more prevalent in the Corridor.



the Lsc corridor is a region of dynamic growth with an increasing global presence

GROWTH RATES WHICH HAVE RACED AHEAD OF THE NATIONAL AVERAGE

- > **Historic economic growth rate 20% higher than nationally:** Historic rates of economic growth 1997-2014: LSC Region = 4.9% per annum (UK = 4.1%)
- > **Post-recession economic growth 65% higher:** Post recession rates of growth 2010-2014: LSC Region = 6.1% per annum (UK = 3.7%)
- > **Jobs growth 156% higher:** Number of employee jobs grew by 10.5% between 2009 and 2014 (GB=4.1%)
- > **Business population growth 112% higher:** Number of enterprises grew by 28.4% 2004-2013 (UK=13.4%)
- > **Productivity 16% higher than UK average**
- > **Population growth 97% higher:** Population growth of 19.1% in 2000-2014 (UK=9.7%)
- > **Workforce growth 124% higher:** Workforce (working-age population) grew by 20.2% in 2000-2014 (UK=9.0%)

Economic growth is healthy, particularly in high value-added, knowledge-based employment. The corridor has a significant and growing presence in high value-added activities which tend to be internationally tradeable, with skills and businesses with a global footprint.

OVERALL ECONOMIC PERFORMANCE HAS BEEN OUTSTANDING, BUT THIS IS NOT UNIFORM WITHIN THE CORRIDOR

The Corridor provides a national innovation and knowledge hub, driving UK growth and economic dynamism. There is persuasive evidence that the

London-Stansted-Cambridge Corridor economy is a significant contributor to UK economic growth and jobs, has grown at a higher rate than nationally, is strongly entrepreneurial and is a major location for knowledge-based jobs and innovation.

DYNAMIC, INTERNATIONALISED ECONOMY IMPLICATIONS FOR THE WORK OF THE LSCC GROWTH COMMISSION:

- > The London-Stansted-Cambridge Corridor has the hallmarks of a 'national asset': rapid population growth, a vibrant economy, and presence in globally traded economic activities
- > The need to service international transport gateways, especially London Stansted Airport, is paramount in order to sustain growth of internationally traded activities.

The economy *between* Cambridge and London needs a boost. While the economy of the Corridor as a whole has performed well above the national average, this performance is being driven by exceptional growth rates in Cambridge and London in the face of weaker growth in Essex and Hertfordshire.



**BOOSTING ECONOMIC PERFORMANCE
IMPLICATIONS FOR THE WORK OF THE LSCC
GROWTH COMMISSION:**

- > The ambitions of areas with the appetite for growth must be significant in order to address any concerns about weaker-than average rates of economic growth and productivity in the past.
- > Lower ambitions and growth trends in some areas will tend to reduce the case for public investment in infrastructure.
- > There is a need to balance arguments of the growth potential of 'national assets' (Cambridge and London) with the need to improve economic performance in the Hertfordshire and Essex parts of the corridor.

**KNOWLEDGE-BASED ECONOMY AND
BROADER SERVICE SECTOR JOBS GROWTH
IMPLICATIONS FOR THE WORK OF THE LSCC
GROWTH COMMISSION:**

- > There are very high jobs growth prospects from a broad range of private sector services.
- > Activities such as biotech and life sciences, although vitally important, internationally tradeable, and generating higher levels of economic output per worker, do not generate as many jobs as activities such as ICT and business services.

**RACING AHEAD OF THE UK: THE
CORRIDOR IS OUTSTRIPPING THE REST
OF THE COUNTRY AS A MAJOR
ENTREPRENEURIAL, KNOWLEDGE
BASED, HIGH VALUE ECONOMY**

The Corridor is very entrepreneurial, with a large and growing business base. There are significant levels of employment and specialisms in high-value, knowledge-based activities. These are growing at a much faster rate than nationally and are driving demand for highly skilled jobs.

High rates of innovation in the Corridor reflect the strong presence of knowledge-based industries, high-technology manufacturing and R&D activities.

**THE CONCEPT OF AN 'IDEAS CORRIDOR'
IS SUPPORTED BY THE EVIDENCE AND
KNOWLEDGE OF THE BUSINESS BASE,
BUT THIS IS ALSO A SUCCESSFUL
LOCATION FOR A BROAD RANGE OF
PRIVATE SECTOR SERVICES**

Knowledge and tech is a major strength, but it is complemented by high growth across all private service sector activities. The corridor is notable for the very significant presence of knowledge-based jobs and economic output, but this is part of a bigger picture. Private sector services are growing strongly, contributing a larger share to economic output than in the rest of the UK.

There has been major jobs growth in North London and Broxbourne. This has been driven by professional and administrative services and science, technology and ICT industries.



WINNING THE RACE: RATES OF ENTREPRENEURSHIP AND INNOVATION ARE WELL AHEAD OF UK AVERAGES

IMPLICATIONS FOR THE WORK OF THE LSCC GROWTH COMMISSION:

- > Maintaining the growth dynamics of the corridor should be a national priority because it benefits the UK as a whole. The Corridor is a major source of new global corporate players in emerging industries and markets (such as ICT). There is an opportunity to build on this to achieve a much richer and deeper ecology of businesses, workforce skills and international networks. This cannot be underestimated.

ALTHOUGH IT GENERATES A HIGH NUMBER OF SKILLED JOBS AND ATTRACTS MUCH HIGHER LEVELS OF OVERSEAS WORKERS THAN OTHER AREAS, THE CORRIDOR'S ECONOMY IS A NET EXPORTER OF SKILLED LABOUR (PREDOMINANTLY TO LONDON)

The LSC Corridor has substantial flows of commuting. Out of just over one-million residents who are in work in the LSC corridor, approximately 470,000 commute to work in jobs outside of the LSC corridor. Conversely 560,000 both live and work in the LSC Corridor.

The southern parts of the corridor in London, Essex, and North London have high rates of commuting to central London. In total, 360,200 LSC residents commute to the 'rest of London' (i.e. not including North London, which is part of the LSC corridor). Of these, 139,900 LSC Corridor residents commuted to Westminster and the City of London alone.

The LSC Corridor's main urban and employment centres tend to employ more highly skilled workers than reside there (due to the higher concentrations of skilled jobs there). They also show that the skills of

residents are higher than those of workers in many parts of the North London boroughs – presumably as many of the highly skilled residents work in Central London.

The residents and workforce of the Corridor are very highly qualified. A large share of highly qualified residents commute to jobs outside the Corridor, predominantly in London.

The Corridor is home to a large and increasing workforce of overseas nationals. On average, there are 36 National Insurance (NINo) registrations per 1,000 people working in the area – more than double the UK average of 15.

However, the Corridor has above-average levels of skills shortages, demonstrating an imbalance between the demand for labour and firms' ability to attract the necessary staff or skills.

NET EXPORTER OF SKILLS TO LONDON IMPLICATIONS FOR THE WORK OF THE LSCC GROWTH COMMISSION:

- > There are significant flows of labour within, and beyond the Corridor combined with an above average incidence of skills shortages. We need an internationally competitive transport system to facilitate this movement and more efficient functioning of the labour market.
- > International talent is being attracted to the Corridor and we need effective links to international transport hubs, especially London Stansted Airport.



IN SOME DISTRICTS WITH SIGNIFICANT EMPLOYMENT LAND, QUALIFICATION ATTAINMENTS ARE NOTABLY LOW

Within the Corridor, qualification rates at level VQ4 or above (degree level or above) were highest in Cambridge, where 61.3 per cent of working-age residents were qualified to level VQ4 or above, and Islington (58.9 per cent) but below average in Broxbourne, Epping Forest, Harlow, Peterborough, Stevenage and Uttlesford. A number of districts with significant vacant employment sites awaiting development or occupation (such as Broxbourne, Enfield, Harlow, and Stevenage) have much lower attainment rates than the national average, posing the risk of future skills shortages or unfulfilled investment potential.

LAND ASSETS

IMPLICATIONS FOR THE WORK OF THE LSCC GROWTH COMMISSION:

- > If current and future employment land and premises are to become successful business locations, there must be an adequate supply of skills and a qualified workforce within reasonable commuting distance. This can be achieved both by enhancing local residents' skills and qualifications, and by expanding the potential labour market catchment through effective transport infrastructure.

DESPITE HIGH RATES OF GVA AND JOBS GROWTH, AND A BRIGHT ECONOMIC FUTURE, A SIGNIFICANT SHARE OF PEOPLE LIVING IN THE CORRIDOR DO NOT BENEFIT

Economic participation varies significantly between localities. North London in particular has higher rates of inactivity and unemployment. Access to jobs is a significant issue for young people across the Corridor and for Black and Black British males. Income deprivation, child poverty and child income

deprivation are high in the Corridor's London boroughs.

ENSURING EVERYONE BENEFITS FROM GROWTH

IMPLICATIONS FOR THE WORK OF THE LSCC GROWTH COMMISSION:

- > There are significant challenges in ensuring everyone benefits from growth and jobs. There is a case for improving public transport access to employment centres to help unemployed people and young people to engage with work.
- > Substantial improvements in services to major employment centres such as London Stansted Airport will create job opportunities as well as benefiting international passengers.

HOUSING PRESSURES ARE A SIGNIFICANT FEATURE OF THE CORRIDOR

Housing costs are well above the national average in all housing sectors – home ownership, private renting and social housing. In 2014, Islington, Hackney, Haringey, Cambridge and Epping Forest ranked within the most expensive 10 per cent of 326 local authority areas in terms of average house prices. The areas with the most expensive owner occupied housing also have the highest private rents.

House prices have grown rapidly across the LSC Corridor. Since 1995, rates of house price inflation have ranged from 248 per cent in Harlow to 451 per cent in Hackney. Social housing rents have also increased rapidly in some areas since 1998, with rates of rent inflation ranging from 67.8 per cent in Harlow to 123.1 per cent in Stevenage.

Housing sales and completions remain below pre-recession levels in many parts of the Corridor.

Although the LSC Corridor has experienced rapid growth in its dwelling stock, driven by growth in



private sector housing, the housing market is still suffering from the effects of recession. While house prices in all areas have risen above their pre-recession peaks, sales remain lower than before the recession, particularly in Enfield, Peterborough and Harlow. Housebuilding has also been affected. Between 2006/07 and 2010/11 net additions to the housing stock fell sharply and have since plateaued with no signs of recovery.

Average house prices in the LSC Corridor range from 6.8 times average earnings in Peterborough to 15.8 times average earnings in Islington. Since 2002, house price to income ratios have increased rapidly in some areas, particularly in Waltham Forest.

HOUSING PRESSURES

IMPLICATIONS FOR THE WORK OF THE LSCC GROWTH COMMISSION:

- > High and rising housing costs are a signal of the demand pressures in the Corridor's economy, with high increases in population and in both national and international migration into the area.
- > Significant changes in settlement patterns, density and workforce availability lie ahead. Demographic changes will mean that the transport and land use planning system will need to adapt over the next 30 years.

ROAD CONGESTION IS A PROBLEM, BUT THE PROPENSITY TO COMMUTE BY PUBLIC TRANSPORT AND CYCLING IS MUCH HIGHER IN THE CORRIDOR

Most people travel to work by car or van in the Corridor, but there is also a higher level of commuting by public transport or bicycle than nationally. Road congestion is higher than average in the Corridor's London Boroughs, and since 2008 it has increased above national rates across most of the Corridor.

TRANSPORT CONGESTION

IMPLICATIONS FOR THE WEST ANGLIA TASK FORCE ECONOMIC CASE:

- > Road congestion is increasing – there is a need for targeted transport investment.
- > Generally, there is a greater propensity to use public and sustainable transport modes for travel to work. This will help make the case for transport investment.





1. ECONOMIC PERFORMANCE

SUMMARY: ECONOMIC PERFORMANCE

THE CORRIDOR'S ECONOMY HAS PERFORMED WELL ABOVE THE NATIONAL AVERAGE OVER RECENT YEARS

The LSC Corridor's economy has outperformed the national average over the past 16 years, driven by its strong presence of high value jobs, high productivity levels and robust productivity growth.

THE TWO ANCHOR POINTS OF THE CORRIDOR – CAMBRIDGE AND LONDON – EXPERIENCED THE STRONGEST GROWTH

Overall performance has been boosted by strong economic growth in Inner London East and Cambridgeshire. However, all other areas spanning the Corridor have experienced average or below average rates of economic growth since 1997. Overall economic growth and productivity growth have been below average in Essex, Hertfordshire and Outer London East & North East, while productivity falls short of the national average in Essex and Peterborough.

THE CORRIDOR ESCAPED THE WORST OF THE RECESSION

Economic growth has slowed across the area since the recession but less than across the UK. Growth has slowed most sharply in Cambridgeshire and Peterborough and only slightly in Inner London East and Outer London East & North East.

ECONOMIC PERFORMANCE HAS BEEN DRIVEN BY A BROAD RANGE OF INDUSTRIES

At industrial level, the Corridor's powerful economic performance has been driven by strong growth in the real estate and financial & insurance sectors. All sectors apart from production have grown more rapidly than the UK average.

A greater share of the LSC Corridor's GVA is produced by private sector services than across the UK. However, the public administration, education & health sector is the LSC Corridor's largest contributor to economic output. This sector, though, has experienced one of the sharpest declines in economic growth since the recession, behind information & communication and financial & insurance

services. By contrast, growth in the real estate, production and agriculture, forestry & fishing sectors has increased since the recession.

JOBS GROWTH HAS BEEN STRONGEST IN BROXBOURNE, ISLINGTON AND HACKNEY

Jobs growth has been above average across the area since 2000. Over three-quarters of total growth between 2000 and 2013 has occurred since 2010, and almost one third of it has been in Islington. As with economic growth, there have been wide variations in jobs growth rates across the area. Broxbourne, Islington and Hackney have been the strongest performers, but six districts have been below average, while Stevenage has experienced a fall in jobs.

Despite strong jobs growth across the area, this has not kept pace with population growth. Between 2000 and 2011, the number of jobs per working-age resident (jobs density) fell. The number of jobs in the area is fairly low relative to the size of the resident working-age population, which suggests a high level of out-commuting. Within the area, jobs density is highest and well above average in Islington, and well below average in the other five London boroughs.

At broad industry level, jobs growth in recent years has been strongest in professional, scientific & technical activities, administrative & support services, accommodation & food, and information & communication. However, jobs have fallen across six sectors, particularly manufacturing and public administration.



ECONOMIC GROWTH

THE LSC CORRIDOR HAS EXPERIENCED HIGH RATES OF ECONOMIC GROWTH SINCE 1997

Economic growth performance is reported for the 'LSC Region'. Available data has been used to give the nearest approximation of the LSC Corridor area, which is based on the six NUTS 3 areas¹ of Peterborough, Cambridgeshire, Hertfordshire, Essex, Inner London East, and Outer London East & North East. As such, it overstates the level of economic output for the narrow (15 district) definition of the LSC Corridor as the data spans 43 districts.

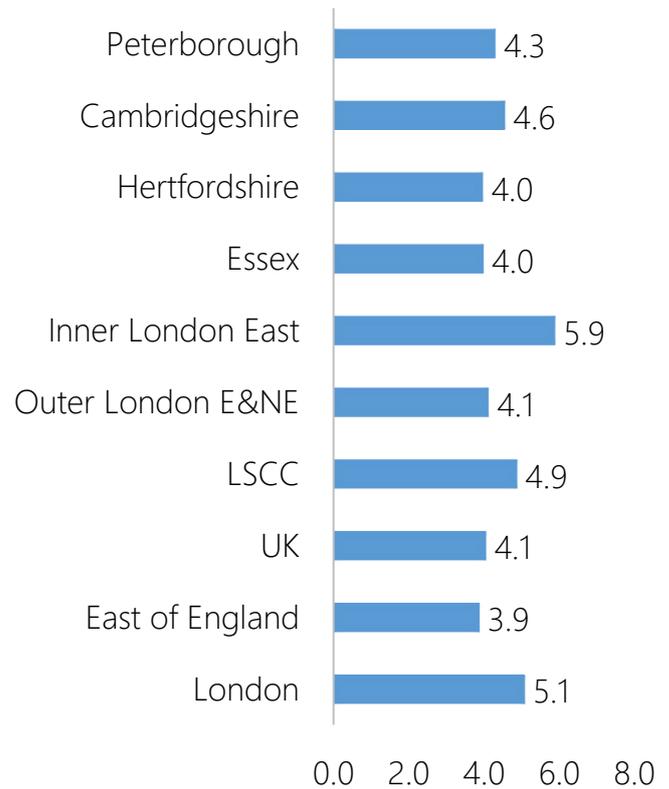
In 2014, the LSC Region produced £226.0 billion of economic output (GVA). This was equivalent to 14.0 per cent of total UK GVA – higher than the area's share of the UK population (11.6 per cent). Almost half (47 per cent) of the LSC Region's GVA was produced in Inner London East (the London Boroughs of Haringey, Islington, Hackney, Newham, Lambeth, Lewisham, Southwark and Tower Hamlets).

ECONOMIC GROWTH RATES IN THE LSC REGION WERE MORE THAN ONE-FIFTH HIGHER THAN THE UK AVERAGE

The area has experienced very high rates of economic growth. Between 1997 and 2014, the LSC Region's GVA grew by 136 per cent – much higher than across the UK (104 per cent). On an annualised basis, as demonstrated in **Figure 1.1**, this equated to a 4.9 per cent nominal increase (not taking into account price inflation) every year between 1997 and 2014. This places the LSC Region's growth rate 20 per cent above the UK average. This can be seen within the national context, as mapped out in **Figure 1.2**, where it is evident that historical annual growth rates were comparatively high.

Economic growth was boosted by high rates of growth in Inner London East (180 per cent) and Cambridgeshire (123 per cent) with average or below average growth rates in other areas, particularly Essex (102 per cent and Hertfordshire (101 per cent).

FIGURE 1.1: ANNUALISED RATE OF ECONOMIC GROWTH BETWEEN 1997 AND 2014



Source: Regional Accounts, Office for National Statistics.

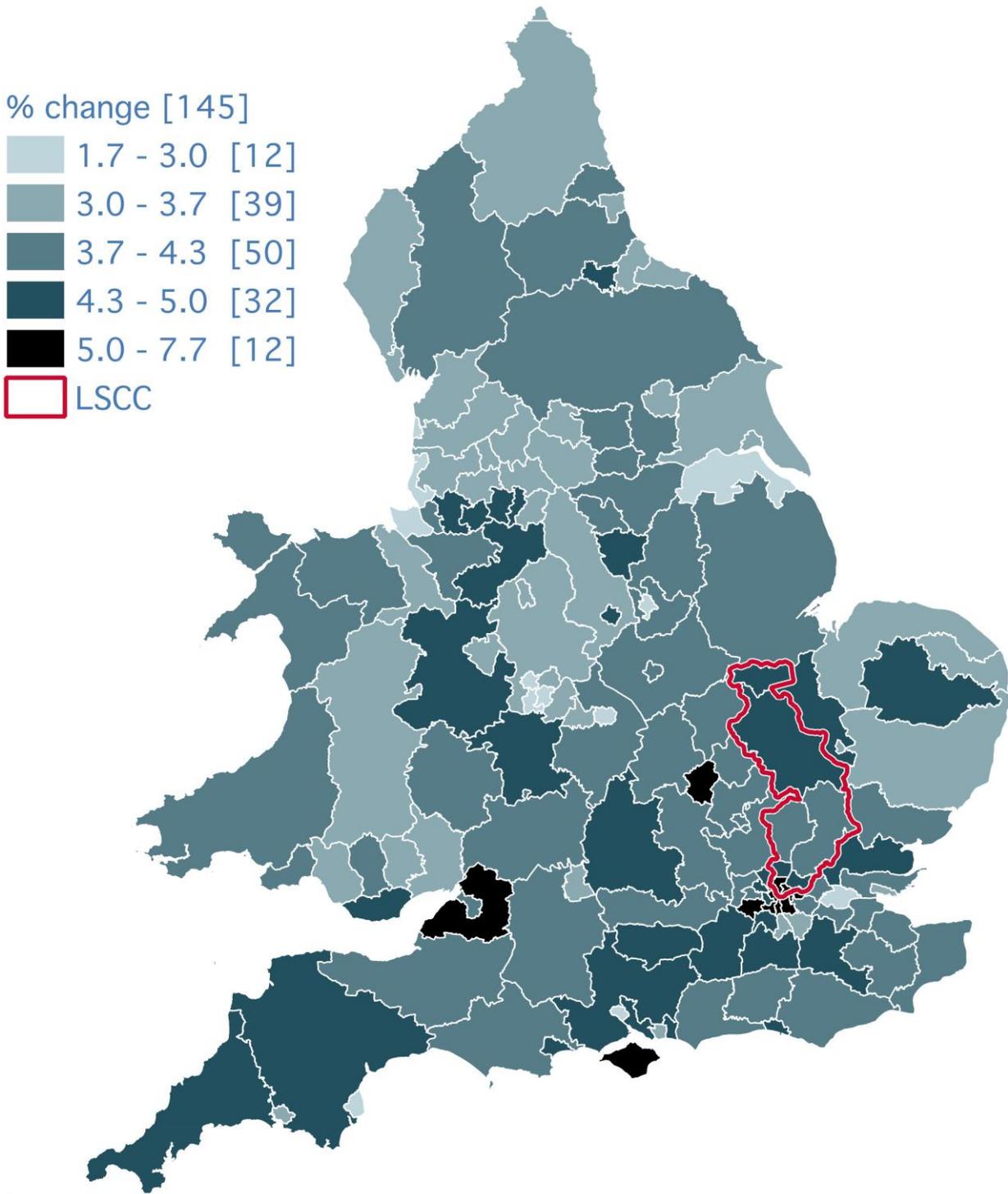
¹ NUTS refers to the statistical units defined for European Comparative statistics. NUTS3 refers to statistical units which typically represent county and unitary authority areas.



FIGURE 1.2: AVERAGE ANNUAL RATE OF ECONOMIC GROWTH 1997 TO 2014 IN NUTS 3 AREAS IN ENGLAND AND WALES

ECONOMIC GROWTH IN NUTS 3 AREAS

ANNUALISED RATE OF HISTORIC GVA GROWTH 1997-2014



Source: Regional Accounts, Office for National Statistics.
 Contains Ordnance Survey data © Crown copyright and database right 2016.

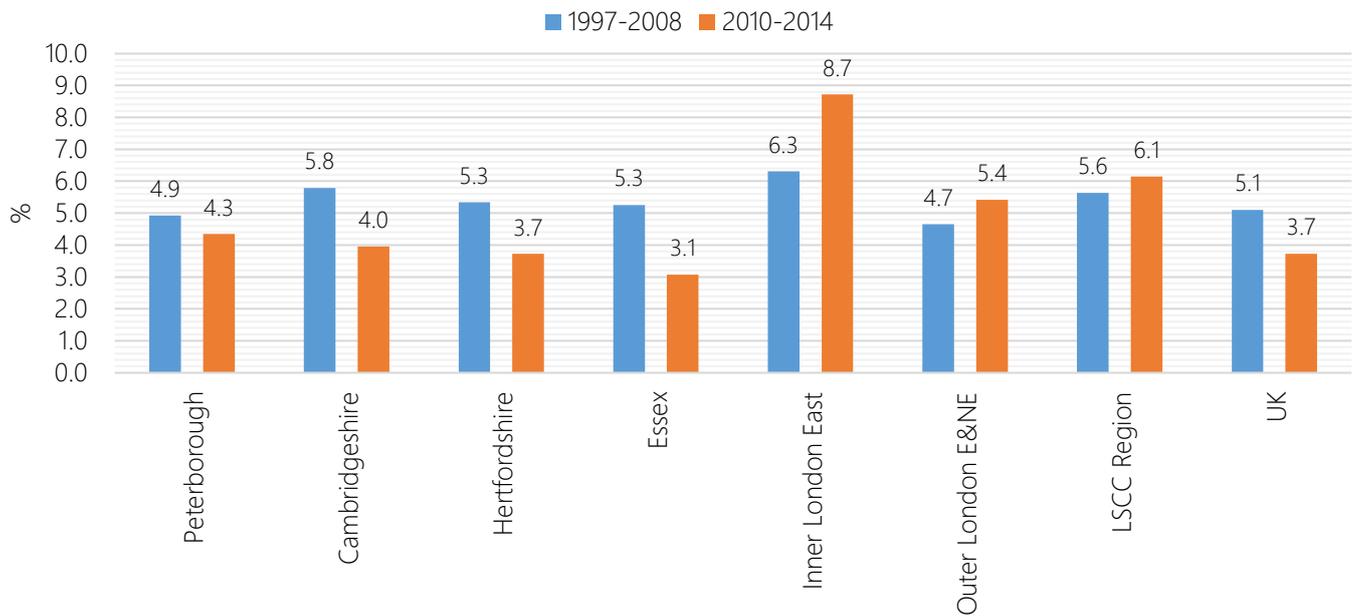
GROWTH RATES IN THE WIDER LSC REGION HAVE RECOVERED MORE QUICKLY SINCE THE 2009 RECESSION

In the midst of the recession (during 2008), the LSC Region’s economy contracted by 1.1 per cent – less than across the UK (-1.7 per cent). Since the recession, economic growth rates have slowed compared with the long-term average. As **Figure 1.3** demonstrates, between 2010 and

2014, GVA growth per annum has risen to 6.1 per cent per year, against a long-term average growth rate before the recession of 5 per cent per year (1997-2008).

This contrasts the situation in the UK 3.7 per cent per year in 2010-14, against 5.1 per cent in 1997-08). Growth has slowed in all parts of the LSC Corridor outside of London. In Inner London East and Outer London E&NE, recent annual growth rates have are now exceeding long-term pre-recession averages.

FIGURE 1.3: PRE- AND POST-RECESSION ANNUAL AVERAGE GROWTH RATES, 1997-2008 AND 2010-2014



Source: Regional Accounts, Office for National Statistics.

PRODUCTIVITY

PRODUCTIVITY IN THE LSC REGION IS 16 PER CENT ABOVE THE NATIONAL AVERAGE

GVA per job and GVA per hour worked are significantly higher than the national averages in the LSC Region, suggesting that there is a large percentage of high-value jobs in the area. In 2013, each full-time equivalent job in the LSC Region produced an average of £55,575 in GVA – 16 per cent higher than the UK average (£48,092). In the same year, each job produced an average of £34.23 GVA per hour – 14 per cent higher than the UK average (£30.05).

Using both measures, productivity was above the national average in Cambridgeshire, Hertfordshire and Inner London East and below average in Essex and Peterborough. In Outer London East & North East, GVA per job was below average but GVA per hour worked was above average.

PRODUCTIVITY HAS INCREASED AT A SLIGHTLY FASTER RATE THAN ACROSS THE UK

The productivity of people working in the LSC Region has increased faster than across the UK. Between 2004 and 2013, GVA per job in the area increased by 31.3 per cent. This was higher than UK average growth (29.0 per cent). GVA per hour worked increased by 30.1 per cent – also higher than UK average growth (28.6 per cent). On both measures, productivity growth was above average in Peterborough, Cambridgeshire and Inner London East, and below average in Hertfordshire, Essex and Outer London East & North East.

FIGURE 1.4 ECONOMIC OUTPUT (GVA) PER FULL-TIME EQUIVALENT JOB AND PER HOUR IN 2013

GVA per FTE Job 2013 £		GVA per FTE Job Growth 2004-2013 per cent		GVA per Hour 2013 £		GVA per Hour Growth 2004-13 per cent	
Inner London East	68,839	Inner London East	40.02	Inner London East	40.0	Inner London East	38.1
LSC REGION AVERAGE	55,575	LSC REGION AVERAGE	34.23	Peterborough	34.8	LSC REGION AVERAGE	30.1
Hertfordshire	51,040	Cambridgeshire	31.78	LSC REGION AVERAGE	31.3	Peterborough	29.4
Cambridgeshire	50,898	Hertfordshire	31.70	Cambridgeshire	29.1	Cambridgeshire	28.7
UK AVERAGE	48,092	Outer London E&NE	30.82	UK AVERAGE	29.0	UK AVERAGE	28.6
Peterborough	48,045	UK AVERAGE	30.05	Outer London E&NE	23.1	Essex	27.4
Outer London E&NE	46,693	Peterborough	29.99	Essex	22.7	Outer London E&NE	22.5
Essex	44,899	Essex	28.85	Hertfordshire	18.5	Hertfordshire	15.1

Source: Subnational Productivity and Regional Accounts, Office for National Statistics.

ECONOMIC OUTPUT BY INDUSTRY

AS IN MOST REGIONS, PUBLIC ADMINISTRATION, EDUCATION AND HEALTH IS THE LARGEST SECTOR IN TERMS OF ECONOMIC OUTPUT

Public administration, education & health is the LSC Corridor's biggest contributor to economic output, as detailed in **Figure 1.5**. Producing £31.8 billion of GVA in 2012, it represented 17.3 per cent of all economic output in the area. The second and third largest sectors were distribution, transport, accommodation & food (16.2 per cent of GVA) and business services (14.3 per cent).

PRIVATE SECTOR SERVICES PRODUCE A GREATER SHARE OF THE LSC CORRIDOR'S GVA THAN ACROSS THE UK

Compared with the UK average, financial & insurance services, business services and information &

communication produced higher shares of total economic output in the LSC Corridor, while production, distribution, transport, accommodation & food, and public administration, education & health produced lower shares.

THE ROBUST PERFORMANCE OF THE REAL ESTATE AND FINANCIAL & INSURANCE SERVICES SECTORS HAVE BOOSTED ECONOMIC GROWTH

Strong long-term economic growth in the LSC Corridor has been boosted by faster-than-average growth in the real estate and financial & insurance services sectors. Over the past 15 years, the real estate sector has been by far the fastest growing sector in the LSC Corridor (283.7 per cent), followed by financial & insurance services (211.7 per cent). Apart from production, all sectors have grown faster than the UK average since 1997, particularly real estate and financial & insurance services.

FIGURE 1.5: GVA SHARE BY INDUSTRY

Industry	% Share of total GVA 2012		1997-2012 Growth Rate %		% Share of all GVA growth 1997-2012	
	LSCC Region	UK	LSCC Region	UK	LSCC Region	UK
Agriculture, forestry & fishing	0.4	0.7	22.2	10.2	0.1	0.1
Production	8.8	14.4	15.0	15.3	2.1	4.1
Construction	6.8	6.0	130.8	104.5	7.1	6.6
Distribution; transport; accommodation & food	16.2	18.1	72.3	66.6	12.6	15.5
Information & communication	8.1	6.2	111.0	111.0	7.9	7.0
Financial & insurance	12.3	8.1	211.7	131.9	15.5	9.9
Real estate	11.6	11.3	283.7	179.2	15.9	15.6
Business services	14.3	11.9	151.4	132.5	15.9	14.5
Public administration; education; health	17.3	19.1	137.0	114.7	18.5	21.9
Other services	4.2	4.0	129.0	118.4	4.4	4.7

Source: Regional Accounts, Office for National Statistics.



Public administration, education & health has been the most significant contributor to overall GVA growth over the past 15 years. Between 1997 and 2012, this sector accounted for 18.5 per cent of all GVA growth in the LSC Corridor. This was followed by business services and real estate activities (both 15.9 per cent of total GVA growth).

GROWTH IN REAL ESTATE, PRODUCTION AND AGRICULTURE GVA HAS ACCELERATED SINCE THE RECESSION

As **Figure 1.6** suggests, since the recession, rates of economic growth have declined across most sectors, particularly information & communication, financial & insurance services, and public administration, education & health. However, growth has increased in the real estate, production, and agriculture, forestry & fishing sectors.

JOBS HAVE GROWN FASTER IN THE CORRIDOR THAN THE UK AVERAGE

In 2013, there were over 1.3 million jobs in the LSC Corridor² – equivalent to 4 per cent of all jobs in the UK. This was lower than the LSC Corridor's share of the UK's total population (4.2 per cent) and working-age population (4.4 per cent). The area's largest employment centre is Islington, containing one in six of all jobs in the Corridor (16.8 per cent).

Across the broader LSC Region³, there were almost 2.6 million jobs – equivalent to 8 per cent of all jobs in the UK.

Since 2000, jobs in the LSC Corridor have grown by 13.3 per cent (an average of over 11,800 per year). This was faster than across the UK (9.3 per cent). At district level, jobs growth has been above average in eight of the 15 districts, particularly Broxbourne, Islington and Hackney. In contrast, jobs have fallen in Stevenage (-6.3 per cent).

Over three-quarters of jobs growth across the Corridor has taken place since 2010, while almost one third of total jobs growth since 2000 has occurred in Islington.

² The 15 districts of the LSC Corridor

³ The six London boroughs, Hertfordshire, Essex, Cambridgeshire, Peterborough, King's Lynn & West Norfolk, Forest Heath, and St Edmundsbury

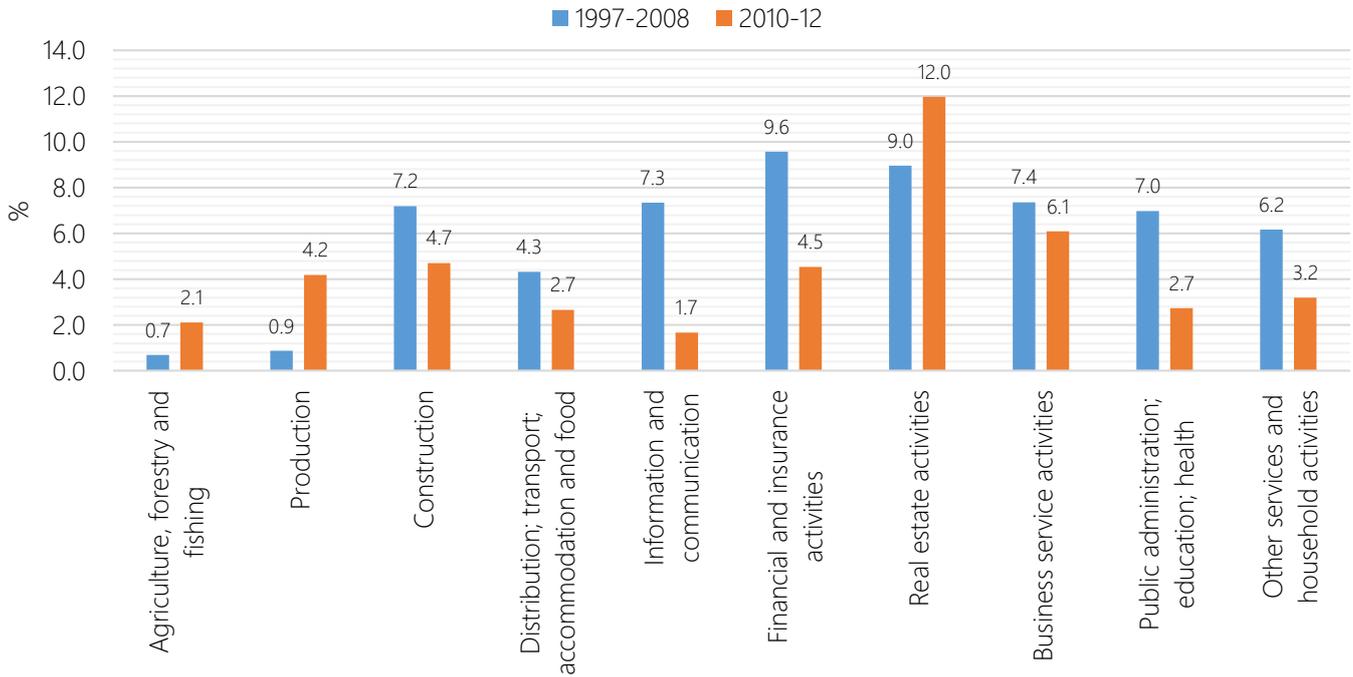
POPULATION HAS GROWN FASTER THAN THE NUMBER OF JOBS

The level of jobs per working-age resident in the LSC Corridor is below the national average. In 2013, there were 0.73 jobs for each working-age resident – below the UK average of 0.79. At district level, jobs density was above average in eight areas, particularly Islington and Cambridge. Jobs density was lowest in the other five London boroughs.

Jobs density fell across the Corridor between 2000 and 2011, highlighting that jobs growth did not keep pace with population growth. It has since increased but remains below levels in 2000-2005. Since 2000, jobs density has fallen most sharply in Stevenage (due to the fall in jobs in the district), followed by Peterborough, Hackney and Redbridge. Broxbourne and Epping Forest, by contrast, have experienced an increase in jobs density

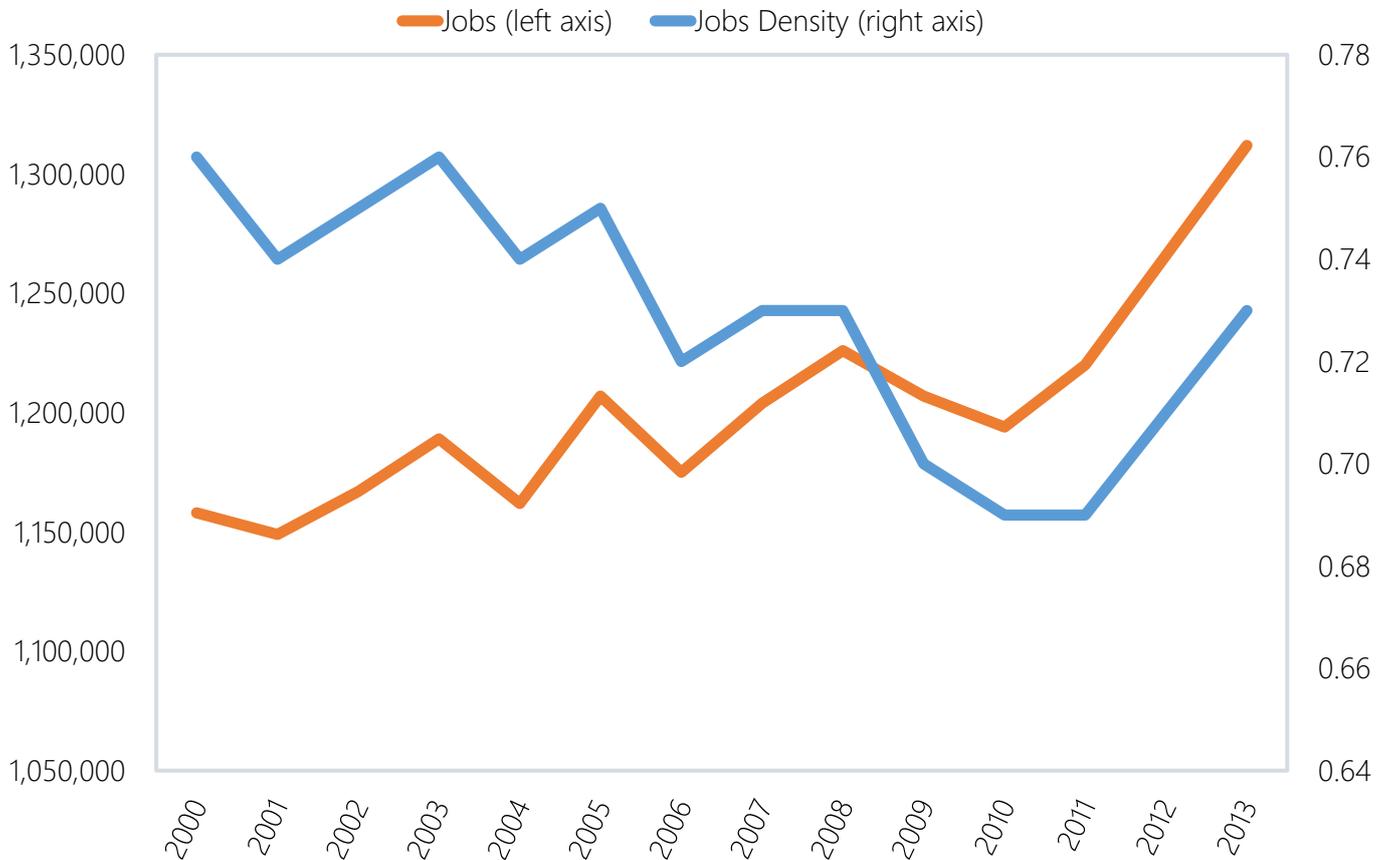


FIGURE 1.6: LONG-TERM (1997-2008) AND POST-RECESSION (2010-2012) ANNUAL AVERAGE GROWTH RATES BY SECTOR IN THE LSC CORRIDOR



Source: Regional Accounts, Office for National Statistics.

FIGURE 1.7: JOBS AND JOBS DENSITY IN THE LSC CORRIDOR



Source: Jobs Density, Office for National Statistics.



JOBS HAVE INCREASED MOST IN PROFESSIONAL, SCIENTIFIC AND TECHNICAL ACTIVITIES

The Business Register and Employment Survey (BRES) provides data on the number of jobs by industry for the period 2009–2014. It covers all employee jobs and self-employed people registered for VAT/PAYE, and excludes self-employed people not registered for VAT/PAYE, government-supported trainees and HM Forces.

These data show that jobs growth has been stronger in the LSC Corridor than nationwide. In 2014, there were almost 1.2 million VAT/PAYE registered jobs in the LSC Corridor. Between 2009 and 2014, the number of VAT/PAYE registered jobs grew by 113,300 – or by 10.5 per cent. This was much higher than across Great Britain (4.1 per cent).

Across the broader LSC Region, there were 2.3 million VAT/PAYE registered jobs. Jobs growth was also well above average between 2009 and 2014 (8 per cent).

At district level, jobs growth was above average in 11 of the 15 districts and boroughs, particularly Waltham Forest (30.4 per cent). In contrast, it was below average in Uttlesford (3.7 per cent) while jobs fell in Epping Forest (-2.6 per cent), Stevenage (-0.8 per cent) and Harlow (-0.2 per cent). This is illustrated in **Figure 1.8** which maps out the average annual rate of employment growth between 2010 and 2014.

At broad industry level, jobs increased across a number of sectors between 2009 and 2014, particularly professional, scientific & technical activities. The number of jobs in this sector increased by 31,100 – or 29.7 per cent – much faster than across Great Britain (15.9 per cent).

The five sectors experiencing the biggest increases in jobs in the LSC Corridor between 2009 and 2014 are listed below. In all sectors, the rate of job growth exceeded the national average.

- **Accommodation & food service activities** (+19,600), driven by restaurants & mobile food service activities (+11,000);
 - **Information & communication** (+15,700), driven by computer programming activities (+6,200) and computer consultancy activities (5,300);
 - **Health & social work** (+14,800), driven by hospital activities (+6,900)
- However, jobs also fell in six sectors in the LSC Corridor between 2009 and 2014, particularly manufacturing and public administration. These are listed below. Apart from mining & quarrying and transportation & storage, the falls mirrored national trends.
- **Manufacturing** (-4,700), driven by manufacture of electric domestic appliances (-1,800) and manufacture of other furniture (-1,100);
 - **Public administration & defence** (-3,700), driven by justice & judicial activities (-1,600) and general public administration activities (-1,200);
 - **Transportation & storage** (-2,400), driven by freight transport by road (-1,600), postal activities under universal service obligation (-1,300) and other postal & courier activities (-1,200);
 - **Financial & insurance** (-1,300), driven by other monetary intermediation (-4,500) and life insurance (-1,300) but offset by growth in other subsectors
 - Mining & quarrying (-100);
 - **Other services** (-100), driven by activities of other membership organisations (-1,200).
- **Professional, scientific & technical activities** (+31,100), driven by activities of head offices (+7,900) business & other management consultancy activities (+5,700), accounting, bookkeeping & auditing activities (+3,600), and advertising agencies (+3,500);
 - **Administrative & support service activities** (+22,700), driven by temporary employment agency activities (+14,000);

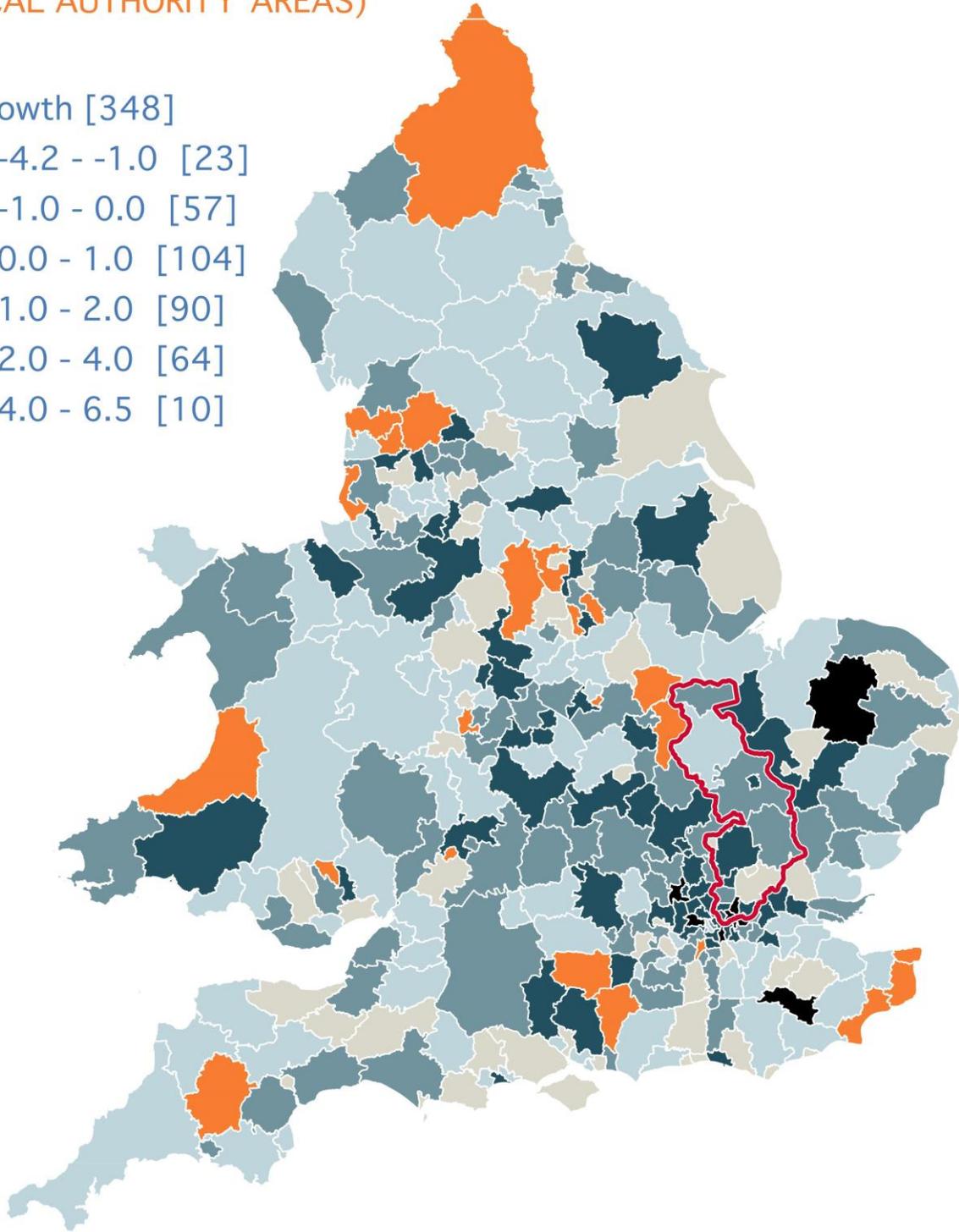
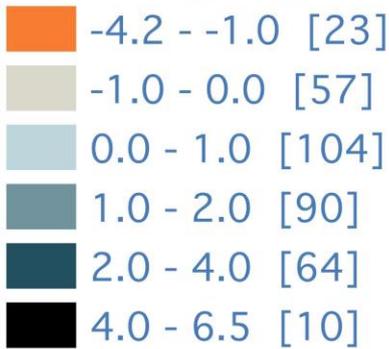


FIGURE 1.8: THE AVERAGE ANNUAL RATE OF JOBS GROWTH BY LOCAL AUTHORITY DISTRICT AND UNITARY AUTHORITY AREA IN ENGLAND AND WALES BETWEEN 2010 AND 2014

EMPLOYEE GROWTH

ANNUALISED RATE OF EMPLOYEE GROWTH 2010-2014 (LOCAL AUTHORITY AREAS)

% growth [348]



Source: BRES 2010, 2014 (compound annual growth rate).
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2. BUSINESS, INNOVATION AND INDUSTRY

SUMMARY: BUSINESS, INNOVATION AND INDUSTRY

THE LSC CORRIDOR HAS A LARGE AND GROWING BUSINESS BASE

The number of businesses per working-age resident is high, and growth in the number of businesses has been stronger than across the UK. The total continued to grow during and following the recession, bucking the national trend.

ENTREPRENEURIAL ACTIVITY IS A KEY FACTOR BEHIND THE LSC CORRIDOR'S GROWING BUSINESS BASE

A high percentage of the Corridor's working-age residents are self-employed while its business start-up rate is high and increasing – reflected in the younger-than-average age profile of businesses in the area. However, survival rates of new businesses are weaker than across the UK, particularly over the longer term.

THE LSC CORRIDOR HAS INDUSTRIAL SPECIALISMS IN A RANGE OF HIGH VALUE ACTIVITIES

Specialist activities include computer programming; scientific research & development; security activities; advertising; artistic activities; publishing activities; design activities; motion picture, video & television programme production activities; data processing; and pharmaceuticals manufacturing.

THE NUMBER OF JOBS IN KNOWLEDGE-BASED INDUSTRIES IS HIGH ACROSS THE CORRIDOR

Knowledge-based industries such as research & experimental development on natural sciences & engineering; computer programming, consultancy & related activities; other telecommunications activities; and publishing of books, periodicals & other publishing activities, are significant employers.

KNOWLEDGE ECONOMY JOBS HAVE OUTPACED THE NATIONAL INCREASE OVER THE PAST FIVE YEARS

There have been large increases in jobs in computer programming, consultancy & related activities; activities of

head offices; management consultancy activities; business support service activities; and architectural & engineering activities & related technical consultancy.

OVER THE PAST DECADE, PATENT ACTIVITY HAS BEEN ABOVE THE UK AVERAGE

Reflecting the strong presence of knowledge-based industries, science, research, engineering and technology professionals form a high share of the workforce, particularly information technology & telecommunications professionals and natural & social science professionals.

Demand for highly-skilled jobs is substantial and increasing across the Corridor, with particularly high shares of employment among information technology & telecommunications professionals; teaching & educational professionals; media professionals; and artistic, literary and media occupations. However, the occupational profile of LSC Corridor workers is slightly less skilled than that of its residents as the area loses many of its highly skilled people through out-commuting.



GROWTH IN THE BUSINESS BASE

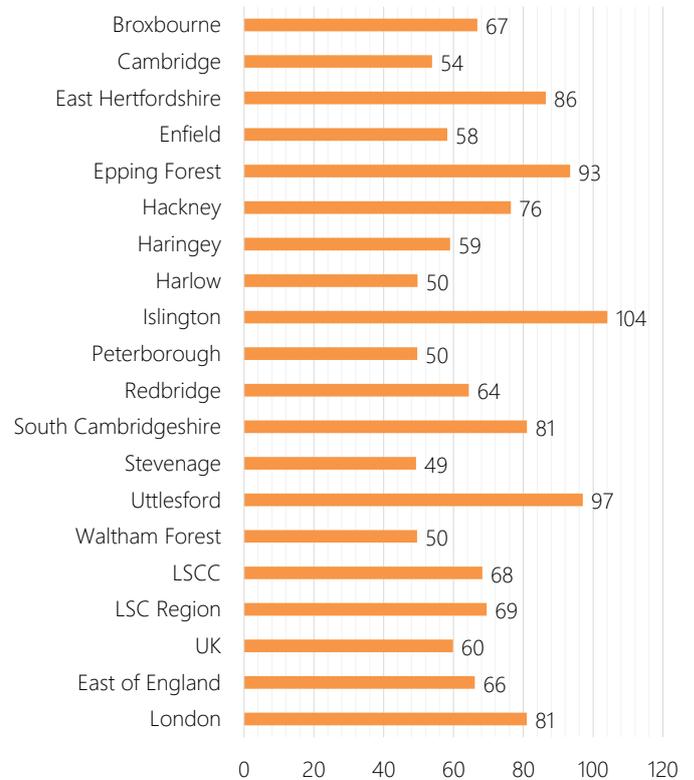
THERE HAS BEEN STRONG GROWTH IN THE NUMBER OF ENTERPRISES

In 2013, there were 123,180 active enterprises in the LSC Corridor – equivalent to 68 businesses per 1,000 working-age people. This was higher than the UK average (60). As **Figure 2.1** shows, across the broader LSC Region, there were 238,395 businesses – equivalent to 69 businesses per 1,000 working-age people.

Growth in the LSC Corridor’s enterprise base has been very strong, as **Figure 2.2** demonstrates. Between 2004 and 2013, the number of active enterprises in the area has grown by 28.4 per cent – much stronger than the UK rate (13.4 per cent). The number of businesses kept growing during and following the recession, bucking the national trend. Between 2004 and 2013, all districts and boroughs apart from Uttlesford and Peterborough experienced above-average growth in the number of enterprises, particularly Hackney and Redbridge. **Figure 2.3** maps the annual growth in business population between 2010 and 2015, showing high rates of growth in Peterborough, Harlow and Stevenage.

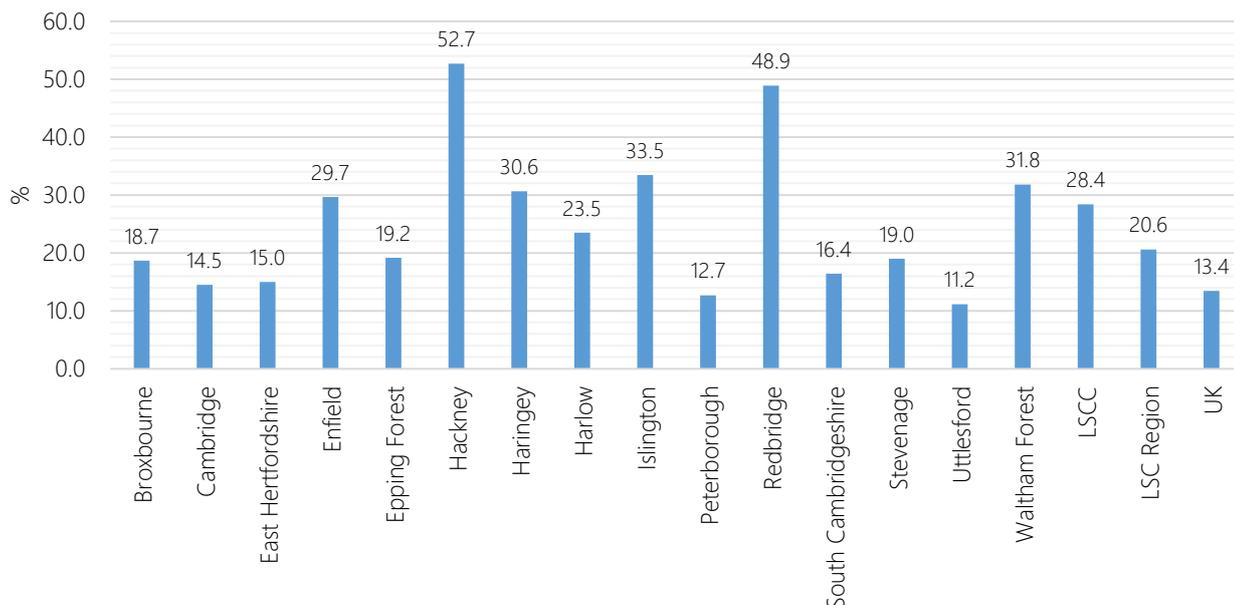
As can be seen in the map in **Figure 2.4**, the main local concentrations of businesses are present in the main urban centres of the Corridor and surrounding local areas.

FIGURE 2.1: NUMBER OF ACTIVE ENTERPRISES PER 1,000 WORKING-AGE RESIDENTS IN 2013



Source: Business Demography, Office for National Statistics.

FIGURE 2.2 PERCENTAGE GROWTH IN THE NUMBER OF ACTIVE ENTERPRISES, 2004-2013

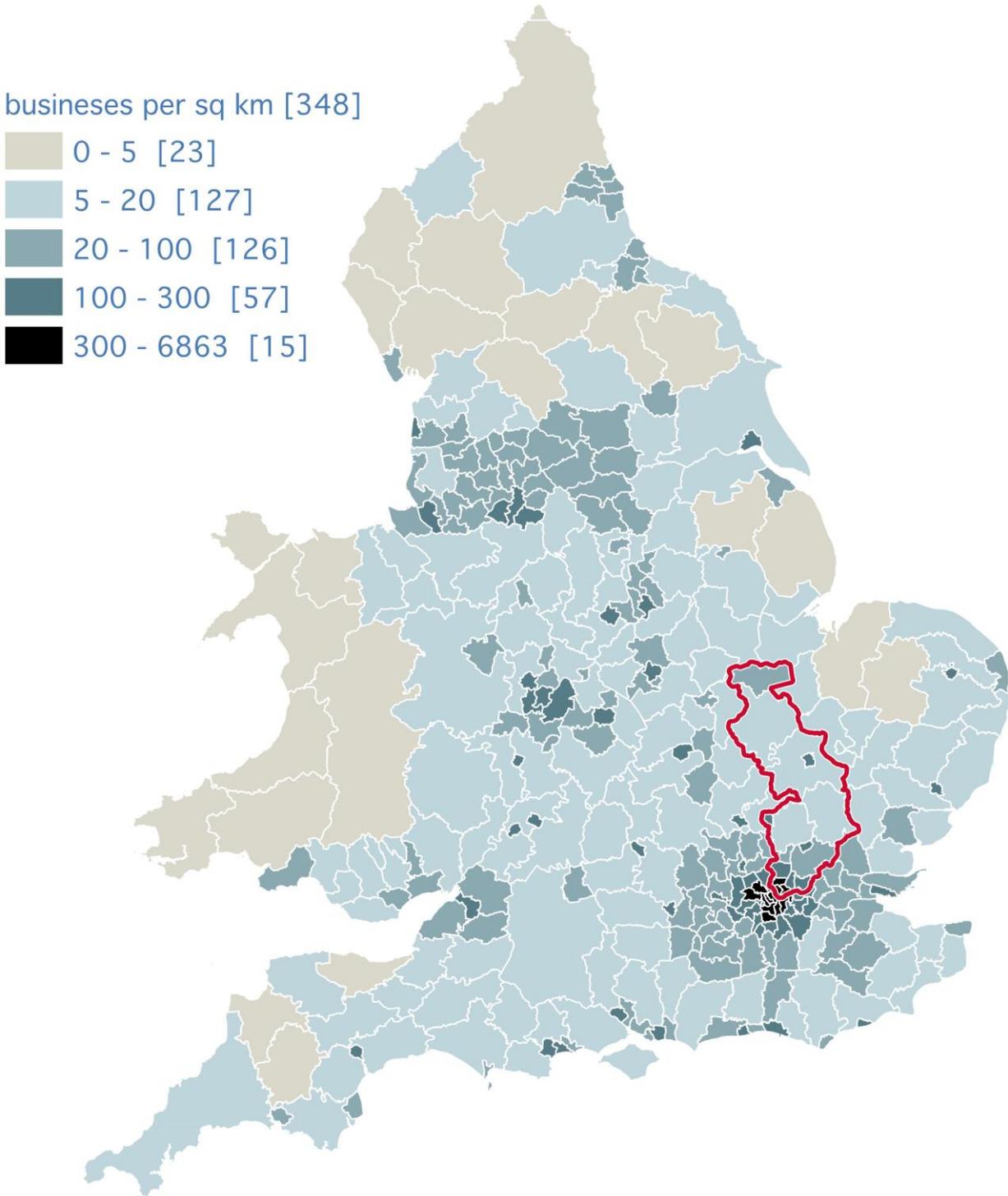


Source: Business Demography, Office for National Statistics.

FIGURE 2.3: AVERAGE ANNUAL RATE OF GROWTH IN BUSINESS POPULATION, 2010 TO 2015

BUSINESS DENSITY

NUMBER OF BUSINESSES IN ALL SECTORS IN 2015

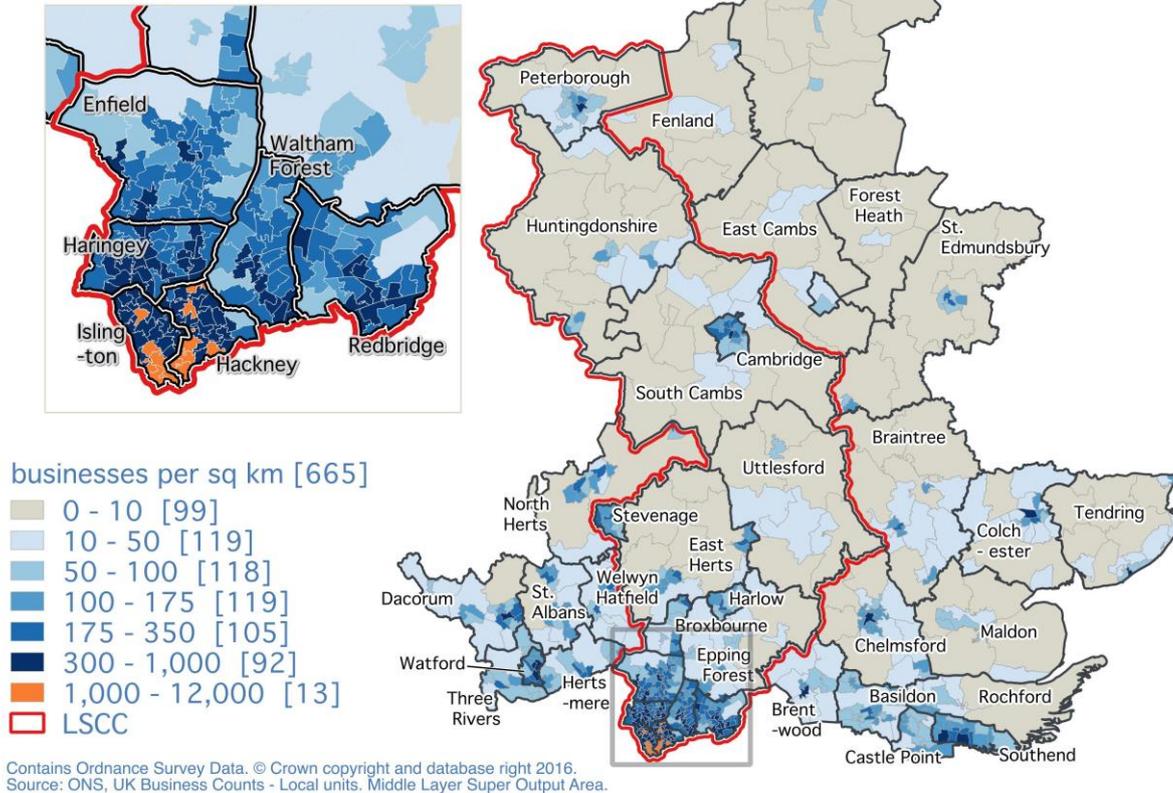


Source: ONS, UK Business Counts - Local Units. District and Unitary Authorities. Contains Ordnance Survey data © Crown copyright and database right 2016.

FIGURE 2.4: BUSINESS DENSITY IN THE LSCC CORRIDOR AND ADJACENT LOCALITIES BY MID-LEVEL SUPER OUTUT AREA

BUSINESS DENSITY

NUMBER OF BUSINESSES IN ALL SECTORS IN 2015



ENTREPRENEURIAL ACTIVITY IS HIGH BUT NEW BUSINESSES HAVE WEAKER-THAN-AVERAGE SURVIVAL RATES

Self-employment

A high proportion of people living in the LSC Corridor are self-employed, as **Figure 2.5** shows. In 2014, 17.3 per cent of working-age people living in the area were self-employed – well above the UK average (13.9 per cent).

The self-employment rate was also much higher than a decade ago (13.9 per cent) and has risen faster than across the UK (by 3.4 percentage points, against 1.7 percentage points nationwide).

The highest self-employment rates were found in Enfield, Hackney, Redbridge, Epping Forest, Haringey and Waltham Forest (19 per cent or more). Meanwhile Peterborough, Cambridge, Stevenage and Harlow had below average self-employment rates.

Business start-ups

The business start-up rate is above average in the LSC Corridor and has increased sharply. In 2013, 21,670 new VAT/PAYE registered businesses were created. This was the highest level since the earliest year of data (2004), mirroring the national picture. Across the broader LSC Region, some 36,850 new VAT/PAYE registered businesses were created in 2013 – again, the highest level on record.

There were 17.6 new start-ups per 100 active enterprises in the LSC Corridor in 2013 – much higher than the UK average (14.1). Start-up rates were highest in Waltham Forest, Islington, Hackney and Redbridge, but were below the national average in Uttlesford, South Cambridgeshire, Cambridge and East Hertfordshire.



Business survival

Business survival rates, especially in the long term, are below average in the LSC Corridor. In 2013, 90.5 per cent of new VAT/PAYE registered businesses survived their first year – slightly lower than the UK average (91.2 per cent). Survival rates for longer periods dipped further below the UK average. In 2013, 38.4 per cent of new businesses had survived for five years – below the UK average of 41.3 per cent. Within the area, short and long-term business survival rates were well below average in Broxbourne, while long-term survival rates were equal to or above the UK average in East Hertfordshire, South Cambridgeshire, Cambridge and Peterborough.

BUSINESSES IN THE LSC CORRIDOR ARE SMALLER AND YOUNGER THAN AVERAGE

The LSC Corridor has an above-average share of micro businesses. In 2015, 90.5 per cent of all enterprises were micro businesses, employing fewer than ten people – above

the UK average of 88.7 per cent. Over the past decade, the number of micro businesses has increased in the LSC Corridor, while the number of small, medium and large businesses has fallen, mirroring the national trend.

As **Figure 2.6** reveals, the LSC Corridor also has a much higher percentage of new businesses than across England – which corresponds to the area's high rate of business start-ups. In 2013, 21.4 per cent of businesses were less than two years old – above the UK average of 16.8 per cent. The area also had higher percentages of businesses that were 2-3 and 4-9 years old. Conversely, the Corridor had a much lower share of established businesses aged 10 or more years (35.7 per cent, compared with 44.3 per cent UK-wide). The exceptions were Cambridge, South Cambridgeshire and Uttlesford.

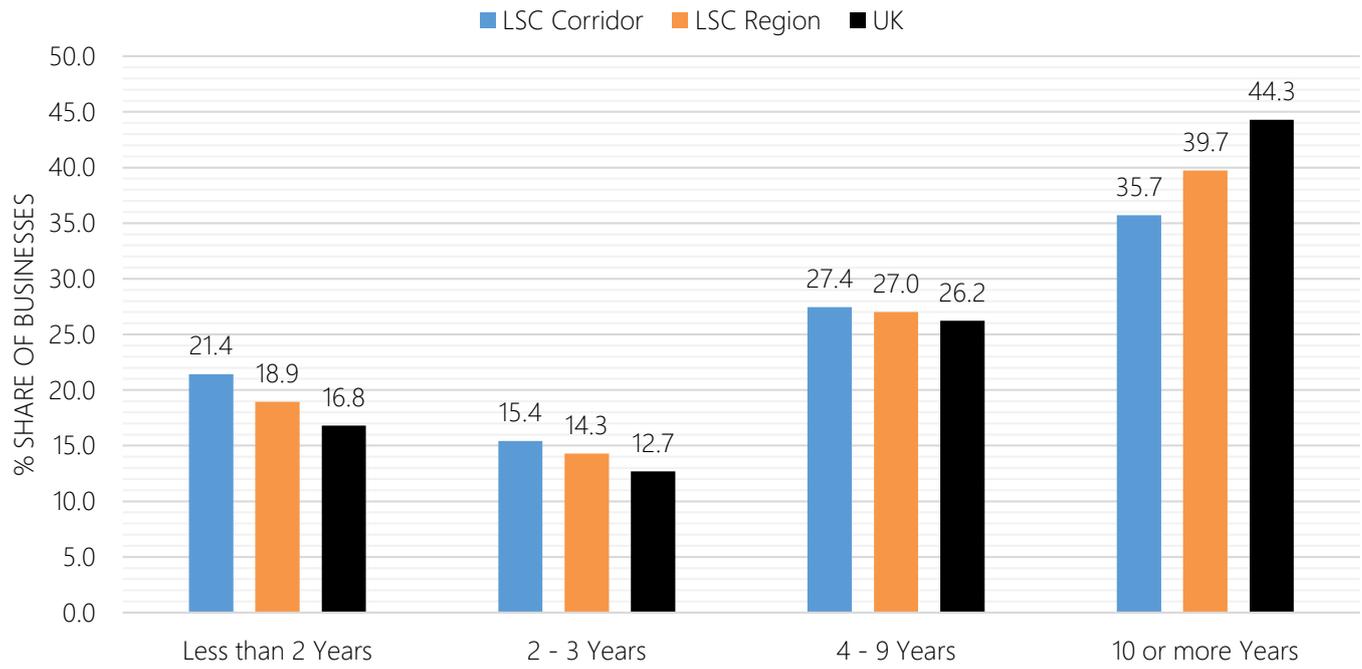
FIGURE 2.5: ENTREPRENEURSHIP INDICATORS

	Working-age self-employment rate %, 2014	Start-ups per 100 active enterprises, 2013	One-year business survival rate %, 2013	Five-year business survival rate %, 2013
Broxbourne	14.6	15.6	86.4	33.3
Cambridge	<i>11.4</i>	<i>13.3</i>	90.7	41.3
East Hertfordshire	16.6	<i>13.9</i>	91.0	44.8
Enfield	20.3	18.8	92.0	38.1
Epping Forest	19.4	14.3	90.5	38.4
Hackney	19.5	20.1	89.5	37.1
Haringey	19.3	19.1	91.3	38.2
Harlow	<i>13.5</i>	16.2	93.3	38.7
Islington	17.3	20.2	<i>89.1</i>	36.6
Peterborough	<i>9.8</i>	15.9	90.4	41.3
Redbridge	19.5	20.1	91.0	36.3
South Cambridgeshire	17.2	<i>12.4</i>	<i>89.4</i>	44.4
Stevenage	<i>12.8</i>	16.9	91.9	36.0
Uttlesford	18.5	<i>11.4</i>	91.4	38.0
Waltham Forest	19.2	20.7	92.1	38.4
LSC Corridor	17.3	17.6	90.5	38.4
LSC Region	15.7	15.5	91.3	40.5
UK	13.9	14.1	91.2	41.3

Source: Annual Population Survey (1), (2) Business Demography, Office for National Statistics. **Bold font** – equal to or above the UK average; *Italicised font*: below the UK average.



FIGURE 2.6: PERCENTAGE OF BUSINESSES BY AGE, 2013



Source: Business Demography, Office for National Statistics.

INTERNATIONAL BUSINESS

THE PRESENCE OF FOREIGN-OWNED BUSINESSES IS SIMILAR TO THE NATIONAL AVERAGE ON AGGREGATE, BUT WITH SIGNIFICANT LOCAL CONCENTRATIONS

In 2010, 1.2 per cent of businesses were known to be foreign-owned – the same as across the UK. Within the area, the percentage of foreign-owned businesses ranged from 0.1 per cent and 0.3 per cent in Waltham Forest and Haringey to 2.3 per cent and 2.7 per cent in Stevenage and Islington.

The percentage of people employed by foreign-owned businesses (Figure 2.7) is not available for three districts and boroughs within the LSC Corridor. Across the other 12 districts and boroughs, a total of 10.5 per cent of people were employed by foreign-owned businesses – lower than across the UK (13.3 per cent). Within these 12 districts and boroughs, employment by foreign-owned businesses was very low in Haringey (2.0 per cent) and Enfield (2.8 per cent) and very high in Uttlesford (20.1 per cent), Harlow (23.8 per cent) and Peterborough (26.9 per cent). In total, foreign-owned businesses accounted for 97,100 employees in the LSC Corridor. This does not include employment in Broxbourne, Stevenage and Waltham Forest, where data is not available.

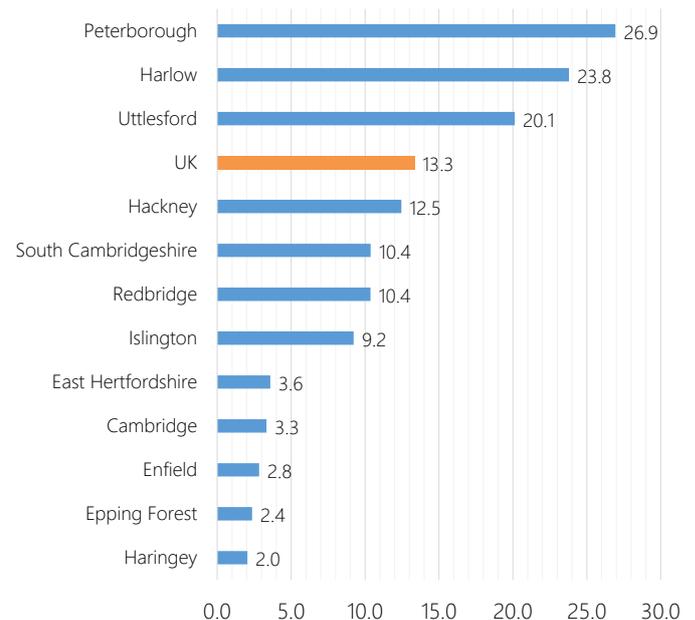
EMPLOYMENT IN INTERNATIONALLY TRADEABLE SECTORS HAS GROWN AT THREE TIMES THE NATIONAL RATE

As Figure 2.8 indicates, the share of private sector employment in internationally traded industrial sectors varies widely across the Corridor. More than one third (34.6 per cent) of South Cambridgeshire's private sector employees were in 'export intensive' industries⁴ in 2014, against 19.7 per cent nationally. Export intensive employment as a share of total private sector employment is also high in Stevenage (26.9 per cent), East

⁴ There are classified as industrial sectors which have an export demand per employee value above the national average, and comprising the 2-digit Standard Industrial Classifications of: 03, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 38, 50, 51, 59, 60, 61, 63, 64, 65, 72, 74, 82, 90, and 95.

Cambridgeshire (25.8 per cent) and Islington (24.0 per cent). In total, it is estimated that 148,400 employees worked in 'export intensive' industries in 2014 in the LSC Corridor. Within the national context, as illustrated in Figure 2.9, within the national context, South Cambridgeshire stands out as amongst the highest in England and Wales.

FIGURE 2.7 SHARE OF TOTAL EMPLOYMENT IN FOREIGN-OWNED ENTERPRISES



Source: Employees by UK and foreign ownership, Inter-Departmental Business Register, Office for National Statistics

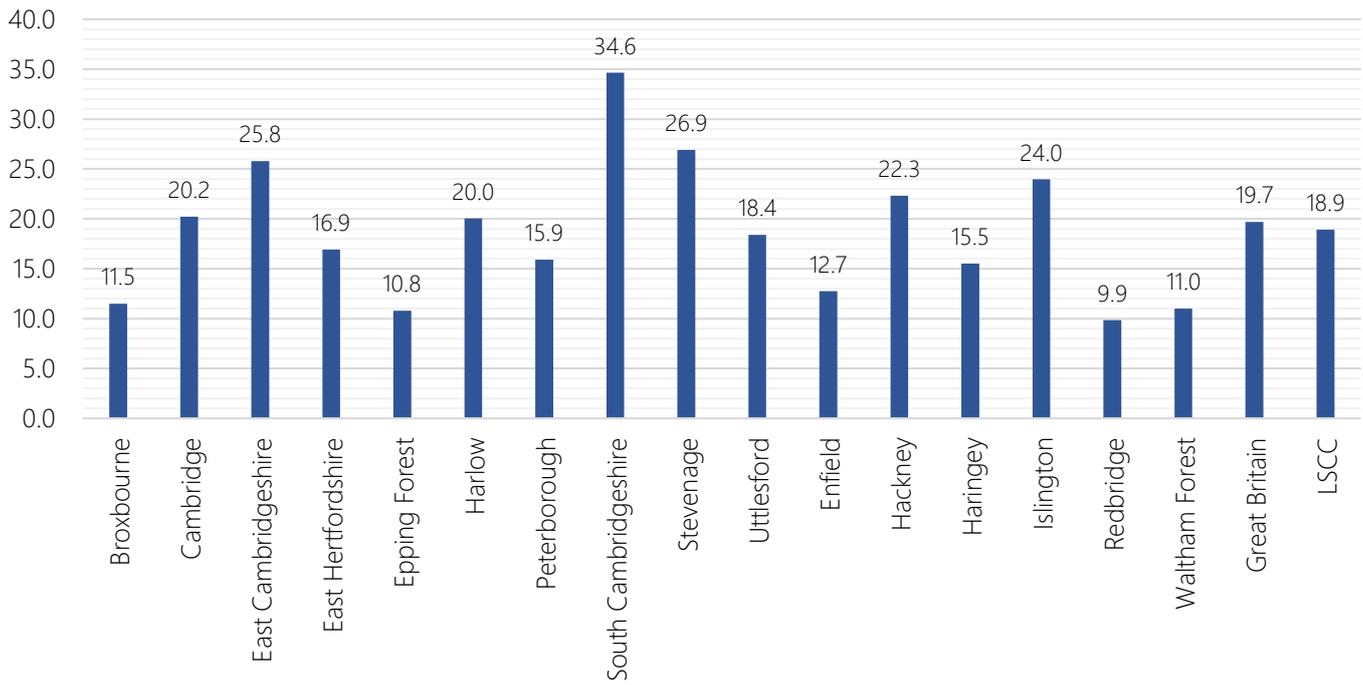
Employment in export intensive industries grew by 11.0 per cent (+16,400 employees) between 2009 and 2014 in the LSC Corridor, while national average growth amounted to 3.6 per cent. Growth was especially high in Hackney (+67.3 per cent, +6,600 employees), Haringey (+56.2 per cent, +2,900), and Cambridge (+29.6 per cent, +2,700).

EXPORTS CONTRIBUTED AN ESTIMATED £20 BILLION TO GVA IN 2014

Based on the value of average GVA final demand per employee for each industry in the UK, it is estimated that the LSC Corridor's exports contributed £20 billion in GVA in 2014. This is almost as high as the North East of England's export GVA values, where the estimated value is £21.6 billion, and above Greater Manchester's estimated £19.5 billion in GVA from exports.



FIGURE 2.8: SHARE OF PRIVATE SECTOR EMPLOYMENT IN 'EXPORT INTENSIVE' INDUSTRIES



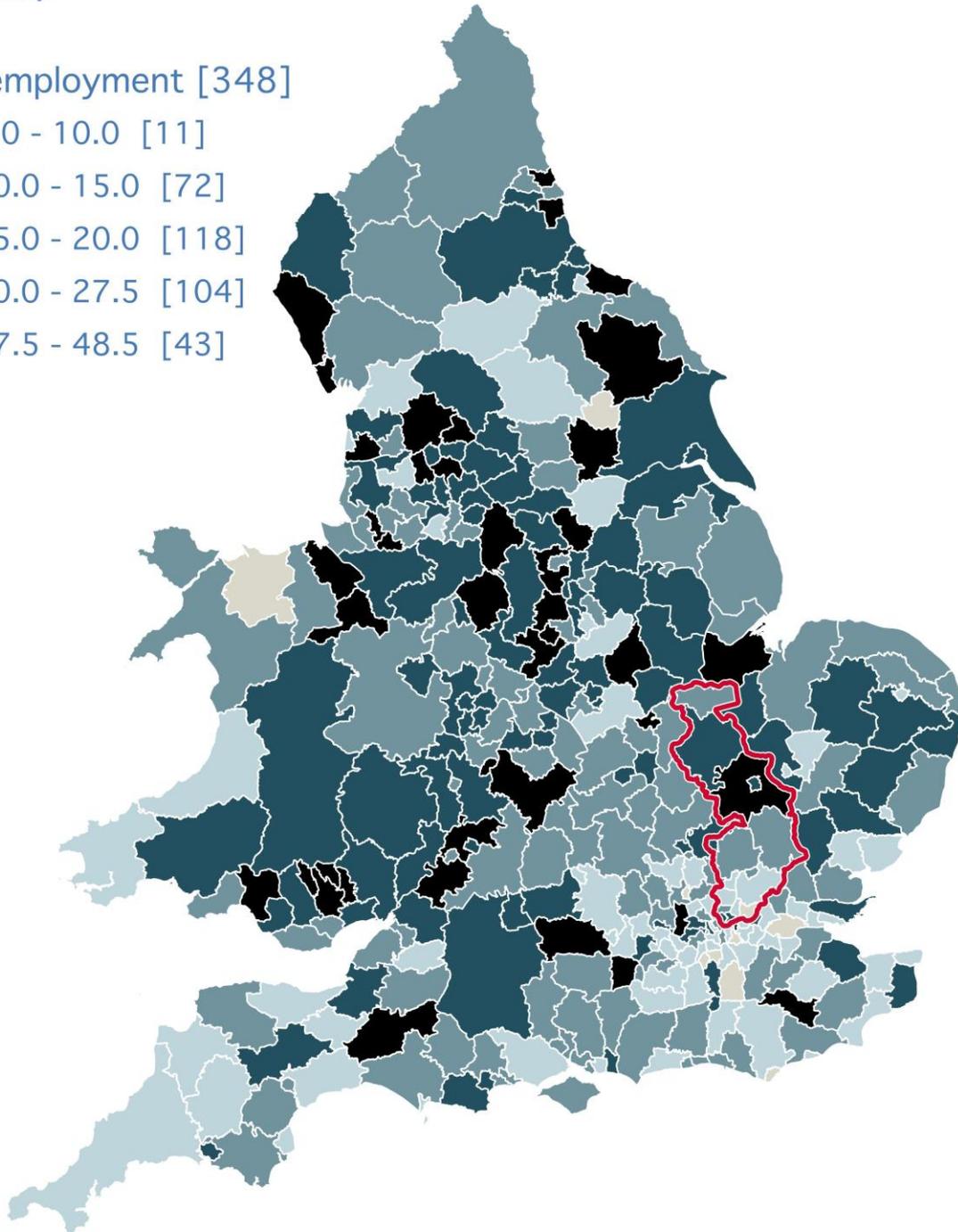
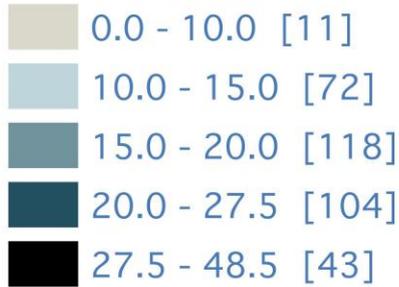
Source: Business Register and Employment Survey, Supply-Use Tables, Office for National Statistics. Export Intensive Industries are defined as those 2-digit SIC industries which have a higher value of export demand per employee than the UK average for all industries using 2014 Supply Use Tables. Private sector employment is defined as all 2-digit SIC sectors excluding 84: Public administration and defence; compulsory social security; 85: Education; 86: Human health activities, and 88: Social work activities without accommodation.



FIGURE 2.9: NATIONAL MAPPING OF PRIVATE SECTOR EXPORT INTENSIVE EMPLOYMENT BY LOCAL AUTHORITY AREA IN ENGLAND AND WALES IN 2014

SHARE OF PRIVATE SECTOR EMPLOYMENT IN EXPORT-INTENSIVE INDUSTRIES IN 2014 (LOCAL AUTHORITY AREAS)

% of employment [348]



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Source: BRES, 2014, ONS; analysis of exports: UK supply-use tables, 2013, ONS.

(There are classified as industrial sectors which have an export demand per employee value above the national average, and comprising the 2-digit Standard Industrial Classifications of: 03, 05, 06, 07, 08, 09, 10, 11, 12, 13, 14, 15, 17, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 32, 38, 50, 51, 59, 60, 61, 63, 64, 65, 72, 74, 82, 90, and 95)



INDUSTRY SPECIALISMS

THE LSC CORRIDOR HAS INDUSTRIAL SPECIALISMS IN A RANGE OF HIGH VALUE ACTIVITIES

In 2014, the largest employment sectors in the LSC Corridor were wholesale & retail trade (14.6 per cent), health & social work (12.0 per cent), and professional, scientific & technical activities (11.4 per cent) – as indicated in **Figure 2.10**. In the same year, professional, scientific & technical activities, information & communication and administrative & support services were much more significant for employment in the LSC Corridor than nationally. In other sectors, particularly manufacturing, it was below the Great Britain average.

At district level, there were some stark differences to the GB average in sectoral employment (at least +/- 5 percentage points). Much higher shares of employment were found in:

- **Manufacturing** in South Cambridgeshire (13.9 per cent, against a GB average of 8.2 per cent)
- **Construction** in Epping Forest (14.1 per cent, against a GB average of 4.6 per cent)
- **Transportation & storage** in Uttlesford (17.7 per cent, against the GB average of 4.4 per cent)
- **Information & communication** in Hackney (9.2 per cent) and Islington (14.4 per cent), compared with the GB average of 4 per cent
- **Professional, scientific & technical activities** in South Cambridgeshire (19.7 per cent), Hackney (13.6 per cent) and Islington (19.7 per cent), against the GB average of 8.2 per cent
- **Administrative & support services** in Harlow (14.5 per cent), Peterborough (17.4 per cent) and Waltham Forest (17.7 per cent), compared with the GB average (8.5 per cent)
- **Education** in Cambridge (21.5 per cent) and Redbridge (14.2 per cent), against a GB average of 8.9 per cent

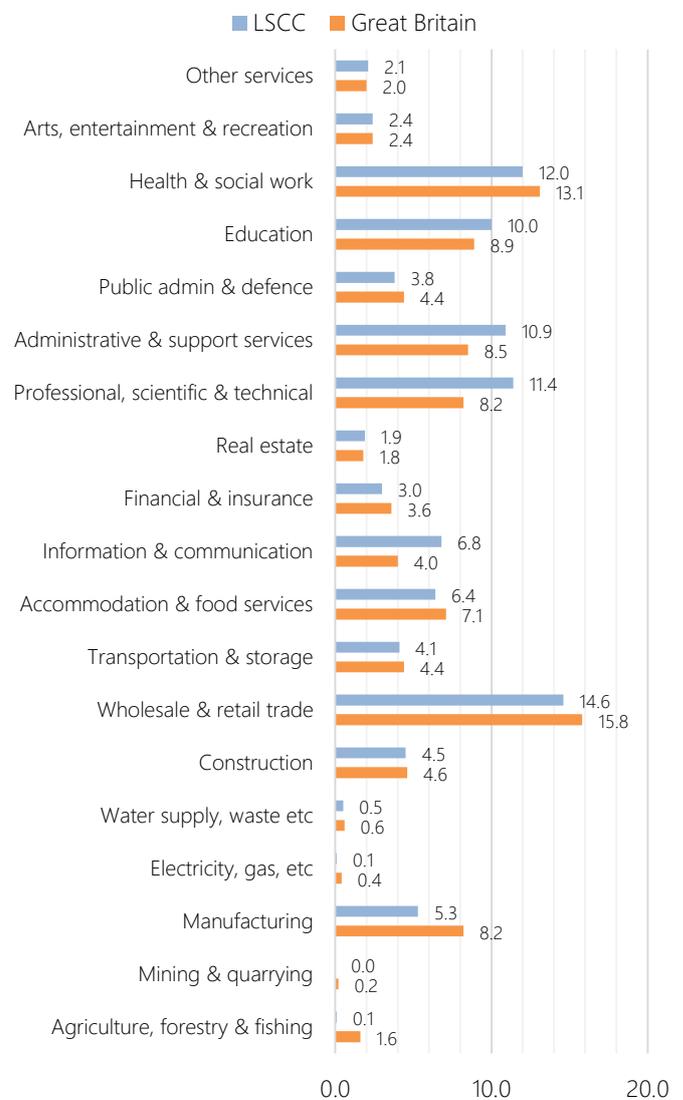
There were much lower shares of employment in:

- **Manufacturing** in Cambridge (2.1 per cent), Hackney (2.8 per cent), Islington (1.5 per cent) and Redbridge (2.4 per cent), against a GB average of 8.2 per cent
- **Wholesale & retail trade** in Hackney (10.3 per cent) and Islington (6.5 per cent), against a GB average of 15.8 per cent

- **Health & social work** in Broxbourne (4.5 per cent) and Uttlesford (6.2 per cent), compared with the GB average (13.1 per cent)

Industry employment quotients (EQs) quantify how concentrated an industry is in an area compared with the national average. An EQ of 1.0 means that an industry's share of employment locally is the same as it is nationally. An EQ above 1.0 means that employment in an industry is more concentrated locally than nationally, while an EQ below 1.0 means employment is less concentrated.

FIGURE 2.10: PERCENTAGE SHARE OF ALL EMPLOYMENT BY SECTOR, 2014



Source: Business Register and Employment Survey, Office for National Statistics.

At detailed sector level (2-digit Standard Industrial Classification (SIC) codes), **Figure 2.11** lists sectors with EQs of 1.5 or more (i.e. a share of employment that is one and a half times the Great Britain rate). More detail is provided in **Figure 2.12**, which details 4-digit SIC codes with EQs of 2.0 or more (i.e. twice as concentrated as nationally). The information shows that the LSC Corridor has many industrial

specialisms in high value activities including: computer programming; scientific research & development; security activities; advertising; artistic activities; various publishing activities; design activities; motion picture, video & television programme production activities; data processing; and pharmaceuticals manufacturing.

FIGURE 2.11: INDUSTRY CONCENTRATIONS BY 2-DIGIT STANDARD INDUSTRIAL CLASSIFICATIONS, 2014

2-Digit Industrial Classification	Numbers Employed	% Share of all Employment	EQ
62 : Computer programming, consultancy and related activities	38,300	3.2	1.5
72 : Scientific research and development	18,700	1.6	4.0
61 : Telecommunications	15,100	1.3	1.9
80 : Security and investigation activities	14,900	1.2	1.7
74 : Other professional, scientific and technical activities	13,300	1.1	1.8
58 : Publishing activities	12,100	1.0	2.0
73 : Advertising and market research	10,900	0.9	1.8
59 : Motion picture, video and television programme production, sound recording and music publishing	8,800	0.7	1.8
90 : Creative, arts and entertainment activities	7,400	0.6	1.5
18 : Printing and reproduction of recorded media	6,900	0.6	1.5
63 : Information service activities	6,600	0.6	3.0
21 : Manufacture of basic pharmaceutical products and pharmaceutical preparations	3,800	0.3	3.0
14 : Manufacture of wearing apparel	3,400	0.3	3.0

Source: Business Register and Employment Survey, Office for National Statistics.

FIGURE 2.12: INDUSTRY CONCENTRATIONS BY 4-DIGIT STANDARD INDUSTRIAL CLASSIFICATIONS, 2014

4-Digit Industrial Classification	Numbers Employed	% Share of all Employment	EQ
7219 : Other research and experimental development on natural sciences and engineering	16,900	1.4	3.5
4931 : Urban and suburban passenger land transport	14,400	1.2	2.4
8010 : Private security activities	14,200	1.2	2.0
6201 : Computer programming activities	12,000	1.0	2.0
8412 : Regulation of activities of providing health care, education, cultural services and social services	8,300	0.7	2.3
7111 : Architectural activities	7,400	0.6	2.0
7311 : Advertising agencies	7,400	0.6	2.0
7410 : Specialised design activities	5,100	0.4	2.0
5911 : Motion picture, video and television programme production activities	4,400	0.4	2.0
2120 : Manufacture of pharmaceutical preparations	3,700	0.3	3.0
5811 : Book publishing	3,600	0.3	3.0
5814 : Publishing of journals and periodicals	3,500	0.3	3.0
6612 : Security and commodity contracts brokerage	3,200	0.3	3.0
9003 : Artistic creation	3,100	0.3	3.0
4631 : Wholesale of fruit and vegetables	2,700	0.2	2.0
6311 : Data processing, hosting and related activities	2,700	0.2	2.0
4643 : Wholesale of electrical household appliances	2,600	0.2	2.0
9412 : Activities of professional membership organisations	2,500	0.2	2.0
1413 : Manufacture of other outerwear	2,400	0.2	2.0
2811 : Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	2,200	0.2	2.0
4211 : Construction of roads and motorways	2,100	0.2	2.0
5813 : Publishing of newspapers	2,100	0.2	2.0
6499 : Other financial service activities, except insurance and pension funding, n.e.c.	2,100	0.2	2.0
9101 : Library and archive activities	2,100	0.2	2.0
9313 : Fitness facilities	1,900	0.2	2.0
4652 : Wholesale of electronic and telecommunications equipment and parts	1,800	0.2	2.0
5819 : Other publishing activities	1,800	0.2	2.0

Source: Business Register and Employment Survey, Office for National Statistics.

KNOWLEDGE ECONOMY AND INNOVATION

THE NUMBER OF KNOWLEDGE ECONOMY JOBS IS HIGH AND INCREASING

There is a high number of jobs in the Knowledge Economy in the LSC Corridor. In 2014, 302,600 jobs were in Knowledge Economy industries, using the Work Foundation definition⁵. This was equivalent to 25.4 per cent of all jobs – well above the Great Britain average of 19.5 per cent. Across the broader LSC Region, there were 516,900 Knowledge Economy jobs – equivalent to 22.1 per cent of all jobs.

The above-average share of Knowledge Economy jobs was driven by higher than average shares of jobs in the following sectors: research & experimental development on natural sciences & engineering (1.5 per cent, against 0.4 per cent across Great Britain), computer programming, consultancy & related activities (3.2 per cent, against 2.1 per cent across GB), other telecommunications activities (1.1 per cent, against 0.6 per cent across GB) and publishing of books, periodicals & other publishing activities (0.9 per cent, against 0.4 per cent across GB).

As **Figure 2.13** shows, there was wide variation in the size of the Knowledge Economy within the Corridor. The share was highest in Islington (45.3 per cent of all jobs) and Cambridge (40.6 per cent) and lowest in Enfield (11.3 per cent) and Waltham Forest (10.3 per cent).

By contrast, the LSC Corridor's share of jobs in high and medium technology (HMT) manufacturing was below average, reflecting a below average share of manufacturing jobs. In 2014, 25,200 LSC Corridor jobs were in HMT manufacturing, equivalent to 2.1 per cent of all jobs, compared with a Great Britain average of 3.0 per cent. Across the LSC Region, there were 56,300 HMT manufacturing jobs – equivalent to 2.4 per cent of all jobs.

A major reason for this is that the LSC Corridor had negligible employment in the manufacture of motor vehicles (0.0 per cent, against 0.2 per cent across GB) and the manufacture of parts & accessories for motor vehicles (0.0 per cent, against 0.2 per cent across GB). However, its share of jobs in the manufacture of pharmaceutical

preparations was above average (0.3 per cent, against 0.1 per cent across GB).

Again, there was wide variation within the Corridor in the size of HMT manufacturing. Its share of jobs was highest in South Cambridgeshire (8.1 per cent of all jobs) and Stevenage (5.5 per cent) and lowest in Islington (0.3 per cent) and Hackney (0.2 per cent).

Figure 2.14 shows where the densest concentrations of businesses in the professional, scientific and technical industry are located. AS can be seen, there are high concentrations in a number of localities.

Jobs in the Knowledge Economy have increased. Between 2009 and 2014, the number of Knowledge Economy jobs in the LSC Corridor rose by 46,100 – 18 per cent – compared with 10 per cent growth across Great Britain. The largest increases were in computer programming, consultancy & related activities (+12,700), activities of head offices (+7,900), management consultancy activities (+6,200), business support service activities n.e.c. (not elsewhere classified). (+4,500) and architectural & engineering activities & related technical consultancy (+4,400).

However, the number of HMT Manufacturing jobs in the LSC Corridor has declined. Between 2009 and 2014, these fell by 5,300 – or by 17.4 per cent, against 1 per cent growth across Great Britain. The largest falls were in the manufacture of general purpose machinery (-3,300), the manufacture of pharmaceutical preparations (-3,000), the repair of fabricated metal products, machinery & equipment (-2,400), and the manufacture of domestic appliances (-2,100).

LEVELS OF INNOVATION ARE HIGH – DEMONSTRATED BY HIGH RATES OF PATENTING ACTIVITY

The LSC Corridor's rate of patent activity is high. Over the ten years 2002-2011, inventors in the six NUTS 3 areas spanning the LSC Corridor originated an average of 878 patents per year. This was equivalent to 12.1 patents per 100,000 residents per year – above the UK average of 9.6. Within the area, the rate of patenting was very high in Cambridgeshire (60.5 patents per 100,000 residents) and above average in Hertfordshire (15.6) and Essex (11.7).

⁵ <http://tinyurl.com/dxfh3h>



Patent activity was below average in Outer London East & North East (2.1), Peterborough (5.0) and Inner London East (5.4).

SCIENCE, RESEARCH, ENGINEERING AND TECHNOLOGY PROFESSIONALS FORM A HIGH PROPORTION OF THE WORKFORCE

The LSC Corridor has a high percentage of people working as science, research, engineering and technology professionals. At the time of the 2011 Census, 6.9 per cent of people working in the LSC Corridor were science, research, engineering and technology professionals and associate professionals – higher than the England average of 5.8 per cent. Overall employment was boosted by a high percentage of such workers in South Cambridgeshire, Cambridge and Stevenage. The percentage of science and technology professionals was particularly high relative to the national average for information technology & telecommunications professionals (2.8 per cent, compared with 2.2 per cent across England) and natural & social science professionals (0.9 per cent, against 0.5 per cent across England).

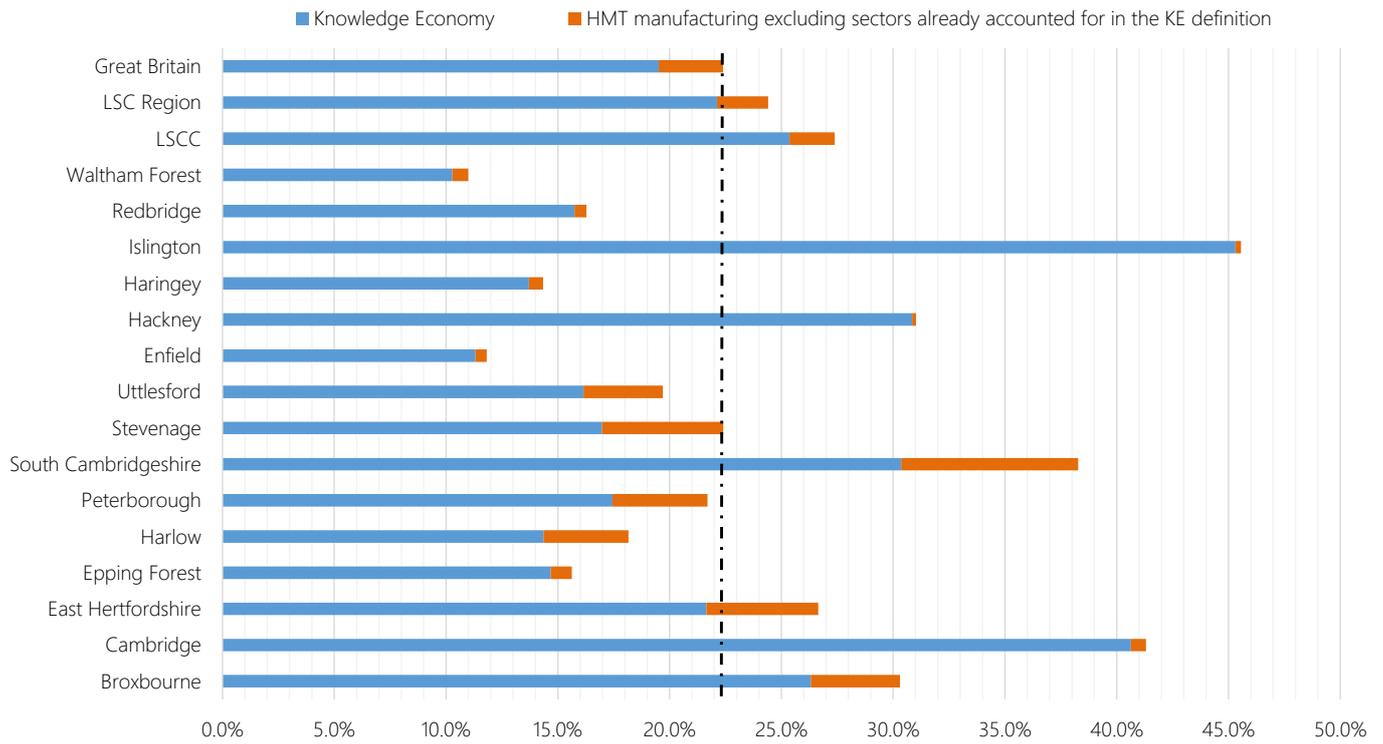
AN ABOVE-AVERAGE PERCENTAGE OF PEOPLE WORKING IN THE LSC CORRIDOR ARE EMPLOYED IN THE MOST HIGHLY SKILLED OCCUPATIONS

A high percentage of people working in the LSC Corridor are employed in the most highly skilled occupations. At the time of the 2011 Census, almost one third (31.9 per cent) of all people working in the LSC Corridor worked in 'Level 4' occupations (the most highly skilled jobs – managers & senior officials and professionals). This was higher than the England average of 28.3 per cent. The percentage of people working in 'Level 3' associate professional, technical and skilled trades occupations was also slightly higher than average (24.6 per cent, compared with 24.1 per cent across England). The shares of people in the lowest skilled Level 2 and Level 1 occupations were below average⁶.

⁶ Level 4 occupations: managers & senior officials and professionals; Level 3 occupations: associate professional & technical occupations and skilled trades; Level 2 occupations: administrative & secretarial, caring, leisure & other services, sales and customer service, and process, plant & machine operatives; Level 1 occupations: elementary occupations.



FIGURE 2.13: PERCENTAGE OF JOBS IN KNOWLEDGE ECONOMY AND HIGH & MEDIUM TECHNOLOGY MANUFACTURING, 2014

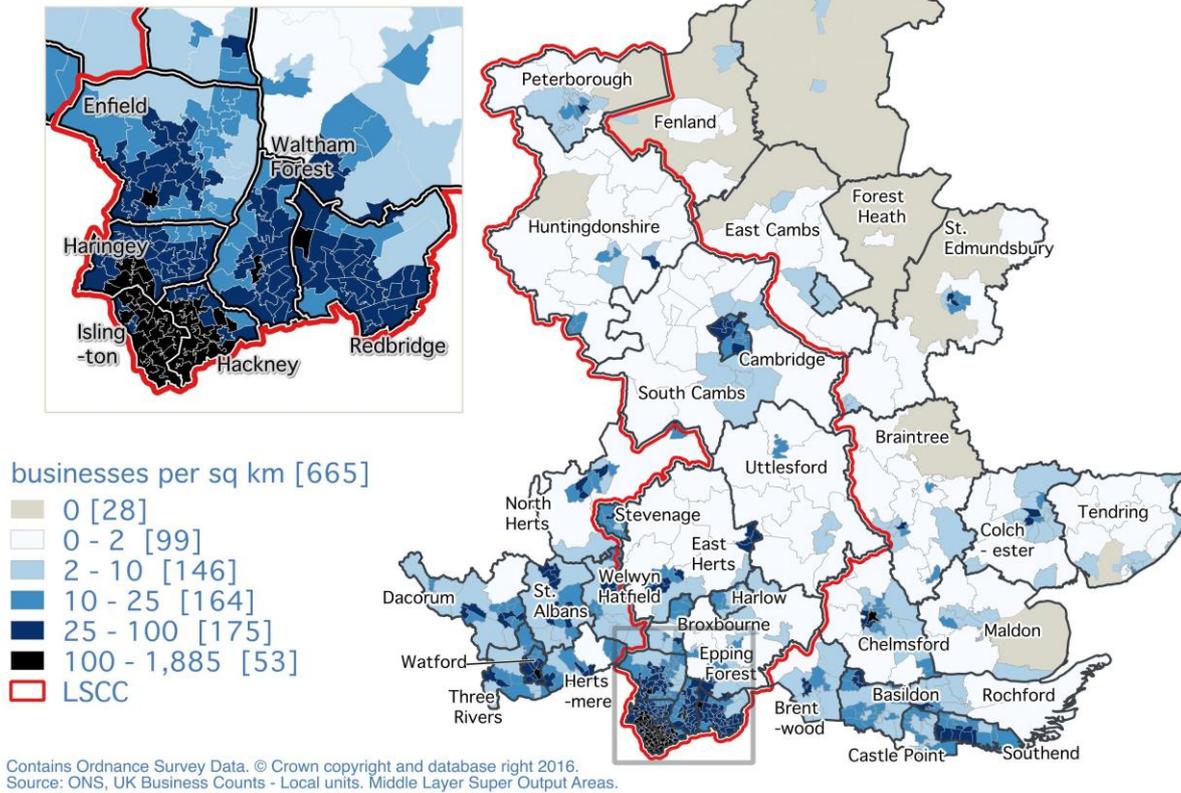


Source: Business Register and Employment Survey, Office for National Statistics.

FIGURE 2.14: PROFESSIONAL, SCIENCE AND TECHNOLOGY BUSINESSES PER SQUARE KILOMETRE BY MIDDLE LAYER SUPER OUTPUT AREA IN 2015

BUSINESS DENSITY

NUMBER OF BUSINESSES IN THE PROFESSIONAL, SCIENTIFIC & TECHNICAL SECTORS IN 2015



As can be seen in Figures 2.15 and 2.16 a high share of workers are in the highest skill (level 4) occupations in Cambridge, South Cambridgeshire, Hackney and Islington. At a finer grained analysis of small areas (Figure 2.16)

At detailed occupational level, the LSC Corridor had much higher rates of workers employed as:

- Information technology and telecommunications professionals (2.8 per cent, compared with 2.2 per cent across England);
- Teaching and educational professionals (5.1 per cent, against 4.3 per cent across England);
- Media professionals (1.1 per cent, against 0.5 per cent across England);
- Artistic, literary and media occupations (2.4 per cent, against 1.2 per cent across England).

Likewise, the LSC Corridor had much lower rates of workers employed in:

- Caring personal services (3.1 per cent, compared with 4 per cent across England);
- Sales assistants and retail cashiers (5.1 per cent, compared with 5.8 per cent across England);
- Process operatives (0.5 per cent, compared with 1.0 per cent across England).

Within the LSC Corridor, eight of the 15 districts and boroughs had above-average levels of employment in Levels 3 and 4 occupations, particularly Islington (68.4 per cent) and Hackney (64.7 per cent). The lowest skilled areas were Peterborough and Harlow, where just 46.5 per cent and 49.3 per cent were employed in Level 3 or 4 occupations.

The occupational profile of LSC Corridor workers is slightly lower-skilled than that of its residents as the area loses many of its highly skilled people through out-commuting. In 2011, there was out-commuting among all occupational groups, particularly Level 4 occupations (-44,600). As a



result the percentage of people working in Level 4 occupations was higher on a residence than a workplace basis (32.5 per cent of residents and 31.9 per cent of workers). Conversely, the percentage of people working in Level 2 and 3 occupations was higher on a workplace basis than a residence basis.

Between 2001 and 2011, the number of people working at each occupational level increased, but particularly among those working in Level 4 occupations. The share of workers employed in Level 4 occupations has increased, while the share of workers at all other occupational levels has reduced.

THE DEMAND FOR HIGHLY SKILLED WORKERS HAS INCREASED

FIGURE 2.15: PERCENTAGE SHARE OF WORKERS EMPLOYED IN EACH LOCAL AUTHORITY DISTRICT THAT ARE IN LEVEL 4 (THE HIGHEST SKILL) OCCUPATIONS

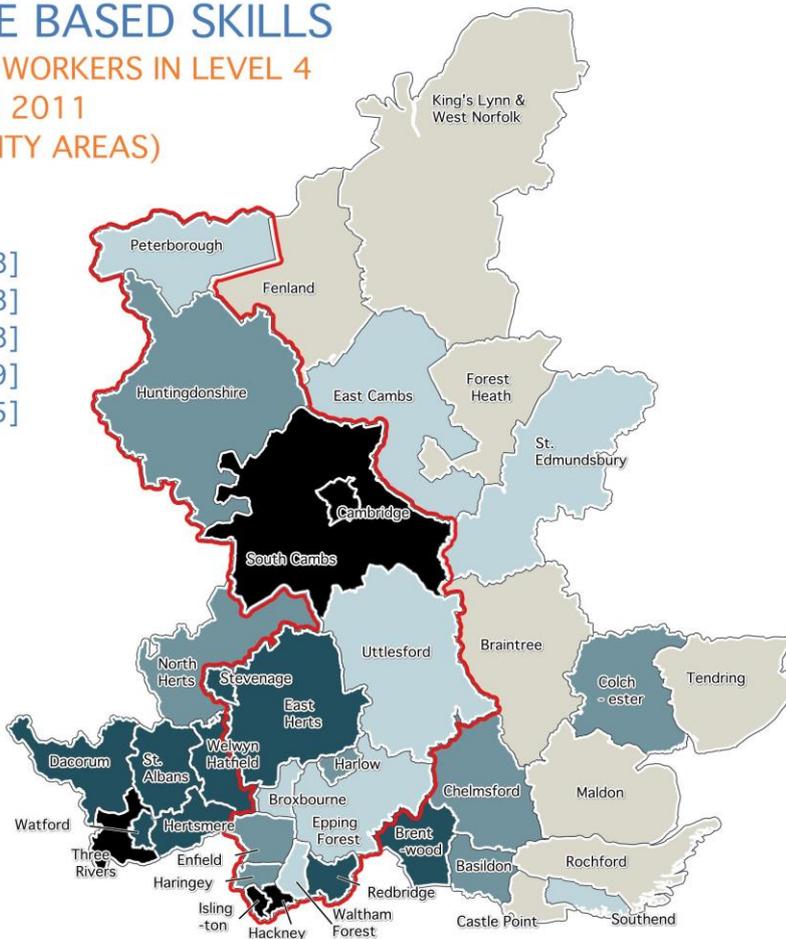
WORKPLACE BASED SKILLS

PERCENTAGE OF WORKERS IN LEVEL 4 OCCUPATIONS IN 2011 (LOCAL AUTHORITY AREAS)

- % of workers [38]
- 15.0 - 20.0 [8]
 - 20.0 - 22.5 [8]
 - 22.5 - 25.0 [8]
 - 25.0 - 30.0 [9]
 - 30.0 - 40.0 [5]
 - LSCC

Level 4 occupational group defined as SOC 2010 groups: 11, Corporate Managers; 21, Science and technology professionals; 22, Health professionals; 23, Teaching and research professionals; 24, Business and public service professionals

Source: QS606EW - Occupation (Minor Groups): All usual residents aged 16 to 74 in employment. WP606EW - Occupation (Minor groups) (Workplace population): All usual residents aged 16 to 74 in employment



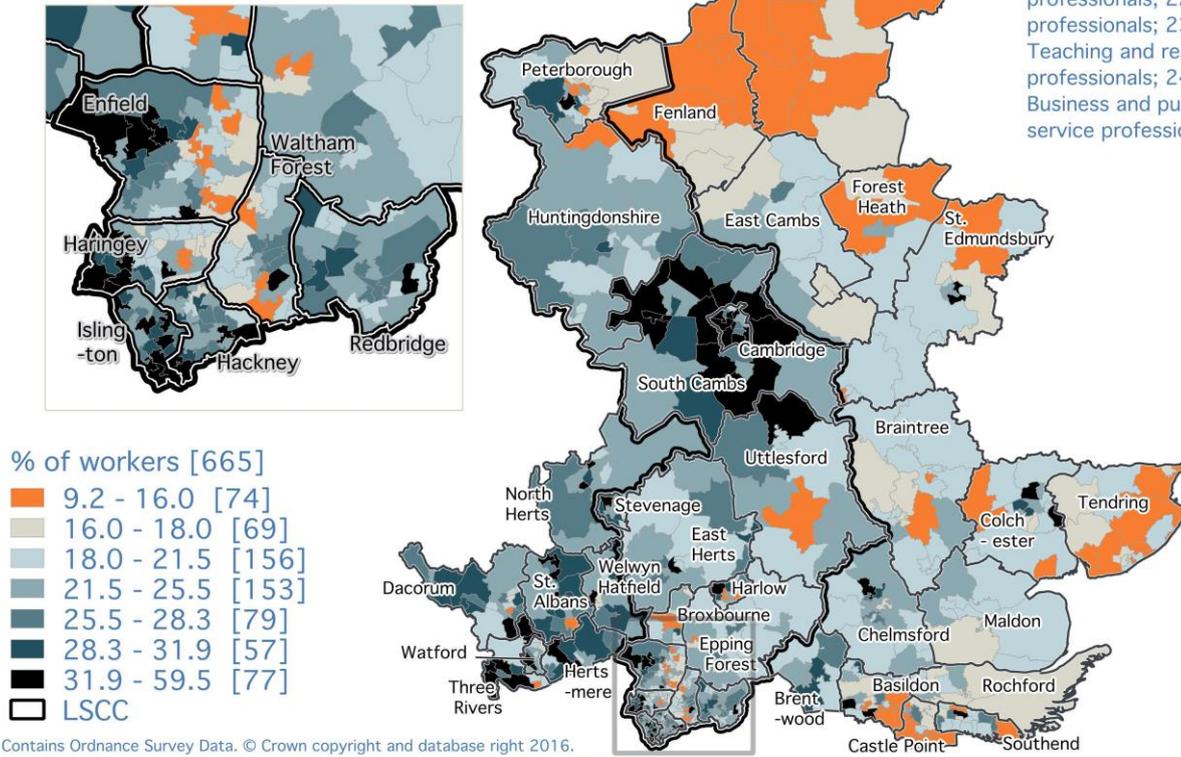
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FIGURE 2.16: PERCENTAGE SHARE OF WORKERS EMPLOYED IN EACH MIDDLE LAYER SUPER OUTPUT AREA (THE SMALLEST GEOGRAPHICAL UNIT) THAT ARE IN LEVEL 4 (THE HIGHEST SKILL) OCCUPATIONS

WORKPLACE BASED SKILLS

PERCENTAGE OF WORKERS IN LEVEL 4 OCCUPATIONS IN 2011 (MIDDLE LAYER SUPER OUTPUT AREAS)

Level 4 occupational group defined as SOC 2010 groups: 11, Corporate Managers; 21, Science and technology professionals; 22, Health professionals; 23, Teaching and research professionals; 24, Business and public service professionals



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 QS606EW - Occupation (Minor Groups): All usual residents aged 16 to 74 in employment.
 WP606EW - Occupation (Minor groups) (Workplace population): All usual residents aged 16 to 74 in employment



INDUSTRIES THAT FEATURE STRONGLY ACROSS THE CORRIDOR

Several industries and industry clusters feature strongly across the Corridor. In such cases the various parts of the value chain are almost entirely present in the Corridor, or the industries are global leaders, for example through R&D and technology.

Some of these industries, such as life sciences, are well known. Others, such as food and agriculture, may receive less emphasis.

Over the past three years, the London Stansted Cambridge Consortium has published industry profiles for several of the most prominent industries or clusters with a significant presence across the corridor. In this section, we summarise the main features of these industries and present up to date statistics on their size and scope.

LIFE SCIENCES

Scope and scale

The London Stansted Cambridge Corridor is a globally important hub for life sciences. Universities with a long-standing focus on this sector, international life sciences businesses, and research institutions have underpinned growth and successive generations of spin-outs and start-ups. Some of the key firms and institutions are mapped out in **Figure 2.17** and listed in **Figure 2.18**.

There are **635 life sciences businesses** in the Corridor, accounting for 24,700 jobs, and contributing 11% of all national (England) employment in this sector.

The Corridor's success is built on **37 research institutes** with global renown in the life sciences sector. The Corridor and its adjacent areas are the location of the bulk of UK research activities and expertise in life sciences. The cluster of major research institutes includes:

- Medical Research Council: 1 national institute, 1 national laboratory, 17 national centres, 11 units and one research group are present in the Corridor.
- 6 biotechnology and biological sciences research centres (BBRSC) – including the Babraham Institute and Rothamsted Research.

- Cancer Research UK's London Research Institute and Cambridge Institute.

Two of the most significant public investments in life sciences research in the UK in the past 50 years have been made in the Corridor – the £700m Francis Crick Institute (an interdisciplinary medical research institute) in London, and the new £212m MRC Laboratory for Molecular Biology (LMB) in Cambridge. Sites such as the Stevenage Bioscience Catalyst and the Anglia Ruskin MedTech Campus provide other key sites for growth.



FIGURE 2.17 KEY LIFE SCIENCES SITES AND ASSETS IN THE CORRIDOR



FIGURE 2.18: SUB-SECTORS IN LIFE SCIENCES IN THE CORRIDOR, AND EXAMPLES OF MAJOR FIRMS

SUB-SECTORS IN LIFE SCIENCES	EXAMPLES OF MAJOR FIRMS IN EACH SUB-SECTOR
Pharmaceuticals and medical biotechnology (including discovery, development, testing, production and marketing of small molecule and biologic drugs, vaccines, cell therapies, gene-based medicines, antibodies licensed for use as a medication)	Altacor, AstraZeneca, GlaxoSmithKline, Pfizer, Roche, Dr Reddy's, Genzyme, MedImmune, Takeda, Novacta, Unilever, Napp, Eisai.
Biotechnology (drug discovery and therapies developed from new biotechnologies such as gene, cell and tissue therapies as well as associated platform technologies/services)	Amgen, Abcam, ABS Laboratories, AMS Biotechnology, Avergen, Argenta, Bicycle Therapeutics, BlueGnome, Cambridge Bioscience, Cantab Biopharmaceuticals, CellCentric Ltd, Illumina, Huntingdon Life Sciences, Quotient BioResearch, Xenetic Biosciences, Vantix.
Medical technologies (the market for any instrument, apparatus, appliance, material intended by the manufacturer to be used for human medical treatment or health)	Philips Research, Bepak, Cambridge Cognition, Cambridge Design Partnership, Unisurge International, Clement Clark International, Keymed, Stanmore Implants Worldwide, Draeger Medical UK, Medtronic, GE Healthcare, Carl Zeiss, Nokia.
Industrial biotechnology (the use of biological substances, systems and processes to produce materials, chemicals and energy)	Bactevo, Europa Bioproducts Ltd.

Firms

Within 'life sciences' there is an incredibly diverse range of business activities. The types of activities or sub-sectors that have a significant presence in the Corridor and some of the key firms in, or adjacent to the Corridor are outlined in **Figure 2.18**.

Corridor perspectives

The London-Stansted-Cambridge Corridor is globally important for life sciences. Universities with a long-standing focus on this sector, international life sciences businesses, and research institutions have underpinned growth and successive generations of spin-outs and start-ups.

ICT & DIGITAL

THE CENTRE OF THE UK IT INDUSTRY IN CAMBRIDGE MEETS EUROPE'S FASTEST GROWING IT HUB, LONDON'S TECH CITY

The LSCC area has a significant presence in the ICT and digital sector, anchored by the most well established centre of the UK IT and digital industry in Cambridge, and the fastest growing ICT and digital hub in London. There are 91,000 IT and telecommunications professionals and technicians in the LSCC area (12.8 per cent of the total for England), and 12,400 businesses in the ICT and digital sector (8.1 per cent of the England total). As a whole, the ICT and digital sector supports 63,900 jobs in the LSCC area (6.6 per cent of all England's jobs in this sector).

The sector encompasses a wide range of activities in the LSC Corridor including communications, electronics, hardware, software, computer services, digital media and computer games. Activities or sub-sectors that have a significant presence are illustrated in **Figure 2.19**.

Tech City

Spanning an area in East London from Shoreditch to Old Street to the Olympic Park, [Tech City](#) is home to one of the largest concentrations of small, fast-growing digital technology companies in Europe including Last.fm (sold to CBS in 2007 for \$280 million); Tweetdeck (sold to Twitter in 2011 for \$40 million); Songkick (the largest global database of concerts in the world); Dopplr (sold to Nokia for \$22million); and Yammer (the leading enterprise social network made Tech City its European headquarters in 2011).

Tech City's dynamism and rapid growth have been recognised by existing global corporations, with both Microsoft and Google establishing incubator space and services for small business and start-ups in the area. Amazon has established a Digital Media Development Centre in Tech City.



FIGURE 2.19: KEY FIRMS IN ICT AND DIGITAL MEDIA IN AND NEAR THE LONDON-STANSTED-CAMBRIDGE CORRIDOR

SUBSECTORS IN ICT AND DIGITAL MEDIA	EXAMPLES OF MAJOR FIRMS IN EACH SUB-SECTOR THAT ARE IN OR ADJACENT TO THE LSCC AREA
Communications: refers to all technological advances that support communications and includes a wide range of disciplines in wire-line and wireless operations;	Nokia Research, Qualcomm, CSR, Connectix Ltd, Global Marine Systems, Alcatel Lucent, Reliance Global Com, Paradigm Services Ltd, Facebook, Everything Everywhere, Orange Corporate Services, T-Mobile UK, Metaswitch.
Electronics and IT hardware: refers to the design and manufacturing of the electronic devices used in numerous applications;	Cambridge Display Technologies, Cambridge Wireless, Plastic Logic, Xaar, Ubisense, Microsoft, Toshiba, ARM, Plextek, Tyco, Kodak, Paypoint, EPSON, Imagination Technologies.
Software & computer services: includes all the software and related computer services, necessary for the function of the hardware. UKTI includes Business to Business (B2B) services but does not include Business to Consumers (B2C) services	Citrix, Red Gate, Autonomy, Computerlinks, Aveva, Accelrys, Intamac, Broadcom, Access UK Ltd, Amazon Development Centre, Steria, Northgate, Bull Information Systems, Computacenter, Storm Technologies Ltd, Viglen, Serverchoice.
Digital media: combining different digital technologies to create final goods and services that together have transformed a plethora of economic and social activities – including computer games, mobile applications and bioinformatics.	Blitz Communications, Jagex, Frontier, Sony, Ninja Theory, Geomerics, Rising Star Games, Acclaim, Airplay, EA, Eidos, Konami, Kujju, Playfish, Gorilla Nation, LinkedIn, Microsoft, Reality Digital, Rockstar, Sega, Square Enix, Ubisoft, Vivendi Universal Games, Ask.com, Glam Media, Google.

The UK Government has made several notable commitments to invest in and support initiatives in the area. Tech City Investment Organisation (TCIO) is an agency founded by UK Trade & Investment to encourage the growth and development of the Tech City cluster. The Open Data Institute (ODI) is a not-for-profit company limited by guarantee, which will be based in Tech City.

The Cambridge Cluster

The Cambridge Cluster (sometimes known as Silicon Fen) is the name given to the region around Cambridge, which is home to a large cluster of high-tech businesses focusing on software, electronics and biotechnology. Many of these businesses have connections with Cambridge University, and the area is now one of the most important technology centres in Europe.

As demonstrated in terms of the high density of ICT industry businesses in **Figure 2.20**, there are now 3,000 firms involved in ICT and digital industries in the Cambridge Cluster. Early successful businesses include ARM (semiconductor design and global leader in low energy semiconductors for mobile devices) and Cambridge Display Technologies (OLED displays). Other notable successes include AVEVA, Autonomy Corporation (subsequently acquired by Hewlett Packard) and Cambridge Silicon Radio (semiconductors, particularly for Bluetooth devices).

The Cambridge Cluster is also home to a significant digital media and computer gaming sector, with notable global

firms such as Frontier Developments (the Elite series of games) and Jagex Games Studio (responsible for Runescape – the most popular free to play multiplayer online game in the world). Other world-renowned games development companies include Sony and Ninja Theory. More than 1,000 games industry professionals are employed in Cambridge – one in ten UK games employees.

Cambridge also has several subsector specialisms such as inkjet printing. Established in 1978, Domino sits at the head of the subsector linked to inkjet printing, today employing over 2,000 people worldwide. Other firms in the subsector include Xaar (global leaders in the industrial printhead market), Inca Digital Printers (pioneers of digital flatbed printing), and Tonejet Ltd.

As well as large ICT firms and established technologies, the Cambridge Cluster is a constant source of innovative start-ups such as Owlstone (gas sensors on microchips), and RealVNC (allowing computers and smartphones to remotely take control of another device anywhere in the world, and now enabling car dashboard access to apps on devices).



Corridor perspectives

The corridor contains one of the major technological drivers of the UK ICT & digital industry in Cambridge, along with the leading creative digital cluster of London.

The University of Cambridge’s Computer Laboratory is the premier research department in the UK for computing, and the source of ideas, inspiration and entrepreneurs. The laboratory has more than 200 researchers, with world leading research in artificial intelligence, computer

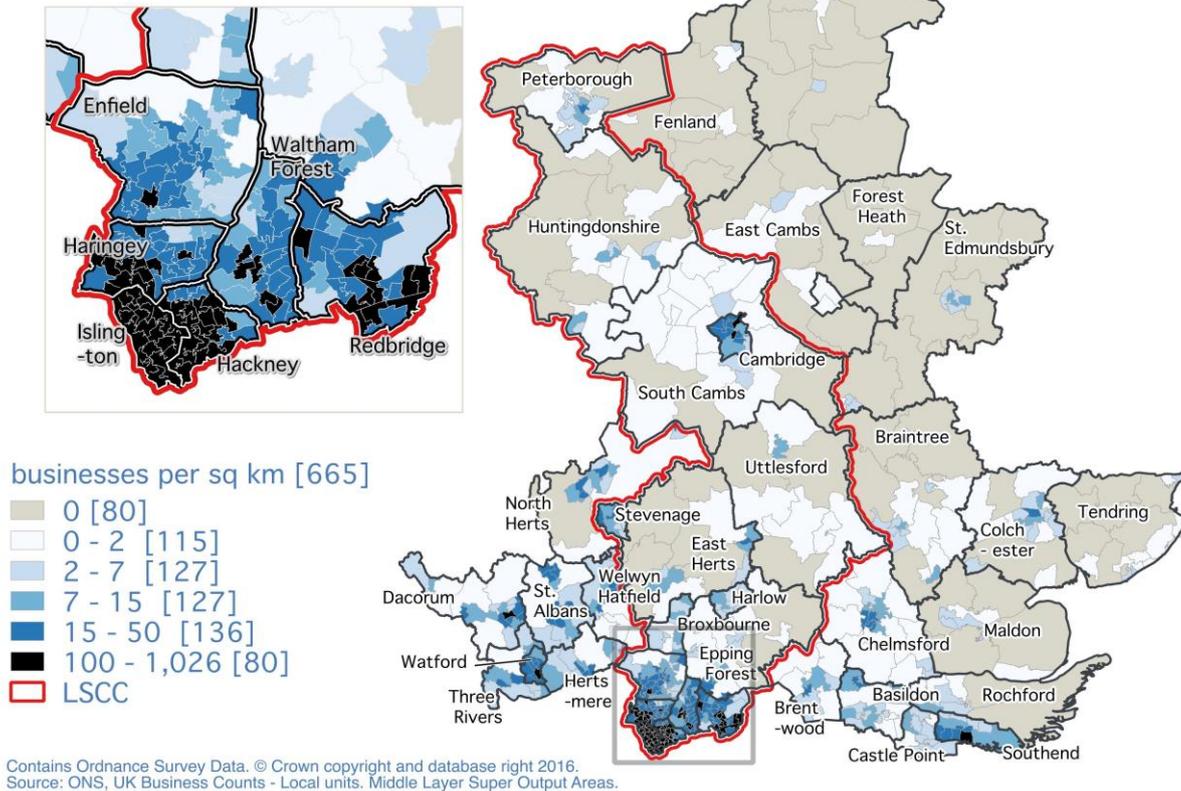
architecture, digital technology, graphics and interaction, natural language and information processing, programming, logic, security and systems.

Laboratory staff and graduates have gone on to found 188 companies to date. Globally renowned firms including Media Dynamics, Acorn Computer Ltd, Bromium, Virata, ANT, nCipher, Zeus, Amino, Bango, Cambridge Broadband, Datanomic, Jagex, Linguamatics, CacheLogic, DisplayLink, blinkx, Camrivox, XenSource, RealVNC and Ubisense are all in the Computer Lab’s hall of fame.

FIGURE 2.20: INFORMATION AND COMMUNICATIONS INDUSTRY BUSINESSES PER SQUARE KILOMETRE BY MIDDLE LAYER SUPER OUTPUT AREA IN THE LSCC CORRIDOR AND ADJACENT LOCAL AREAS

BUSINESS DENSITY

NUMBER OF BUSINESSES IN THE INFORMATION & COMMUNICATION SECTORS IN 2015



CLEANTECH

Scope and scale

A number of studies by individual organisations have estimated the size of the sector for various areas, including Greater Cambridge Greater Peterborough and UK regions:

- In the GCGP area: it has been estimated that there are 13,000 enterprises operating in a broad range of environmental activities, generating £6.9 billion in turnover supporting 62,000 jobs in 2010⁷.
- In the regions of London and the East of England⁸, low carbon, environmental goods and services sales in 2011/12 were estimated at £25.4 billion and £12 billion respectively. It is estimated that London has 9,211 firms in the sector employing 163,600 people, while the East of England has 4,918 firms employing 86,700.
- Concentrations of employment in London in 2011/12 were particularly high in waste management (10,100); water supply (13,907); alternative fuels (19,200); building technologies (16,000); carbon finance (23,500); geothermal (18,600) and wind (14,400).
- Concentrations of employment in the East of England in 2011/12 were particularly high in recovery and recycling (8,500); alternative fuel vehicles (13,200); alternative fuels (15,200); building technologies (9,200); and geothermal (7,500).
- In 2011/12 London had strong sales in water supply/waste management (£1.5 billion); alternative fuel vehicles (£1.4 billion); alternative fuels (£2.1 billion); building technologies (£2.3 billion); carbon finance (£6.5 billion); geothermal (£2.7 billion); and wind (£2.5 billion).
- In 2011/12 the East of England had strong sales in recovery and recycling (£1.1 billion); alternative fuel vehicles (£1.8 billion); alternative fuels (£2.3 billion); building technologies (£1.3 billion); geothermal (£1.1 billion) and wind (£0.9 billion)

The LSCC area offers particular advantages for the development of low carbon, cleantech and environmental goods and services markets, activities and jobs. The LSCC itself is a large market in terms of demand for energy,

transport, natural resources, waste management and recycling – and it is adjacent to Britain’s biggest market in Greater London. The LSCC area also has valuable workforce skills for the sector, such as scientific, management and engineering skills, as well as major sites suitable for low carbon and cleantech industries.

Firms

Figure 2.21 illustrates some of the main firms operating in each subsector of low carbon, cleantech and environmental goods and services. As can be seen, the range of activities is very broad.

⁷ GCGPEP analysis of business trends, 2012

⁸ Department for Business, Innovation and Skills (2013), Op. Cit.



FIGURE 2.21: SUBSECTORS AND KEY FIRMS IN AND NEAR THE LSCC AREA

SUBSECTORS IN BUSINESS SERVICES	EXAMPLES OF MAJOR FIRMS
Low carbon buildings technologies fall into two key areas: building fabric (materials, including electronic controls) and renewable energy for buildings (microgeneration).	Building Research Executive, Breathing Buildings, David Ball Group, Vinci, Willmott Dixon, Volker Wessels
Low carbon vehicles are primarily focused on the latest innovations around hybrid vehicles, as well as the ultra-low carbon vehicle suite of plug-in hybrids, electric vehicles (and components) and new fuels developments like hydrogen fuel cells.	Lightning Car Company, Cosworth, Ricardo
Carbon capture, storage and accounting is a broad range of activities that relate to the core components of the value chain: carbon capture, transportation, storage and accounting.	Cambridge Carbon Capture, Amee
Wind power involves the design, manufacture and installation of large wind farm arrays both onshore and offshore.	RES - Renewable Energy Systems
Smart grids, smart meters and electrical management systems. Smart meters enable two-way communication between the meter and the central system and can gather data for remote reporting. A smart grid is a modernized electrical grid that uses information and communications technology to actively manage the efficient distribution of electricity.	Alert Me, Sentec, Sagentia, Nujira, Highview Power Storage, Amantys
Alternative fuels are those that are generated by biological and chemical processes (e.g. bioethanol and biodiesel) as an alternative to petrochemicals.	Unilever, GSK, Johnson Mathey, Syngenta, Bayer Crop Science
Waste management and recycling involves the management of waste products from domestic and commercial activities and the recycling of materials into other economic uses.	Ecolutia; Greenenergyparks, GBN Services Ltd
Water supply and sanitation is the management, processing and provision of water resources	Anglia Water; E S W Pipeline Solutions; Essex & Suffolk Water; Veolia
Sustainable manufacturing involves a wide array of manufacturing activities that incur low energy use, higher resource efficiency and recycling.	ABF (British Sugar and AB Agri); Dresser Rand; Solo Group; Beamglow Ltd; Palm Paper; Fisco Tools Ltd; O-I Manufacturing UK Ltd; Papier-Mettler UK Limited; Newsprinters (Broxbourne) LTD - (News International); Trinity Mirror Printing

Firms in the Corridor are market and technology leaders

LOW CARBON BUILDINGS AND CONSTRUCTION (LCB)

The LSCC area and its surrounds are already home to companies such as Vinci, Willmott Dixon and Volker Wessels. This capability is complemented by world class academic excellence at universities such as Cambridge and Hertfordshire, supported by the Building Research Executive as a centre for national research excellence and the co-location for the Modern Built Environment Knowledge Transfer Network. SmartLIFE is a sustainable construction training facility that has developed an innovative range of training courses with a focus on sustainable construction and low carbon technology.

LOW CARBON VEHICLES (LCV)

The LSCC area is home to several specialist firms operating in the low carbon vehicles market. The Lightning Car

Company, based in Peterborough, designs and manufactures high quality electric sports cars. The firm's first product, the Lightning GT, was unveiled in 2008. It incorporates quick-charging lithium-titanate batteries from Altairnano into a body made from Superform aluminium. Cosworth, based in Cottenham, Cambridgeshire, specialises in engine design and manufacture. Ricardo has a Cambridge office dedicated to control and electronics activities, employing approximately 60 people, and is a leading designer and developer of automotive electronics and associated embedded software technologies. The Cambridge office is engaged on projects including engine management systems, powertrain and vehicle control systems, active safety, on-board diagnostics and embedded software.

CARBON CAPTURE AND STORAGE

Cambridge Carbon Capture (Shell Springboard Regional Winner and National Finalist, 2011) has developed an electrochemical process which safely, securely and profitably captures carbon dioxide from the combustion of hydrocarbons as solid carbonate materials. Cambridge



Carbon Capture's electrochemical technology generates electrical power from hydrocarbons while simultaneously capturing and permanently sequestering CO₂ via a mineralisation reaction with Ca/Mg silicates or wastes. Cambridge Carbon Capture has achieved a number of breakthroughs which reduce the energy and capital requirements for mineralisation. The process combines carbon free power generation with the production of useful materials and, in some cases, the remediation of wastes such as combustion ashes, metal production wastes, and mine tailing.

WIND ENERGY

The LSCC area is positioned near some of the largest offshore wind array developments in the world. Completed in 2011, the 507MW Greater Gabbard development was the largest offshore wind farm in the world, using 140 turbines to power over half a million homes – to be superseded in 2012 by the 630MW London Array off the Essex coast. The next round of wind farm development signals further expansion. As the second largest Round 3 development, the 7.2GW East Anglian Wind Farm will be a magnitude larger than both Greater Gabbard and the London Array. It will cover an area approximately the size of Norfolk and provide an additional 1,000 turbines in the Southern North Sea. The LSCC area is also home to firms such as RES Group, which has been at the forefront of the wind energy industry for over two decades.

SMART GRIDS / SMART METERS

The LSCC area is home to Sentec (Cambridge), the world's leading supplier of smart grid and metering technology; and Sagentia (Cambridge), the technology and development partner firm, which specialises in energy metering. Alert Me (Cambridge) manufactures smart home energy management devices.

ALTERNATIVE FUELS AND ENERGY

Biorenewables (also known as biomass) and sustainable use of its constituent parts, bioenergy (heat and power), biofuels for transportation and biomass based products, are increasingly seen as part of the sustainable energy mix. The LSCC area is home to significant corporate research and development (R&D) activities in this area, with Unilever, GSK, Johnson Matthey, Syngenta and Bayer Crop Science. This is complemented by internationally recognised academic excellence at the universities of Cambridge,

Cranfield and Hertfordshire, supported by cutting edge research at Rothamsted Research. In or adjacent to the LSCC area are the world's largest straw combustion plant (Ely, Cambridgeshire), and the world's largest poultry litter plant (Thetford, Norfolk). Britain's first bioethanol plant was opened by British Sugar at Wissington in Norfolk, just outside the LSCC area.

WASTE MANAGEMENT AND RECYCLING

LondonWaste provides sustainable waste management services across London and the South East, offering a safe and secure alternative to landfill disposal. LondonWaste's regulated facilities recycle materials, compost organic waste and recover energy from waste - enough to power 72,000 homes throughout the year.

WATER SUPPLY AND SANITATION

The LSCC area has extensive expertise in water resources, much of it in the agricultural and consultancy sectors, as well as key academic research in waste water engineering at the universities of Cambridge and Hertfordshire. Several water companies are based in or near the LSCC area, including Anglia Water, Essex and Suffolk Water, and Affinity Water. Firms such as E S W Pipeline Solutions provide water supply and sanitation infrastructure.

SUSTAINABLE MANUFACTURING

Advanced engineering and manufacturing lies at the heart of several key regional sectors, from offshore wind, biorenewables and vehicles, to the built environment, water and waste recovery. It cuts across sectors to strengthen regional low carbon innovation capabilities. The LSCC area is home to companies such as Caterpillar, Ford, Greater Gabbard Ltd, GSK, and RES, all of which are global leaders in their sectors.

The University of Cambridge has one of the largest integrated engineering departments in the UK. TWI (The Welding Institute), located in Granta Park near Cambridge, provides world-class research and design in the bonding of materials such as metal and composites across a full range of renewable power sectors including offshore wind.

Global research excellence in green industry / low carbon activities



The Grantham Institute for Climate Change at Imperial College, London and The Grantham Research Institute on Climate Change and the Environment at the London School of Economics are global leaders on low carbon research.

The University of London has 14 departments and 271 researchers active in energy and environmental sector research; 55 university departments with a focus on 'mitigating climate change'; and 25 departments that focus on modelling climate change.

The Cambridge Environment Initiative at the University of Cambridge connects environmental research across the University of Cambridge, spanning all the academic schools. The University of Cambridge has a significant number of applied research units, groups and departments, including the Bioenergy Initiative; the Low Carbon and Materials Processing Group (Department of Engineering); The Cambridge Centre for Climate Change Mitigation Research; Centre for Sustainable Development (Department of Engineering); the Retrofit Research Network; Low Carbon Materials Processing Group (Department of Engineering); and the Cambridge Centre for Smart Infrastructure and Construction.

FOOD AND AGRICULTURE

Scope and scale

There are over 9,800 businesses in the food and agriculture value chain in the Corridor, accounting for 131,200 employees. The corridor itself accounts for 4.4 per cent of all employment in this sector across England. This includes the major retailers of Ocado and Tesco.

The Corridor's success is built on the presence of major agricultural and horticultural land and businesses, with three global renowned research institutes in agricultural technology. Two more major research institutes lie in Norwich, Norfolk, adjacent to the Corridor. The bulk of UK research activities and expertise in agriculture and food are focused within the Corridor and its adjacent areas. The cluster of major research institutes includes:

- The Sainsbury Laboratory Cambridge University (SLCU);
- NIAB - The National Institute of Agriculture and Botany;
- Rothamsted Research.

The UK's first regional agritech business network and cluster organisation is based in the Corridor. Agri-Tech East aims to

catalyse economic growth by improving the international competitiveness of plant and crop-based agriculture in Eastern England. It brings together world-leading research, development and agricultural production across the region. A substantial share of the UK's salad vegetables are grown in Lea Valley in the Corridor in glasshouses, and there are plans for investment and increased production.

The Agri-Tech Grants scheme and Agri Gate Research Hub, operating in Cambridgeshire, Peterborough, Norfolk and Suffolk, supports the development of innovative ideas within the sector with specialised grants and an agritech innovation centre in Soham, Cambridgeshire.

Specialist further education institutes, including Writtle College and the College of West Anglia, support skills development for the agrifood cluster.

The initiatives of the London Food Board, part of the Mayor's Food Strategy, illustrate the Corridor's leading role in holistic food production and consumption.

Firms

There is an enormous variety of agriculture and food activities, from growing and processing to retailing, catering and consumption. Significant activities or sub-sectors, with examples of major firms, are outlined in **Figure 2.22** below.



FIGURE 2.22: SUBSECTORS AND KEY FIRMS IN AGRICULTURE AND FOOD ACTIVITIES IN AND NEAR THE LSCC AREA

SUB-SECTORS IN AGRIFOOD	EXAMPLES OF MAJOR FIRMS IN EACH SUB-SECTOR
Farming, growing, horticulture, livestock, arable land, fisheries	AB Agri Limited, Abbey View Produce, Cambridgeshire County Farms, Glinwell, Hilton Food Group Plc, Stubbins, UK Salads, Spearhead International, Produce World
Food and drink manufacturing/processing	British Sugar Plc, Coca-Cola Enterprises Ltd, Arla Foods, Warburtons, Karro Food Limited, Milton Brewery Cambridge Ltd, Oakham Ales
Manufacture and wholesale of equipment for agricultural production and food processing	Perkins Engines Company Ltd, Sharp Systems Ltd.
Food and drink wholesaling	Fenmarc Produce Limited, Lifecrown Investments Limited, MBM Produce Limited, MM (UK) Limited, Moy Park
Food and drink retailing	Ocado, Tesco
Restaurants, take aways and catering	ASK Restaurants Ltd, JD Wetherspoon, Loch Fyne Restaurants Ltd, Prezzo plc, The Orchid Group, Town Centre Restaurants Ltd.
Research and development in agriculture and food	Bayer Crop Science, Sainsbury Laboratory Cambridge University, National Institute of Agriculture and Botany, Rothamsted Research

Corridor perspectives

THE A TO Z OF THE FOOD SUPPLY CHAIN IS FOUND IN THE LONDON-STANSTED-CAMBRIDGE CORRIDOR

The Agrifood sector is very significant in the corridor, including international R&D institutes, high grade agricultural land and production, processing facilities, global retailers, and high quality markets and restaurants. More than four-fifths of the land in the surrounding region (the East of England) is in agricultural use. Compared with other regions, the farming and food sector is characterised by larger businesses, although there are smaller specialist producers in subsectors such as horticulture.

Major food and drink processors in or near the Corridor include British Sugar Plc, Coca-Cola Enterprises Ltd, Arla Foods, Warburtons, Karro Food Limited, Milton Brewery Cambridge Ltd, and Oakham Ales. Engineering firms such as Sharp Systems Limited supply production equipment to the sector. Other specialisms include packaging and food retailing.

The sector's international reach is signalled by research institutes such as the Sainsbury Laboratory Cambridge University, National Institute of Agriculture and Botany, and Rothamsted Research.





3. PEOPLE

SUMMARY: PEOPLE

THE CORRIDOR IS HOME TO 2.7 MILLION PEOPLE, AND POPULATION GROWTH IS TWICE THE NATIONAL AVERAGE

The LSC Corridor has a population of 2.7 million, equivalent to 4.2 per cent of all people living in the UK, while the broader LSC Region has a population of 5.4 million, equivalent to 8.3 per cent of the total UK population. The LSC Corridor has a younger age profile than nationally, with above-average percentages of young and working-age people.

A GROWING WORKFORCE

The LSC Corridor's population has grown at twice the national average rate since 2000. Much of this growth has come from younger people, and growth in the workforce is forecast to continue.

POPULATION DENSITY IS HIGH, WITH 884 PEOPLE PER SQUARE KM

Population density is very high in the LSC Corridor, with 884 people per square km – more than three times the level across the UK. Rapid population growth also means that population density has increased at more than twice the UK average rate over the past decade.

EVIDENCE SUGGESTS THAT THE CORRIDOR'S LABOUR MARKET WAS RESILIENT DURING RECESSION

Some key indicators suggest that the Corridor was more resilient to recession than the rest of the UK. While economic activity declined nationwide, there was no deterioration in the Corridor area. The fall in employment was lower than nationally, and the rise in the percentage of Jobseeker's Allowance claimants was smaller.

THERE HAS BEEN A SWIFT RECOVERY IN LABOUR MARKET CONDITIONS SINCE RECESSION, WITH PERFORMANCE NOW ABOVE PRE-RECESSION LEVELS

There has been a sharp improvement in labour market conditions in the LSC Corridor since the recession. Historically, rates of economic participation have been below average across the LSC Corridor. But significant improvements in labour market conditions over the past few years mean that rates of economic participation have recently improved to UK-average levels. The LSC Corridor's

labour market is now stronger than before the recession and, unlike the rest of the UK, unemployment has fallen to below pre-recession levels.

Within the Corridor, the biggest improvements in economic activity and employment rates have been in Cambridge, East Hertfordshire and Hackney. However, economic activity and employment rates remain below pre-recession levels in Harlow, South Cambridgeshire and Uttlesford.

MALE ECONOMIC PARTICIPATION IS HIGHER THAN THE NATIONAL AVERAGE, BUT FEMALE PARTICIPATION IS SLIGHTLY LOWER

Male economic participation is now higher in the LSC Corridor than nationally, is improving faster than across the UK, and is now higher than before the recession – unlike the national picture. Female economic participation is slightly lower in the LSC Corridor than nationwide but is improving at a faster rate than across the UK and is now higher than before the recession.

LABOUR MARKET CONDITIONS ARE MUCH WEAKER FOR YOUNG PEOPLE WITHIN THE LSC CORRIDOR THAN NATIONALLY

A lower rate of economic activity reflects more young people remaining in education, but the higher rate of youth unemployment also highlights that it is harder for young people living in the area to find work than across the rest of the UK. The labour market for young people deteriorated significantly during and since the recession.

THERE ARE LARGE VARIATIONS IN EMPLOYMENT RATES BY ETHNIC GROUP IN THE LSC CORRIDOR

The employment rate for Black/Black British males is a cause for concern, being well below the national average and having declined over the past decade.

The LSC Corridor has a large non-UK born population. In terms of their labour market participation, employment rates are highest – above those for UK-born citizens – among those born in Antarctica & Oceania, the EU Accession States and Ireland. Unemployment rates are highest among the African-born population.

IMMIGRATION INTO THE LSC CORRIDOR FOR WORK PURPOSES IS VERY HIGH



Since 2002/03, the LSC Corridor has accounted for 10 per cent of all National Insurance number (NINo) registrations from overseas nationals in the UK. There are 36 NINo registrations per 1,000 people working in the area – much higher than the UK average of 15.

12.1 PER CENT OF THE WORKING-AGE POPULATION ARE 'INVOLUNTARILY WORKLESS'

A total of 169,800, or 12.1 per cent of working-age economically active people in the LSC Corridor, are involuntarily workless. This means they are either officially unemployed or inactive but wish to work. This is lower than across the UK (12.8 per cent) and is now lower than before the recession, unlike nationally.

THE LSC CORRIDOR HAS A LARGE POOL OF HIGHLY QUALIFIED PEOPLE

Young people in the LSC Corridor are highly qualified. GCSE attainment, Level 3 qualification attainment at age 19, and participation in higher education are all above average. On all measures of young people's attainment, Peterborough is the only area which consistently performs below average.

A high proportion of working-age people working in the LSC Corridor have high level qualifications. However, workplace-based qualification rates are lower than residence-based rates, due to out-commuting by highly qualified residents.

EARNINGS IN THE LSC CORRIDOR ARE ABOVE AVERAGE

As with qualification rates, the average earnings of people working in the LSC Corridor are slightly lower than those of employed people living in the area – reflecting out-commuting among highly-skilled residents. This reflects the LSC Corridor's high qualification rates and high share of people working in the most highly-skilled occupations.

Earnings have been affected by recession. In 2010, the average earnings of workers in the LSC Corridor fell, even though they grew across the UK. Since then earnings have grown more slowly than nationally, against above-average growth before the recession.

SKILLS SHORTAGES ARE MORE PREVALENT IN THE LSC CORRIDOR THAN NATIONALLY

Skills shortages are particularly prevalent among vacancies for managers and administrative/clerical staff. There are

particular shortages among job applicants of technical, practical or job specific skills, oral communication and planning and organisational skills.

INCOME DEPRIVATION AND CHILD POVERTY ARE HIGH IN MANY OF THE LSC CORRIDOR'S LONDON BOROUGHES

The income deprivation rate represents the proportion of people aged under 60 who are living in low income households and claiming certain out-of-work benefits. Rates are highest in Hackney, Haringey, Islington, Enfield and Waltham Forest – which all ranked within the 10 per cent most income deprived of the 326 English districts.

Rates of child poverty are high in the LSC Corridor, particularly in the six London boroughs. Unsurprisingly, the areas with the worst income deprivation also had high child poverty rates. Hackney had the second highest rate of child poverty in the UK, while Islington was sixth, Enfield seventh, Haringey eleventh and Waltham Forest fifteenth.

AN ABOVE-AVERAGE PERCENTAGE OF CHILDREN LIVE IN WORKLESS HOUSEHOLDS

At the time of the 2011 Census, 14.9 per cent of households with dependent children in the LSC Corridor had no parent in work – above the England average of 12.1 per cent. The percentage of workless households with dependent children was highest in Islington and Hackney – which had the second and third highest rates of all local authority areas in England – and above average in the remaining London boroughs, Harlow and Peterborough.

Child income deprivation is also high. The child income deprivation rate represents the proportion of dependent children aged under 16 in an area living in low income households where an adult under the age of 60 is receiving certain out-of-work benefits. In 2009, Islington, Hackney, Haringey, Enfield and Waltham Forest ranked within the worst 10 per cent of English districts in terms of child income deprivation. Islington had the second highest rate of child income deprivation of all 326 English districts.



POPULATION TRENDS

THE LSC CORRIDOR HAS A POPULATION OF 2.7 MILLION

In 2014, the LSC Corridor had a population of 2.7 million – equivalent to 4.2 per cent of the total UK population. Within the area, the six London boroughs had the largest populations, particularly Enfield (324,600). Across the broader LSC Region, 5.4 million people were resident – equivalent to 8.3 per cent of the total UK population.

A HIGH PROPORTION OF THE LSC CORRIDOR'S POPULATION IS OF WORKING AGE

In 2014, 66.9 per cent of people living in the area were of working age – above the UK average of 63.5 per cent, as **Figure 3.1** indicates. Within the area, all London boroughs along with Cambridge and Peterborough had above-average working-age populations. The LSC Corridor also had an above-average percentage of young people (20.4 per cent aged 0-15 years, compared with 18.8 per cent across the UK) and a below-average percentage of older people (12.7 per cent aged 65 years and over, against 17.7 per cent UK-wide).

THE POPULATION OF THE LSC CORRIDOR HAS GROWN AT TWICE THE NATIONAL RATE

Population growth has been extremely rapid across the LSC Corridor, as **Figure 3.2** shows. Between 2000 and 2014, the number of people living in the area increased by 438,700 – or 19.1 per cent – almost double the growth rate across the UK (9.7 per cent). As **Figure 3.3** further shows, within the area, the population has grown fastest in Hackney, Islington and Uttlesford. Population growth was below the UK average in just three districts – Epping Forest, Harlow and Stevenage.

GROWTH IN THE YOUNG AND WORKING-AGE POPULATIONS HAS BEEN FASTER THAN NATIONALLY

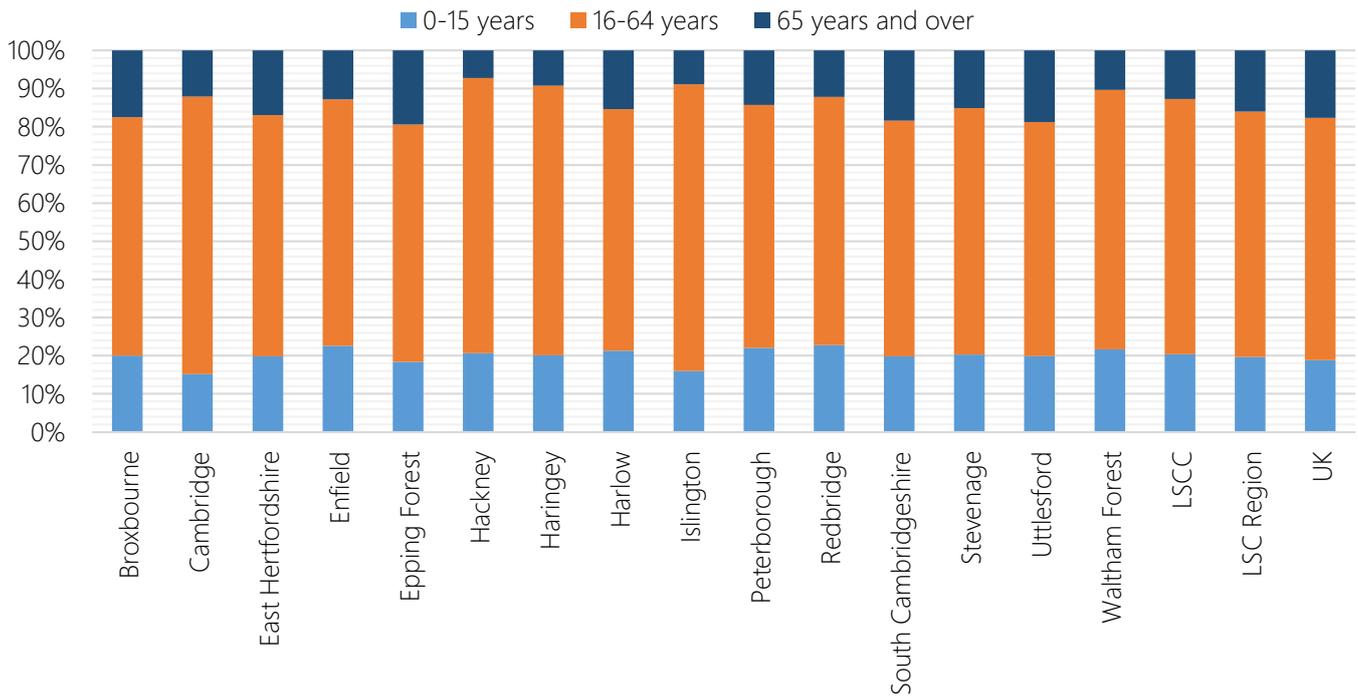
The majority of population growth across the LSC Corridor came from the working-age population. Between 2000 and 2014, the working-age population grew by 307,100 – accounting for 70 per cent of total population growth in the

area. This was much higher than the UK average (59 per cent of total population growth). In the same period, the increase in the number of 0-15 year olds accounted for 18 per cent of all population growth, while the figure for the whole of the UK was just 4 per cent. The rising number of people aged 65 and over accounted for just 12 per cent of total population growth – significantly lower than the UK-wide figure of 37 per cent.

Between 2000 and 2014, the LSC Corridor's working-age population grew by 20.2 per cent – much more rapidly than across the UK (9.0 per cent). The working-age population now forms a slightly higher share of the LSC Corridor's total population than in 2000 (up from 66.3 to 66.9 per cent), against a slight decline nationwide.

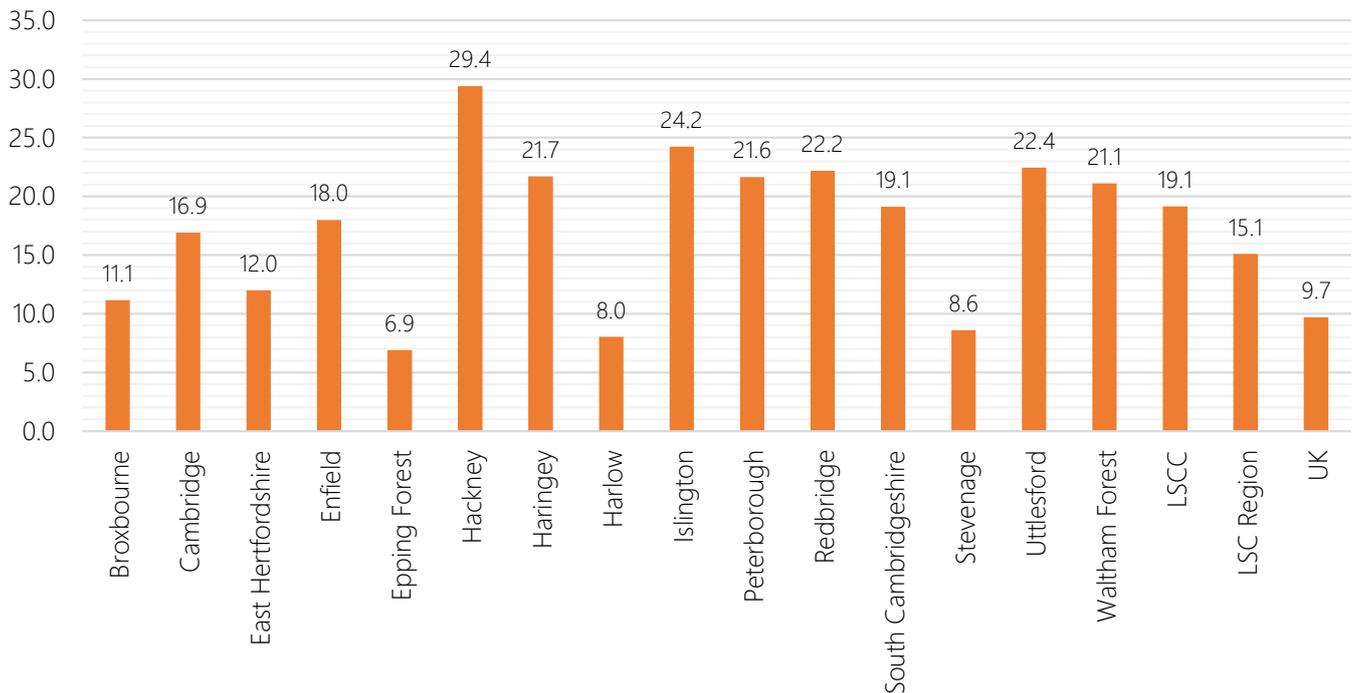


FIGURE 3.1: SHARE OF POPULATION BY AGE, 2014



Source: Mid-year Population Estimates, Office for National Statistics.

FIGURE 3.2: PERCENTAGE GROWTH IN TOTAL POPULATION, 2000-2014



Source: Mid-year Population Estimates, Office for National Statistics.

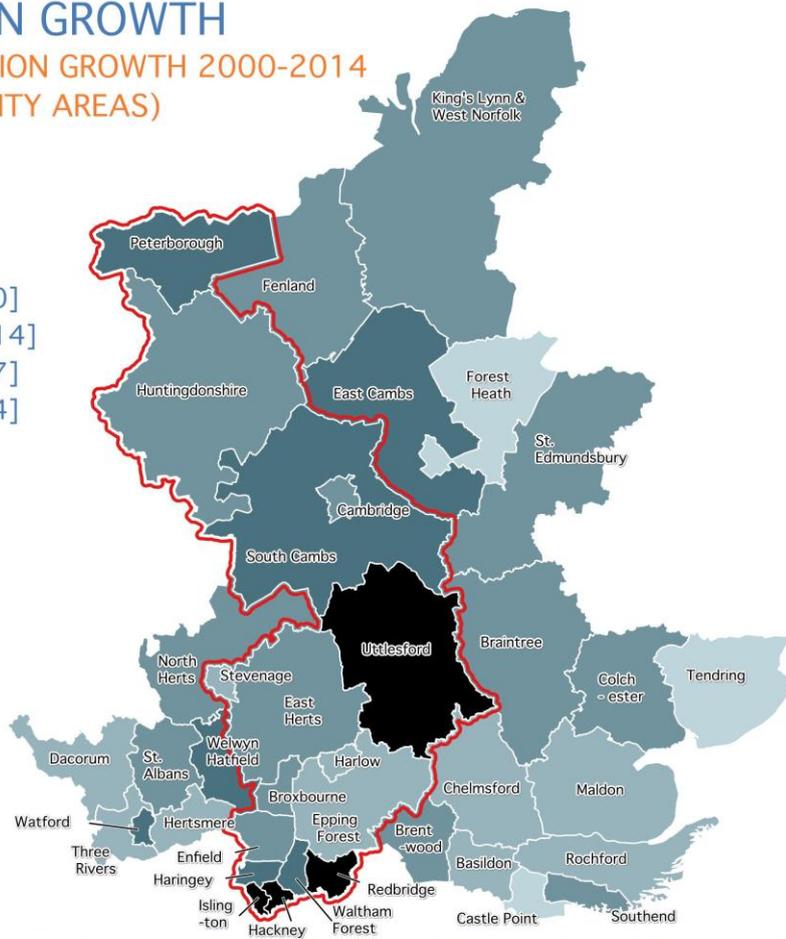
FIGURE 3.3 TOTAL RATE OF POPULATION GROWTH BETWEEN 2000 AND 2014 BY LOCAL AUTHORITY DISTRICT

POPULATION GROWTH

TOTAL POPULATION GROWTH 2000-2014
(LOCAL AUTHORITY AREAS)

% growth [38]

- 0.0 - 5.0 [3]
- 5.0 - 10.0 [10]
- 10.0 - 18.0 [14]
- 18.0 - 22.0 [7]
- 22.0 - 44.1 [4]
- LSCC



Source: ONS, UK Business Counts - Local units. Middle Layer Super Output Area. Contains Ordnance Survey Data. © Crown copyright and database right 2016.

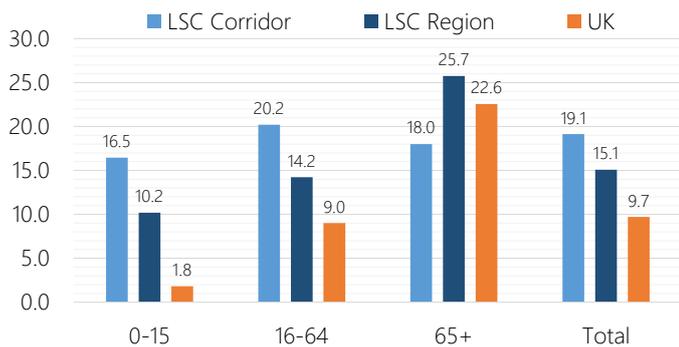


THE CORRIDOR'S OVERALL POPULATION HAS NOT AGED, IN CONTRAST TO THE NATIONAL PICTURE

As **Figure 3.4** demonstrates, growth has been lowest among the young population (16.5 per cent) but, again, this has been much higher than across the UK (1.8 per cent). The share of the LSC Corridor's total population aged 0-15 years has fallen slightly from 20.9 per cent in 2000 to 20.4 per cent in 2014, but much less than nationally.

There has been no ageing of the LSC Corridor's overall population, unlike across the UK. Between 2000 and 2014, the number of people aged 65 years and over grew by 18 per cent – lower than UK average growth (22.6 per cent). The LSC Corridor's share of the total population aged 65 years and over fell slightly from 12.8 per cent in 2000 to 12.7 per cent in 2014, although there was a significant increase in the share of older people nationwide.

FIGURE 3.4: PERCENTAGE CHANGE IN POPULATION BY AGE, 2000-2014



Source: Mid-year Population Estimates, Office for National Statistics.

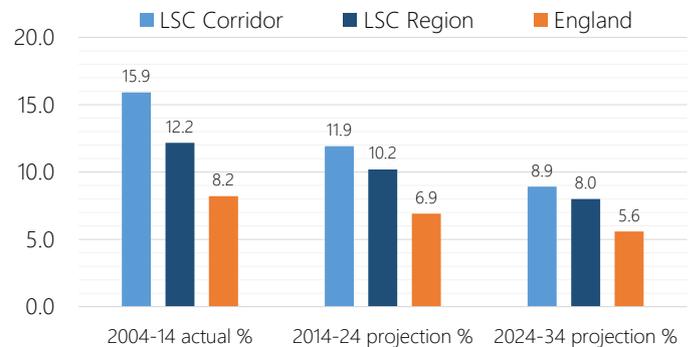
ALTHOUGH POPULATION GROWTH IS EXPECTED TO SLOW OVER THE NEXT 20 YEARS, IT WILL STILL EXCEED NATIONAL GROWTH RATES

As **Figure 3.5** indicates, between 2014 and 2024, the population of the LSC Corridor is expected to grow by 11.9 per cent (+325,700 people), followed by growth of 8.9 per cent (+272,800 people) between 2024 and 2034. This contrasts with historic growth of 15.9 per cent (+375,000 people) between 2004 and 2014. This mirrors the national forecast, with population growth in the LSC Corridor still expected to exceed national average growth. At district level, the population is expected to grow faster than the national average in all areas apart from Cambridge.

Across the broader LSC Region, the population is expected to grow by 10.2 per cent (+548,000 people) between 2014

and 2024, followed by growth of 8.0 per cent (+473,700 people) between 2024 and 2034. Again, these rates exceed forecast national average growth.

FIGURE 3.5: HISTORIC AND FORECAST POPULATION PERCENTAGE GROWTH RATES



Source: Mid-year Population Estimates, and Subnational Population Projections, Office for National Statistics.

Between 2014 and 2034, the LSC Corridor's population is expected to age. As **Figure 3.6** suggests, population growth among 0-15 year olds and 16-64 year olds is forecast to slow – which could affect workforce availability – while the rate of growth among the retirement-age population is projected to accelerate and exceed growth among other age groups. The share of the LSC Corridor's population aged 0-15 and 16-64 is therefore expected to decline, while the proportion aged 65 and over is expected to increase.

FIGURE 3.6: POPULATION CHANGE BY AGE GROUP IN THE LSC CORRIDOR

		0-15 year olds	16-64 year olds	65+ year olds
Growth	2004-14	73,800	250,500	50,700
	2014-24	72,226	174,711	78,716
	2024-34	17,132	128,619	127,051
Growth rates	2004-14%	15.3	15.9	17.1
	2014-24%	13.0	9.6	22.7
	2024-34%	2.7	6.4	29.9
Share of total population	2014%	20.4	66.9	12.7
	2024%	20.6	65.5	13.9
	2034%	19.4	64.0	16.6

Source: Mid-year Population Estimates, and Subnational Population Projections, Office for National Statistics.

However, rates of population growth across all age groups will exceed national averages, as indicated in **Figure 3.6**.

FIGURE 3.7: PERCENTAGE POPULATION CHANGE BY AGE GROUP IN LSC CORRIDOR AND ENGLAND

	2004-14 %		2014-24 %		2024-34 %	
	LSCC	England	LSCC	England	LSCC	England
0-15	15.3	4.9	13.0	8.0	2.7	-0.3
16-64	15.9	6.4	9.6	2.6	6.4	1.5
65+	17.1	19.6	22.7	21.2	29.9	23.8
Total	15.9	8.2	11.9	6.9	8.9	5.6

Source: Mid-year Population Estimates, and Subnational Population Projections, Office for National Statistics.

POPULATION DENSITY IS THREE TIMES THE NATIONAL AVERAGE IN THE LSC CORRIDOR

In 2014, there were 884 people per square km living in the LSC Corridor, as indicated in **Figure 3.7**. This was just over double the England average level (417 people per sq. km). Population density was highest in Islington (14,875 people per sq. km) and Hackney (13,817) and below average in just two districts – Uttlesford (131) and South Cambridgeshire (170). Population density was lower across the broader LSC Region (480 people per sq. km) but almost double the UK average level.

POPULATION DENSITY HAS INCREASED AT MORE THAN DOUBLE THE UK AVERAGE RATE, DUE TO RAPID POPULATION GROWTH

Between 2004 and 2014, the number of people in the LSC Corridor per sq. km increased by 121 people – or 15.9 per cent – more than double the UK average rate (7.8 per cent) – as indicated in **Figure 3.8**. The number of people across the LSC Region increased by 52 people per sq. km (12.2 per cent).

Within the LSC Corridor, growth in population density was fastest in Hackney (23.2 per cent) and Islington (22.2 per cent) and below average in just two districts – Epping Forest (6 per cent) and Stevenage (7.5 per cent).

THE LSC CORRIDOR AND ITS SURROUNDING LOCALITIES INCLUDE VERY DENSE SMALL AND MEDIUM SIZED URBAN SETTLEMENTS SURROUNDED BY LARGE AREAS OF COUNTRYSIDE

Figure 3.9 maps the population density of each middle layer super output area (the smallest geography available for this data), which shows that the LSCC Corridor and surrounding localities are made up of very densely populated London boroughs to the south, and small and medium sized urban settlements northwards, with large rural areas that are more sparsely populated.

FIGURE 3.8: POPULATION DENSITY

Area	People per sq km, 2014	% change 2004-2014
Broxbourne	1,861	9.0
Cambridge	3,157	14.5
East Hertfordshire	301	9.6
Enfield	4,016	15.0
Epping Forest	380	6.0
Hackney	13,817	23.2
Haringey	9,038	18.1
Harlow	2,770	8.5
Islington	14,875	22.2
Peterborough	555	16.5
Redbridge	5,195	17.8
South Cambridgeshire	170	13.1
Stevenage	3,310	7.5
Uttlesford	131	18.5
Waltham Forest	6,906	19.1
LSC Corridor	884	15.9
LSC Region	480	12.2
England	417	8.2

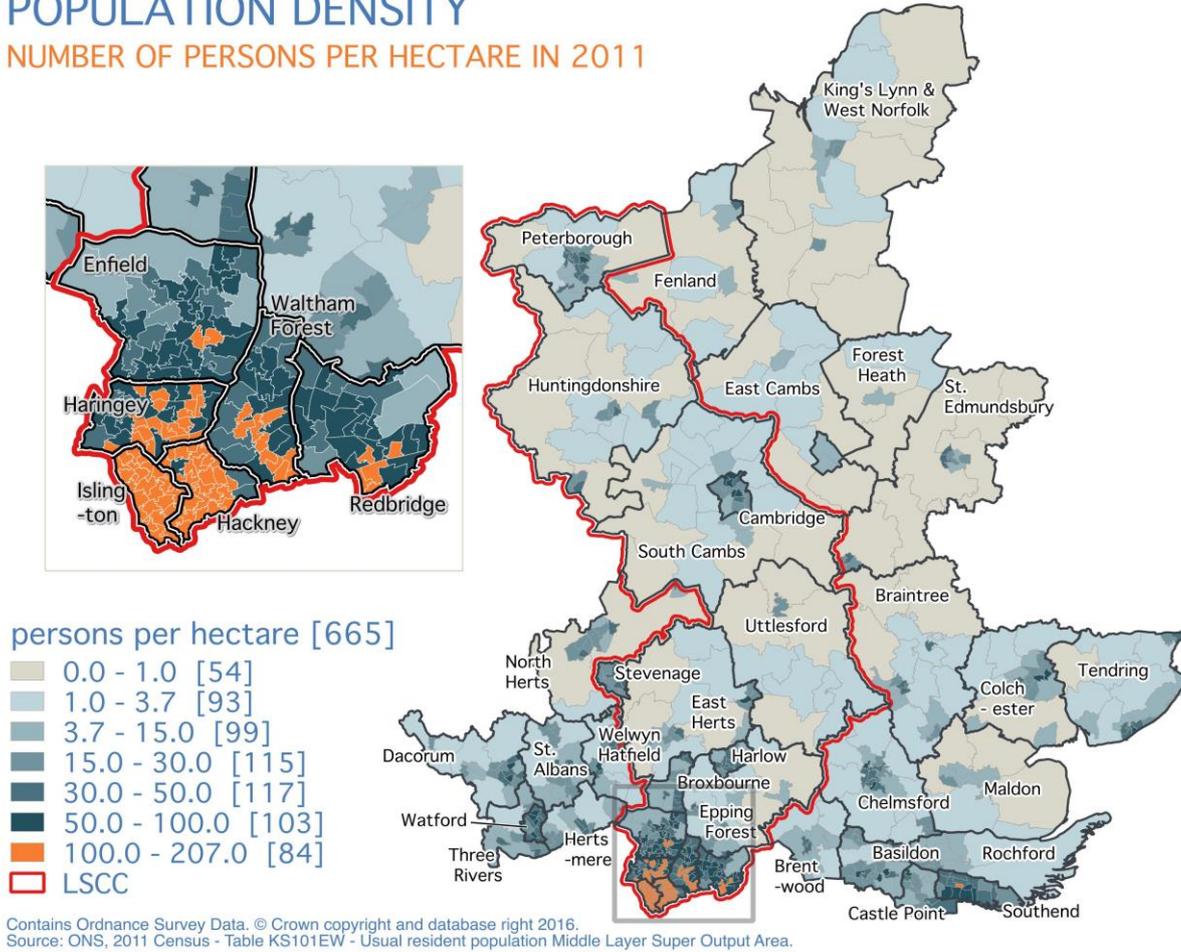
Source: Mid-year Population Estimates, Office for National Statistics.



FIGURE 3.9: POPULATION DENSITY BY MIDDLE LAYER SUPER OUTPUT AREA IN 2011

POPULATION DENSITY

NUMBER OF PERSONS PER HECTARE IN 2011



LABOUR MARKET PERFORMANCE

CURRENT RATES OF ECONOMIC ACTIVITY, EMPLOYMENT AND UNEMPLOYMENT ARE IN LINE WITH NATIONAL AVERAGES

Between July 2014 and June 2015:

- The percentage of working-age people in the LSC Corridor who were **economically active** (77.3 per cent) was slightly lower than the UK average (77.4 per cent);
- The percentage of working-age people who were **employed** (73 per cent) was slightly higher than the UK average (72.9 per cent);
- The percentage of working-age economically active people who were **unemployed** (5.6 per cent) was slightly lower than the UK average (5.8 per cent).

In September 2015:

- The percentage of working-age people claiming **Jobseeker's Allowance (JSA)** (the claimant count) was the same as the UK average (1.7 per cent);
- The percentage of working-age people claiming **JSA for over six months** (0.7 per cent) was slightly lower than the UK average (0.8 per cent).
- Rates of labour market participation varied within the Corridor (although unemployment data is unavailable for every district due to low confidence intervals):
- **Economic activity rates** were very high in East Hertfordshire (86 per cent), South Cambridgeshire (83.8 per cent) and Broxbourne (83.2 per cent) and below average in six districts and boroughs, particularly Redbridge (74 per cent) and Islington (74.1 per cent);
- **Employment rates** were highest in East Hertfordshire (83.8 per cent), South Cambridgeshire (82.2 per cent) and Broxbourne (79 per cent) and below average in seven districts and boroughs, particularly Redbridge (67.5 per cent);
- The **claimant count rate** was lowest in South Cambridgeshire and Uttlesford (both 0.5 per cent), while six districts and boroughs had above-average rates, particularly Hackney (2.6 per cent) and Haringey (2.5 per cent);
- The **long-term claimant count rate** was lowest in East Hertfordshire, South Cambridgeshire and Uttlesford (all 0.2 per cent), while Hackney (1.2 per cent), Haringey (1.1 per cent), Islington (1 per cent) and Enfield (0.9 per cent) had above-average rates.

FIGURE 3.10: LSC CORRIDOR DISTRICTS AND BOROUGHES WHERE RATES OF ECONOMIC PARTICIPATION COMPARE UNFAVOURABLY WITH THE NATIONAL AVERAGE

	Economic Activity Rate, Jul-14 to Jun-15	Employment Rate, Jul-14 to Jun-15	Claimant Count Rate, Sept-15	6 Month Claimant Count Rate, Sept-15
Redbridge	74.0	67.5	Below average	Below average
Islington	74.1	69.6	2.2	1.0
Hackney	74.4	69.0	2.6	1.2
Epping Forest	74.7	71.3	Below average	Below average
Haringey	75.3	70.5	2.5	1.1
Enfield	76.5	72.7	2.0	0.9
Waltham Forest	76.9	72.4	2.1	1.0
Harlow	Above average	Above average	2.0	Average

Source: Annual Population Survey, Office for National Statistics.

THE LSC CORRIDOR'S LABOUR MARKET WAS MORE RESILIENT TO RECESSION THAN THE REST OF THE UK

Some key indicators (Figure 3.11) suggest that the LSC Corridor was more resilient to recession than the rest of the UK:

- The LSC Corridor experienced no deterioration in its **economic activity** rate, against a 0.6 percentage point fall UK-wide between July 2009 and June 2011;
- The Corridor's **employment** rate fell by 1.7 percentage points between June 2007 and June 2010. This happened sooner but less severely than across the UK (a 2.6 per cent fall between June 2008 and June 2011);
- The Corridor's **unemployment** rate rose by 3.2 percentage points over the four years from June 2007 to June 2011. This was earlier and slightly worse than the UK average (a 3 percentage point rise between June 2008 and June 2012);
- The **claimant count** rate rose by 1.7 percentage points between September 2008 and September 2011 – slightly lower than the UK average (a 1.8 percentage point increase between September 2007 and September 2011);
- The rate of people claiming **JSA for more than six months** rose by 1.1 percentage points between



September 2008 and September 2012, in line with national figures.

THERE HAS BEEN A SHARP IMPROVEMENT IN LABOUR MARKET CONDITIONS IN THE LSC CORRIDOR SINCE THE RECESSION

Historically, rates of economic participation have been below average across the LSC Corridor. But significant improvements in labour market conditions over the past few years mean that rates of economic participation have recently reached UK-average levels.

Between June 2012 and June 2015, the **economic activity** rate increased from 75.1 per cent to 77.3 per cent – well above pre-recession levels. The 2.2 percentage point increase over this period was also higher than across the UK (+1.1 percentage points).

Between June 2010 and June 2015, the **employment** rate rose from 68.5 per cent to 73.0 per cent. Again, this was well above pre-recession levels. The 4.5 percentage point improvement in the LSC Corridor's post-recession employment rate was also much greater than across the UK (+2.9 percentage points).

Between June 2011 and June 2015, the **unemployment** rate fell from 9 per cent to 5.6 per cent – below pre-recession levels. The 3.4 percentage point fall in the Corridor's post-recession unemployment rate was also greater than across the UK (-2.4 percentage points), where unemployment remains above pre-recession levels.

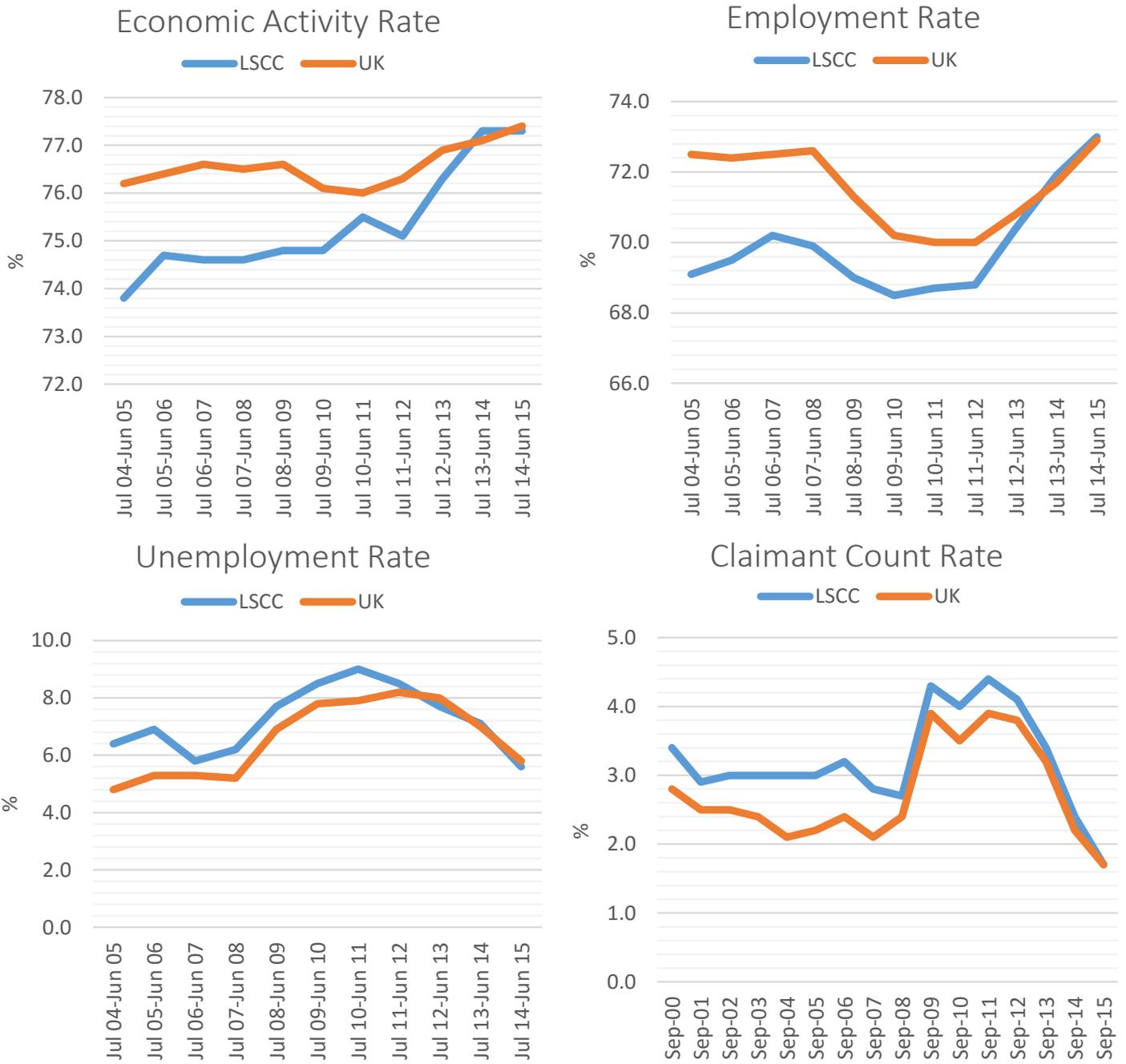
Between September 2011 and September 2015, the **claimant count** rate fell from 4.4 per cent to 1.7 per cent – well below pre-recession rates. The 2.7 per cent fall was greater than across the UK (-2.2 percentage points). In all 15 districts and boroughs, claimant count rates have now fallen to below their pre-recession lows.

Between September 2012 and September 2015, the percentage of people claiming **JSA for more than six months** fell from 1.9 per cent to 0.7 per cent – slightly below the pre-recession rate. The 1.2 percentage point fall was greater than across the UK (-0.9 percentage points).

Most districts and boroughs have experienced improvements in their labour markets since the recession. The biggest improvements in economic activity and employment rates have been in Cambridge, East Hertfordshire and Hackney. However, economic activity and employment rates remain below pre-recession (June 2007) levels in Harlow, South Cambridgeshire and Uttlesford.



FIGURE 3.11: KEY LABOUR MARKET INDICATORS, LSC CORRIDOR AND UK AVERAGES



Source: Annual Population Survey, Claimant Count, Office for National Statistics.

UNEMPLOYMENT REMAINS HIGHER THAN BEFORE THE RECESSION AMONG PEOPLE PREVIOUSLY WORKING IN SALES & CUSTOMER SERVICE OCCUPATIONS AND AS MANAGERS & SENIOR OFFICIALS

The number of JSA claimants has reduced in most occupational categories, if current numbers (September 2015) are compared with pre-recession levels (September 2007). However, claimant levels were higher in September 2015 for sales and customer service occupations and managers and senior officials, compared with September 2007.

In September 2015, the numbers of claimants from sales and customer service occupations was 6,300 (or 60 per cent) higher than before the recession, driven by a strong rise in the number of unemployed sales and retail assistants. However, this was a smaller rise than across the UK (120.3 per cent).

The numbers of claimants from managerial and senior official occupations was 1,340 (84.8 per cent) higher than in September 2007, driven by a strong rise in the number of unemployed senior officials in national government. Again, this rise was smaller than across the UK (91 per cent).

At district and borough level, all areas have experienced an increase in the number of claimants from sales and customer service occupations while Cambridge, Haringey, Islington and Peterborough have experienced an increase in the number of claimants from managerial and senior official occupations.

MALE ECONOMIC PARTICIPATION IS NOW HIGHER IN THE LSC CORRIDOR THAN NATIONALLY – UNLIKE BEFORE THE RECESSION

Between July 2014 and June 2015:

- The percentage of men living in the LSC Corridor who were **economically active** (84.4 per cent) was above the UK average (83 per cent);
- The male **employment** rate (79.5 per cent) was above the UK average (78 per cent);
- The male **unemployment** rate (5.9 per cent) was slightly below the UK average (6 per cent);
- In September 2015, the male **claimant count** rate (2 per cent) was slightly below the UK average (2.1 per cent).

Within the Corridor:

- Male **economic activity** was highest in Harlow (93.5 per cent) and East Hertfordshire (92.4 per cent) but below average in four districts and boroughs: Epping Forest, Hackney, Islington and Redbridge;
- Male **employment** was highest in East Hertfordshire (89.1 per cent) and Harlow (88.4 per cent) but below average in Epping Forest, Hackney, Haringey, Islington and Redbridge;
- The male **claimant count** rate was lowest in Uttlesford (0.6 per cent), South Cambridgeshire (0.6 per cent) and East Hertfordshire (0.8 per cent) but above average in Enfield, Hackney, Haringey, Harlow, Islington and Waltham Forest.

MALE ECONOMIC PARTICIPATION IS IMPROVING MORE RAPIDLY THAN ACROSS THE UK AND IS NOW HIGHER THAN BEFORE THE RECESSION – UNLIKE NATIONALLY

- Male **economic activity** across the Corridor fell slightly during and after the recession but has increased over the past five years. In June 2015, the male economic activity rate was 1 percentage point above pre-recession (June 2007) levels while the male economic activity rate nationwide remained 0.2 percentage points lower;
- Male **employment** fell during and following recession at the same rate as nationally, but has since increased at a faster rate than across the UK. In June 2015, the male employment rate was 1 percentage point above its June 2007 level, while male employment nationwide remained 0.7 percentage points lower;
- Male **unemployment** increased as a result of recession but by less than across the UK. Male unemployment has since fallen in line with national rates. In June 2015, the male unemployment rate was 0.1 percentage points below its June 2007 pre-recession low, while male unemployment nationwide remained 0.6 percentage points higher.



FEMALE ECONOMIC PARTICIPATION IS SLIGHTLY LOWER IN THE LSC CORRIDOR THAN NATIONWIDE

Between July 2014 and June 2015:

- 70.3 per cent of working-age women were **economically active** – lower than across the UK (71.9 per cent);
- 66.6 per cent of working-age women were **employed** – lower than nationwide (67.9 per cent);
- 5.3 per cent of working-age economically active women were **unemployed** – below the UK average (5.6 per cent);
- 1.5 per cent of working-age women were claiming JSA – above the UK average (1.2 per cent).

Within the Corridor:

- Female **economic activity** was highest in South Cambridgeshire (80.9 per cent), Broxbourne (80.2 per cent) and East Hertfordshire (79.9 per cent) but below average in Epping Forest, Harlow and all six London boroughs;
- Female **employment** was highest in East Hertfordshire (78.8 per cent), Broxbourne (78.6 per cent) and South Cambridgeshire (78.3 per cent) but below average in Epping Forest, Harlow, Peterborough and all six London boroughs;
- The female **claimant count** rate was lowest in Uttlesford and South Cambridgeshire (both 0.4 per cent) and above average in Harlow, Peterborough, Stevenage and all six London boroughs.

FEMALE ECONOMIC PARTICIPATION IS IMPROVING MORE RAPIDLY THAN ACROSS THE UK AND IS NOW HIGHER THAN BEFORE THE RECESSION

- There was little change in female **economic activity** during the recession and the female economic activity rate has since increased faster than across the UK. In June 2015, the female economic activity rate was 3.6 percentage points higher than in June 2007, compared with 2.1 percentage points higher nationwide;
- The female **employment** rate fell less sharply than across the UK during and following recession and has since risen faster. In June 2015, the female employment rate was 3.6 percentage points higher than in 2007, against just 1.5 percentage points higher nationwide;

- The female **unemployment** rate rose sharply during and following recession, and above national rates, but has since fallen faster. In June 2015, the female unemployment rate was 0.3 percentage points lower than in June 2007 – against 0.8 percentage points higher nationwide.

LABOUR MARKET CONDITIONS ARE MUCH WEAKER FOR YOUNG PEOPLE WITHIN THE LSC CORRIDOR THAN NATIONALLY

Between July 2014 and June 2015, people aged 16-19 years and 20-24 years living in the LSC Corridor had the lowest economic activity and employment rates and by far the highest unemployment rates of all age groups, mirroring the national picture.

However, young people had lower rates of economic activity and employment and higher rates of unemployment than the national average. The lower rate of economic activity reflects more young people remaining in education, but the higher unemployment rate also highlights that it is harder for young people living in the area to find work than across the rest of the UK.

Economic activity and employment rates were also below average for 35 to 49 year olds, although the unemployment rate was the same as the national average.

Labour market conditions were more favourable for 25-34 year olds and 50-64 year olds, with higher economic activity and employment rates than the national average and lower unemployment rates.

THE LABOUR MARKET FOR YOUNG PEOPLE HAS DETERIORATED SIGNIFICANTLY SINCE THE RECESSION

Young people (aged 16-19 years and 20-24 years) experienced the biggest fall in economic activity and employment and the biggest rise in unemployment of all age groups during and following the recession.

Other age groups have since seen economic activity and employment rates rise above pre-recession levels and unemployment fall to below pre-recession levels. However, as **Figure 3.12** shows, economic activity and employment rates among young people remain lower than before the recession while unemployment rates, although falling, remain higher. This is also the case nationally.



FIGURE 3.12: ECONOMIC PARTICIPATION BY AGE GROUP IN 2014

	Economic Activity Rate %		Employment Rate %		Unemployment Rate %	
	LSCC	UK	LSCC	UK	LSCC	UK
16-19 year olds	35.9	45.0	25.6	34.3	28.5	23.7
20-24 year olds	69.7	73.9	59.6	64.7	14.5	12.5
25-34 year olds	84.9	84.8	80.9	80.4	4.8	5.2
35-49 year olds	85.4	86.5	82.1	83.2	3.8	3.8
50-64 year olds	73.5	71.5	71.4	68.9	2.8	3.6

Source: Annual Population Survey, Office for National Statistics.

Over the last decade, employment rates have improved for all ethnic groups and genders apart from Black/Black British males. Between June 2005 and June 2015, employment rates increased most among mixed ethnic group females (+18.2 percentage points), Pakistani/Bangladeshi females (+18.1 percentage points) and Pakistani/Bangladeshi males (+17 percentage points). However, the employment rate has declined for Black/Black British males (-3.8 percentage points).

EMPLOYMENT RATES ARE HIGHEST AMONG THOSE BORN IN ANTARCTICA & OCEANIA, THE EU ACCESSION STATES AND IRELAND, WHILE UNEMPLOYMENT RATES ARE HIGHEST AMONG THE AFRICAN-BORN POPULATION

At the time of the 2011 Census, 487,500 people aged 16-49 living in the LSC Corridor were born outside the UK. These represented more than one third (35.6 per cent) of the total population aged 16-49 – much higher than the England average of 18.9 per cent.

Of all nationalities living in the LSC Corridor, employment rates were highest and unemployment and inactivity rates were lowest among those born in Antarctica & Oceania, the EU Accession States and Ireland. Rates of economic participation for these nationalities were higher than those of the UK-born population.

Employment rates were lowest and inactivity rates were highest among those born in the Rest of Europe and the Middle East & Asia, while unemployment rates were highest among the African-born population.

Employment rates were much lower and unemployment and inactivity rates were much higher among LSC Corridor residents born in the Rest of Europe than across the UK.

IMMIGRATION INTO THE LSC CORRIDOR FOR WORK PURPOSES IS VERY HIGH

National Insurance Number (NINo) registrations provide an indication of immigration into an area for work purposes. Between 2002/03 and 2014/15, over 785,500 overseas nationals registered for National Insurance numbers in the LSC Corridor – equivalent to more than 10 per cent of all NINo registrations across the UK. Almost 80 per cent of all NINo registrations in the LSC Corridor occurred in the six London boroughs. Across the wider LSC Region, almost 996,200 overseas nationals registered for National Insurance numbers between 2002/03 and 2014/15 – equivalent to almost 13 per cent of registrations across the UK.

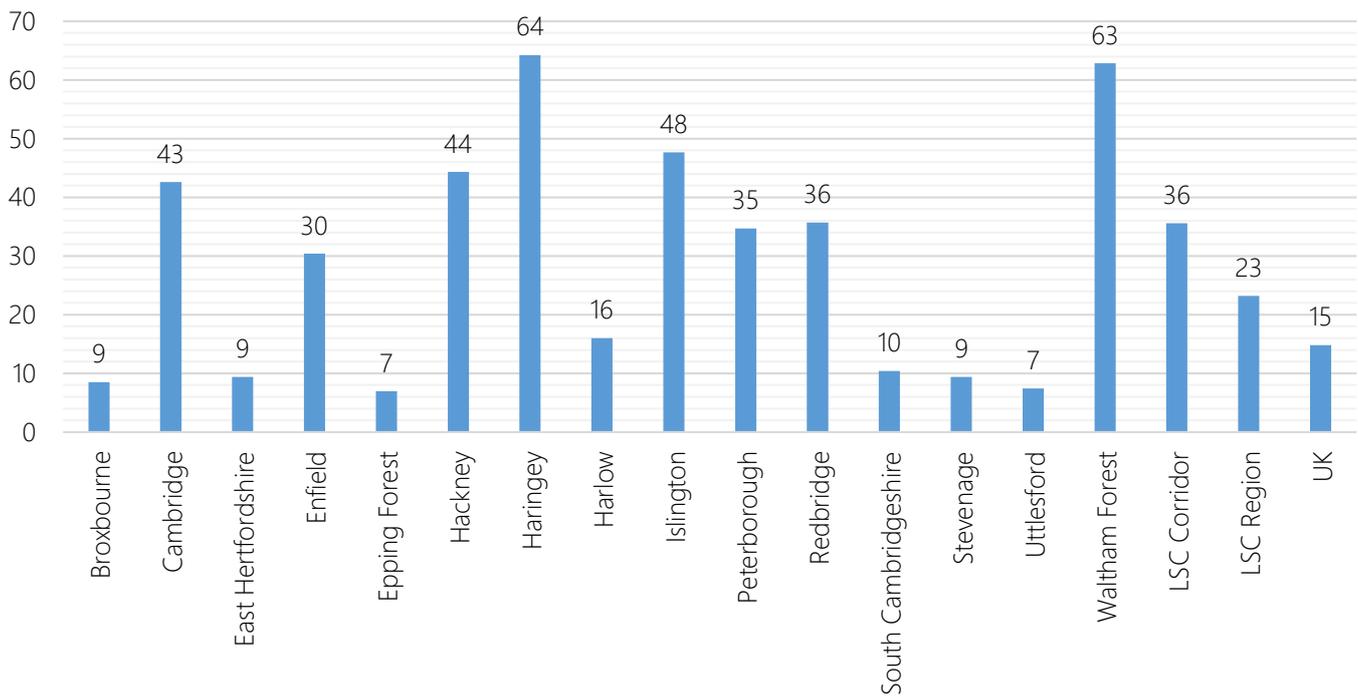
NINo registrations rose sharply between 2002/03 and 2006/07 and fell during and following the economic downturn. However, registrations have since picked up and rose to record levels in 2014/15.

As demonstrated in **Figure 3.13**, between 2002/03 and 2014/15, NINo registrations in the LSC Corridor averaged 36 per 1,000 working-age people living in the area – much higher than the UK average of 15. NINo registration rates varied significantly across the Corridor. The highest rates were in Haringey (64) and Waltham Forest (63) with below average-rates in Broxbourne, East Hertfordshire, Epping Forest, South Cambridgeshire, Stevenage and Uttlesford.

Most NINo registrations in the LSC Corridor are made by EU nationals. In 2014/15, 80.5 per cent of registrations were by people from EU countries. Compared with UK averages, a higher percentage of NINo registrations in the LSC Corridor were from the EU15 countries (Austria, Belgium, Denmark, Finland, France, Germany, Greece, the Irish Republic, Italy, Luxembourg, Netherlands, Portugal, Spain and Sweden) and EU2 (Bulgaria and Romania) while lower shares were from the EU8 countries (Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia and Slovenia) and Asia.



FIGURE 3.13: NINO REGISTRATIONS PER 1,000 WORKING-AGE PEOPLE, 2002/03-2014/15 AVERAGE



Source: Department for Work and Pensions.

BEING A STUDENT IS THE MOST COMMON REASON FOR ECONOMIC INACTIVITY IN THE LSC CORRIDOR

Between July 2014 and June 2015, 410,400 working-age people living in the LSC Corridor were economically inactive, i.e. not in work and not looking for work. These represented over one-fifth of the working-age population (22.7 per cent – similar to the UK average of 22.6 per cent). Two thirds of the LSC Corridor’s economically inactive population lived in the six London boroughs.

There are a variety of reasons for being economically inactive. The most common reason in the LSC Corridor was being a student. Students accounted for almost one third (32.8 per cent) of all inactive people. This was a more common reason for inactivity than across the UK (26.3 per cent). Looking after the family/home was also a more common reason for inactivity than nationally (28.3 per cent, against 25.5 per cent across the UK). In contrast, lower proportions of people were inactive due to being retired or long-term sick.

The percentage of economically inactive people who are students rose by 6.5 percentage points between June 2005 and June 2015, in line with UK-wide trends (+6.1 percentage

points). This corresponds with the fall in economic activity and employment among young people detailed above.

THE RATE OF INVOLUNTARY WORKLESSNESS IS MORE THAN DOUBLE THE OFFICIAL UNEMPLOYMENT RATE

Many economically inactive people want to work. Between July 2014 and June 2015, more than one fifth (22.1 per cent) of economically active people wanted to work, but were not technically classified as unemployed. This was lower than the UK average (23.9 per cent). The figure includes those who wanted a job but had not been seeking work in the previous four weeks and those who wanted a job and were seeking work but were not available to start. This could have included those who were temporarily sick, discouraged workers and those who were planning to return to work in the near future.

The number of economically inactive people who want a job is greater than the number of unemployed people in the LSC Corridor (and nationwide). Between July 2014 and June 2015, 90,700 economically inactive people wanted a job, while a further 79,100 people were officially classed as unemployed. This meant that a total of 169,800 people were involuntarily workless.

The ‘involuntary workless’ represented 12.1 per cent of the economically active population – more than double the

official unemployment rate (5.9 per cent) but lower than the UK figure of 12.8 per cent. The involuntary worklessness rate increased during and following recession but has now fallen back, to 1.9 percentage points below pre-recession levels. In contrast, the involuntary worklessness rate across the UK remains 0.6 percentage points above pre-recession levels.

A SMALL PERCENTAGE OF YOUNG PEOPLE ARE NOT IN EMPLOYMENT, EDUCATION OR TRAINING

At the end of 2014, 4 per cent of 16-18 year olds living in the LSC Corridor were known to be not in employment, education or training (NEET). This was below the England average (4.7 per cent). Within the Corridor, the lowest NEET rates were found in Hackney and Waltham Forest (both 3 per cent) while rates were above the national average in Peterborough (6.1 per cent) and Islington (5.2 per cent)⁹.

NEET rates are falling. Between 2012 and 2014, the NEET rate across the LSC Corridor fell by 1.2 percentage points, from 5.1 per cent to 4.0 per cent. The NEET rate fell at a similar rate across England (-1.1 percentage points). The NEET rate has fallen in all parts of the Corridor, particularly in Hackney (-4 percentage points) and Islington (-3.6 percentage points).

THE PERCENTAGE OF OUT-OF-WORK BENEFIT CLAIMANTS HAS FALLEN TO BELOW AVERAGE LEVELS

In February 2015, 9.1 per cent of working-age people living in the LSC Corridor were claiming out-of-work benefits – below the Great Britain average (9.7 per cent). Rates were lowest in Uttlesford (3.8 per cent), South Cambridgeshire (4.1 per cent) and East Hertfordshire (4.6 per cent) but above average in Enfield, Hackney, Haringey, Harlow, Islington, Peterborough and Waltham Forest.

The percentage of out-of-work benefit claimants in the LSC Corridor was above average until February 2009, but has fallen at a faster rate than across Great Britain since the recession.

⁹ Data for Enfield, Hackney, Haringey, Islington and Waltham Forest in 2014 and Essex, Haringey and Waltham Forest in 2012 may not be accurate as the current activity of a high proportion of 16-18 year olds was not known.

Of those claiming out-of-work benefits, the LSC Corridor had slightly higher percentages of working-age job seekers (2.1 per cent LSCC; 2 per cent Great Britain) and lone parent out-of-work benefit claimants (1.2 per cent LSCC; 1.1 per cent Great Britain). The percentage of others on income-related benefits was the same as the national average (0.3 per cent). In contrast, the LSC Corridor had a lower percentage of working-age claimants of Employment & Support Allowance (ESA) and Incapacity Benefits (5.6 per cent LSCC; 6.3 per cent Great Britain).



QUALIFICATIONS AND EARNINGS

The LSC Corridor has a large pool of highly qualified people. Qualification attainment and higher education participation is high among young people. A high percentage of adults have high level qualifications.

YOUNG PEOPLE IN THE LSC CORRIDOR ARE HIGHLY QUALIFIED

Young people in the LSC Corridor are highly qualified, with GCSE attainment, Level 3 qualifications at age 19, and participation in higher education all above national averages. On all measures of young people's attainment, Peterborough is the only area which consistently performs below average.

GCSE attainment data is available for all London boroughs and the counties and unitary authorities spanning the LSC Corridor. LSC Corridor data is an aggregate of these ten areas.

In 2014/15, 68.1 per cent of pupils at the end of Key Stage 4 achieved at least five A*-C GCSEs. This was above the England average (65.8 per cent). Rates were highest in Redbridge (74.8 per cent) and Hertfordshire (73 per cent) but were below average in Cambridgeshire, Enfield, Haringey and Peterborough.

In the same year, 58.7 per cent of pupils achieved at least five A*-C GCSEs including English and Maths. Again, this was above the England average (56.3 per cent) and boosted by high attainment rates in Hertfordshire (64.4 per cent) and Redbridge (62.3 per cent). Rates were below average in Enfield, Haringey, Peterborough and Waltham Forest.

GCSE attainment had been below the national average until 2014/15. Between 2009/10 and 2013/14, the percentage of pupils achieving five or more A*-C GCSEs in the LSC Corridor ranged between 0.9 and 3 percentage points below the national average. A significant improvement in 2014/15 took the LSC Corridor's attainment rate to 2.3 percentage points above the national average.

Rates of attainment of five or more A*-C GCSEs including English and Maths have traditionally been above average in the LSC Corridor. The year 2014/15 was particularly impressive.

Unfortunately it is not possible to compare attainment rates over time due to two major reforms which affected the calculation of GCSE performance measures data from 2013/14¹⁰.

QUALIFICATION ATTAINMENT OF 19-YEAR-OLDS IS ALSO ABOVE AVERAGE

In 2014, 87 per cent of 19-year-olds in the LSC Corridor had achieved a Level 2 qualification – slightly above the England average (86 per cent). Rates were highest in Redbridge (91 per cent), Hertfordshire (89 per cent) and Waltham Forest (89 per cent) but below average in Essex, Hackney, Haringey, Islington and Peterborough.

Attainment of Level 3 qualifications by 19-year-olds is well above the national average. In 2014, 61 per cent of 19-year-olds in the LSC Corridor had achieved a Level 3 qualification, against an England average of 57 per cent. Again, rates were highest in Redbridge (72 per cent) and Hertfordshire (66 per cent) but they were below average in Essex and Peterborough.

Since 2005, Level 2 attainment rates in the LSC Corridor have increased in line with the national average (19 percentage points) while Level 3 attainment rates have risen faster than the national average (16 percentage points, compared with 14 percentage points across England).

PARTICIPATION IN HIGHER EDUCATION IS WELL ABOVE AVERAGE

Of all young people aged 18 in the LSC Corridor between 2005 and 2009, 39.8 per cent entered higher education (HE). This was much higher than the UK average of 34.7 per cent. The LSC Corridor's rate was boosted by high participation rates in Cambridge, East Hertfordshire, Redbridge, South Cambridgeshire and Uttlesford, which all ranked in the top 50 of all 406 UK districts for HE participation. In contrast, rates were below average in Broxbourne, Hackney, Harlow, Peterborough and Stevenage. Harlow had the sixth lowest participation rate in the UK (21.2 per cent).

¹⁰ <http://bit.ly/1vuYVmE>



A GOOD PROPORTION OF WORKING-AGE ADULTS IN THE LSC CORRIDOR HAVE HIGH LEVEL QUALIFICATIONS

In 2014, 44.1 per cent of working-age people living in the LSC Corridor were qualified to at least Level 4 (degree level and above). This was well above the UK average (35.8 per cent). The Level 4+ qualification rate has increased faster than across the UK over the past ten years (+14.4 percentage points, compared to +9.8 percentage points). Within the Corridor (**Figure 3.14**), rates were highest in Cambridge (61.3 per cent) and Islington (58.9 per cent) but below average in Broxbourne, Epping Forest, Harlow, Peterborough, Stevenage and Uttlesford. What may be significant for the future is that in several districts that have significant vacant employment sites for development or occupation (such as Broxbourne, Enfield, Harlow, and Stevenage) qualification attainment rates are much lower than average. **Figure 3.15** shows a finer grained analysis from the 2011 census, outlining the qualifications attainments in small areas (Middle Layer Super Output Areas). As can be seen, the highest share of degree-level qualifications attainments are in central, south and west Cambridge; and parts of Haringey, Islington and Hackney.

The percentage of working-age people qualified to at least Level 2 (GCSE level) was slightly above average (73.8 per cent, against 73.1 per cent across the UK). The Level 2+ qualification rate has increased at a faster rate than across the UK over the past ten years (+14.9 percentage points, compared with +11 percentage points). Likewise, the percentage of people with no qualifications was below average (8.5 per cent, compared with 9 per cent across the UK).

WORKPLACE-BASED QUALIFICATION RATES ARE LOWER THAN RESIDENCE-BASED RATES, DUE TO OUT-COMMUTING BY HIGHLY QUALIFIED RESIDENTS

Data from the 2011 Census as presented in **Figure 3.16** shows that people working in the LSC Corridor are not quite as highly qualified as the Corridor's residents – due to out-commuting by highly-qualified residents. But LSC Corridor workers are nonetheless more highly qualified than the national average.

EARNINGS IN THE LSC CORRIDOR ARE ABOVE AVERAGE, REFLECTING ITS HIGH QUALIFICATION RATES AND SHARE OF PEOPLE IN THE MOST HIGHLY-SKILLED OCCUPATIONS

In 2014, people working full-time in the LSC Corridor earned an average salary of £30,576 – 12 per cent above the UK average (£27,195). Above-average earnings reflected the area's high qualification rates and high share of people in the most highly-skilled occupations.

Earnings of people working in the LSC Corridor were slightly lower than those of employed people living in the area – reflecting out-commuting among highly-skilled residents. At £30,971, residence based earnings were 14 per cent above the UK average.

Within the Corridor, workplace-based earnings were highest in Islington (£37,069), South Cambridgeshire (£33,332) and Hackney (£33,101) but below average in Enfield, Peterborough, Uttlesford and Waltham Forest.

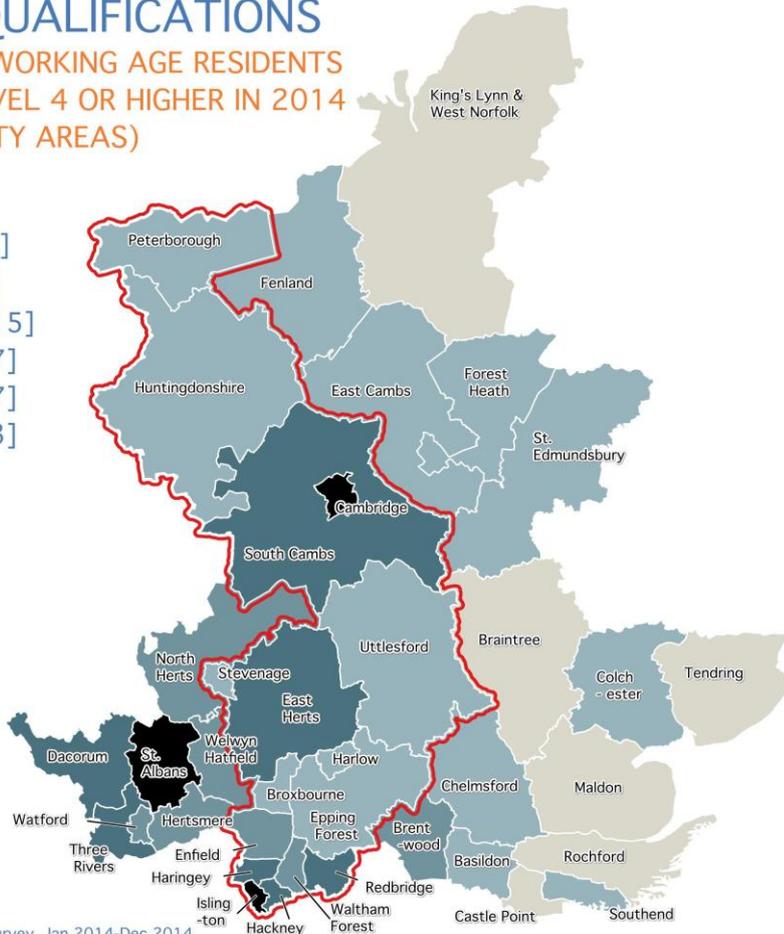
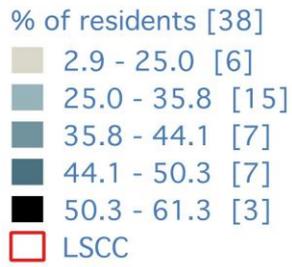
Earnings growth in the Corridor has been below average since the recession. Between 2000 and 2009, earnings in the LSC Corridor grew by 3.8 per cent per year, outstripping the national rate of 3.6 per cent per year. However, earnings fell following the recession, unlike in the rest of the UK. In 2010, average earnings of workers in the LSC Corridor fell by 1.3 per cent, while they grew by 0.3 per cent across the UK. Earnings have since risen above pre-recession levels but growth has been below the UK average (0.8 per cent annually from 2010-2014, compared with 1.2 per cent per year across the UK).



FIGURE 3.14: PERCENTAGE SHARE OF WORKING AGE RESIDENTS QUALIFIED TO DEGREE LEVEL (VQ LEVEL 4) OR HIGHER BY LOCAL AUTHORITY DISTRICT IN 2014

RESIDENT QUALIFICATIONS

PERCENTAGE OF WORKING AGE RESIDENTS QUALIFIED TO LEVEL 4 OR HIGHER IN 2014 (LOCAL AUTHORITY AREAS)

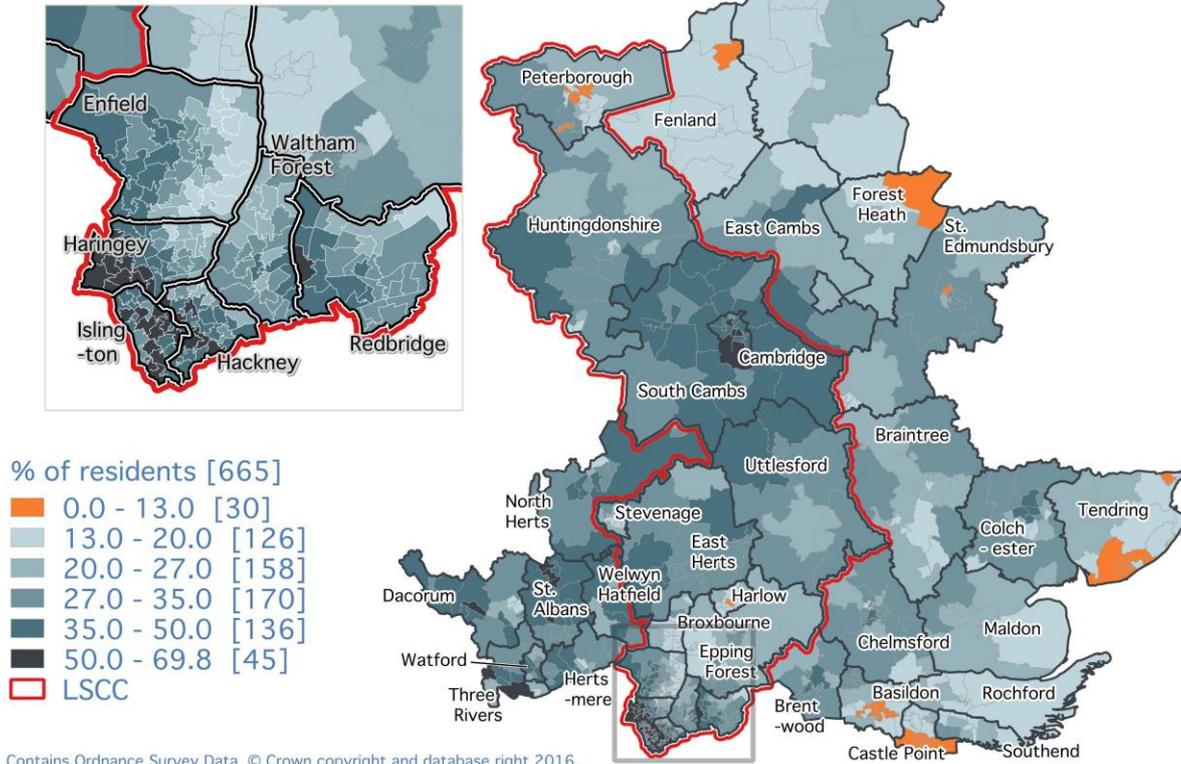


Source: ONS, Annual Population Survey, Jan 2014-Dec 2014. Contains Ordnance Survey Data. © Crown copyright and database right 2016.

FIGURE 3.15: PERCENTAGE SHARE OF WORKING AGE RESIDENTS QUALIFIED TO DEGREE LEVEL (VQ LEVEL 4) OR HIGHER BY MIDDLE LAYER SUPER OUTPUT AREA IN 2011

RESIDENT QUALIFICATIONS

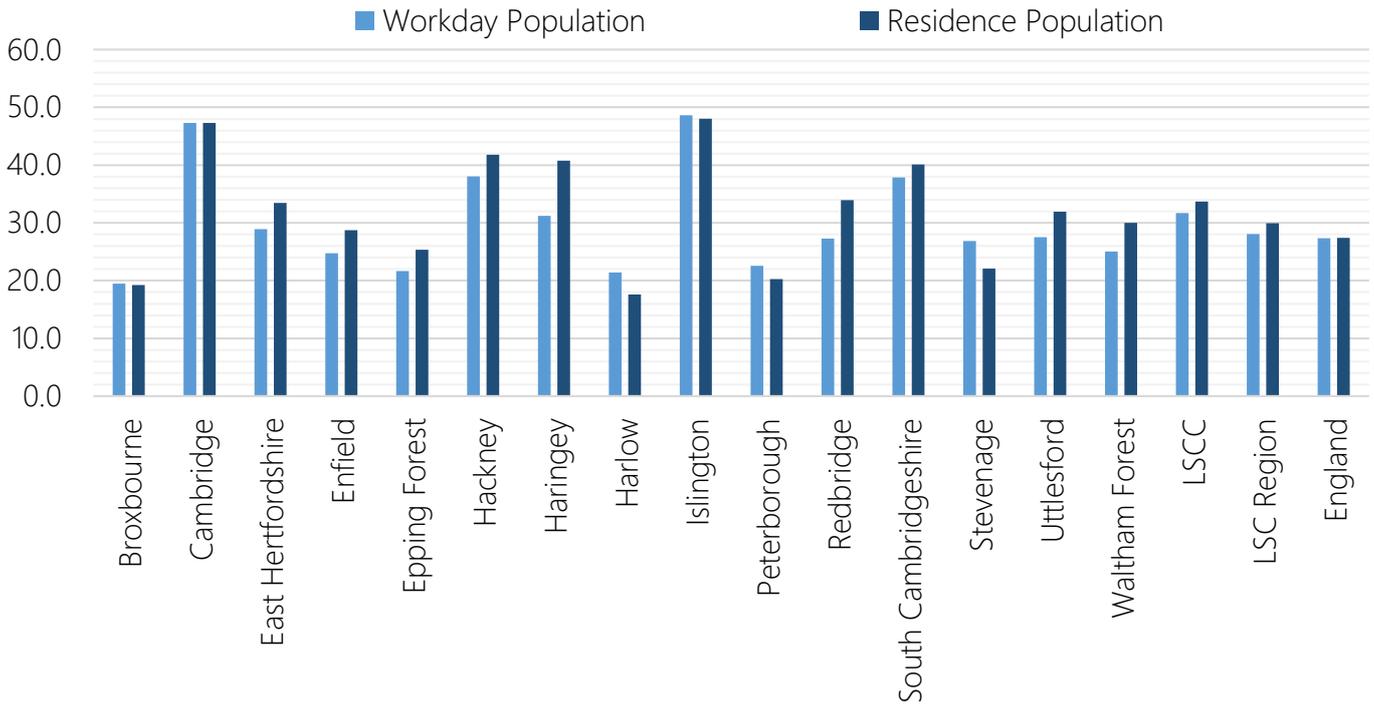
PERCENTAGE OF WORKING AGE RESIDENTS QUALIFIED TO LEVEL 4 OR HIGHER IN 2011 (MIDDLE LAYER SUPER OUTPUT AREAS)



Contains Ordnance Survey Data. © Crown copyright and database right 2016.
 Source: ONS, 2011 Census - Table KS501EW - Qualifications and students, Middle Layer Super Output Area.



FIGURE 3.16: PERCENTAGE SHARE OF WORKING-AGE ADULTS QUALIFIED TO LEVEL 4 AND ABOVE, WORKDAY AND RESIDENCE POPULATIONS, 2011



Source: 2011 Census, Office for National Statistics.

EMPLOYER SKILLS

Data from the UK Employer Skills Survey 2013 enables us to assess how skills deficiencies affect business performance. It measures the prevalence, nature and impact of skills challenges, and details the nature and extent of employers' investment in skills. Key measures include:

- Hard to fill vacancies (H2FVs): the percentage of employers reporting that they have vacancies which are proving difficult to fill;
- Skills shortage vacancies (SSVs): vacancies which are difficult to fill because the employer cannot find applicants with the appropriate skills, qualifications or experience;
- Skills gaps: where an employee is not fully proficient, i.e. is not able to do their job to the required level.

The survey shows that in the LSC Corridor, recruitment difficulties were similar to the national average. The main reasons cited for H2FVs were lack of skills and work experience among job applicants. The majority of businesses with H2FVs reported a negative impact: existing staff faced increased workloads, while firms lost business to competitors.

Skills shortage vacancies were more prevalent in the LSC Corridor than nationally, particularly among vacancies for managers and administrative/clerical staff. Technical, practical or job specific skills, oral communication and planning and organisational skills accounted for the majority of skills shortages among job applicants.

Skills gaps among existing staff were slightly higher in the LSC Corridor than nationally, especially among sales and customer services and elementary staff. In most cases this was because staff were new to their role and/or had not completed their training. Lack of motivation, performance not improving sufficiently despite training, and staff not receiving appropriate training were more common causes of skills gaps in the LSC Corridor than nationwide.

Employers in the Corridor were more likely to report that skills gaps had a major impact on their business than nationally. More than half of all establishments with skills gaps said they resulted in increased workloads for other staff, while almost one third said they resulted in higher operating costs. Businesses in the LSC Corridor were more

likely than average to state that skills gaps caused them to lose business or orders to competitors.

Employers in the LSC Corridor showed a similar commitment to staff training to their counterparts nationwide. Where firms were willing to provide more training, lack of funds and the cost of training were the biggest barriers.

THE PREVALENCE OF HARD TO FILL VACANCIES IN THE LSC CORRIDOR IS SIMILAR TO THE NATIONAL AVERAGE

In 2013, 6 per cent of all establishments in the LSC Corridor reported difficulties in filling vacancies. This was slightly higher than the England average (5 per cent). Employers in the LSC Corridor reported that 27.3 per cent of all their vacancies were hard to fill – slightly below the England average of 28.6 per cent (**Figure 3.17**). Within the Corridor, the incidence of H2FVs was above average in Haringey, Redbridge, Cambridgeshire and Hertfordshire.

Over one fifth of H2FVs (21.1 per cent) were for associate professionals – compared with an England-wide rate of 17.3 per cent – followed by caring, leisure & other services staff (17.8 per cent LSCC; 19.1 per cent England) and professionals (13.3 per cent LSCC; 17.2 per cent England). There was a higher share of hard-to-fill vacancies in the LSC Corridor for managers, associate professionals and administrative/clerical staff than nationwide

Lack of skills or work experience were the main reasons for H2FVs in the LSC Corridor. Almost half the establishments with H2FVs reported low numbers of applicants with the required skills (47 per cent, against 41 per cent across England) while more than one quarter (27 per cent) reported low numbers of applicants with the required work experience (26 per cent across England).

The majority of establishments with H2FVs reported that these had a negative impact on their business (95 per cent LSCC; 94 per cent England). The main consequence was increased workloads for existing staff (82 per cent of establishments – the same as across England), while 42 per cent stated that they lost business or orders to competitors (41 per cent across England).



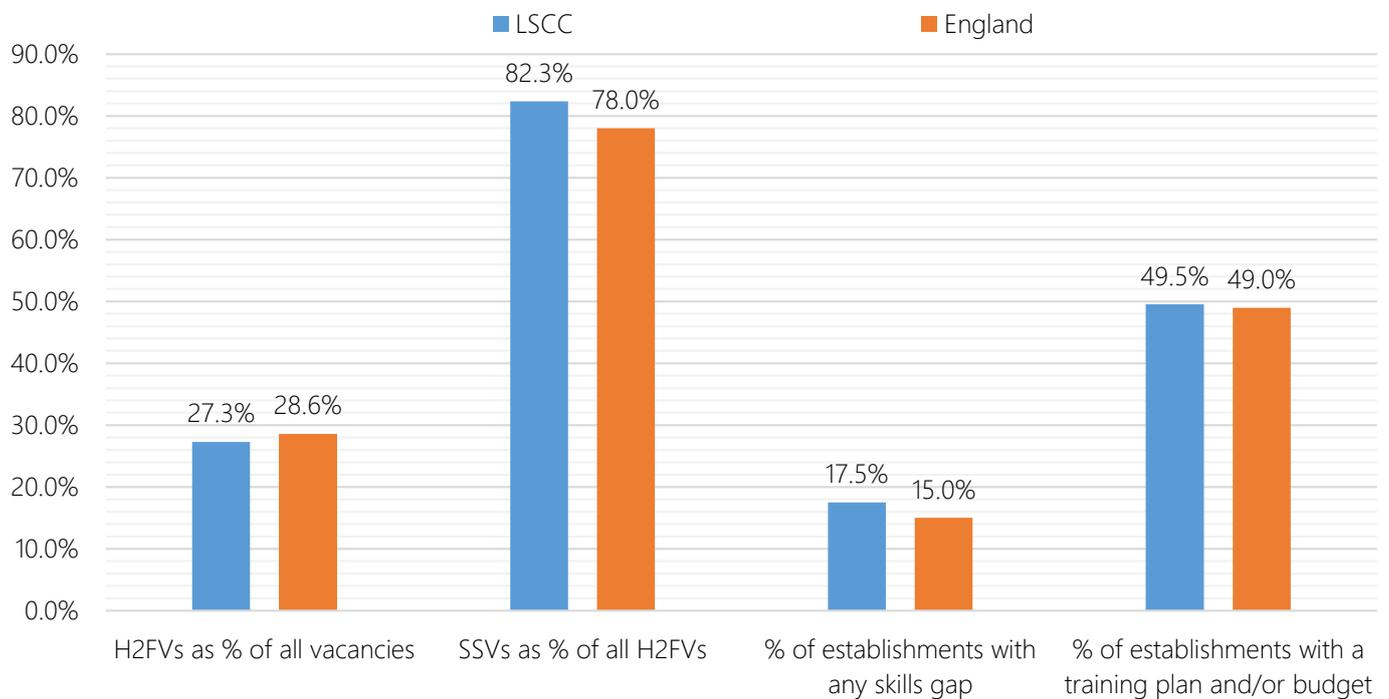
SKILLS SHORTAGE VACANCIES ARE MORE PREVALENT IN THE LSC CORRIDOR THAN NATIONALLY, PARTICULARLY FOR MANAGERS AND ADMINISTRATIVE/CLERICAL STAFF

Employers reported that the majority of their hard to fill vacancies were the result of applicants lacking appropriate skills, qualifications or experience (82.3 per cent LSCC; 78.0 per cent England). Where data were available, the highest incidences of SSVs were in Islington (96.7 per cent), Enfield (86.3 per cent), Hackney (85.1 per cent) and Hertfordshire (84.1 per cent).

SSVs were most common in skilled trades occupations (30 per cent of all vacancies), although the England-wide rate was worse (38 per cent). Compared with England averages, SSVs were more common in the LSC Corridor among vacancies for managers and administrative/clerical staff.

Among job applicants in the LSC Corridor the worst shortages were in technical, practical or job specific skills, oral communication and planning and organisational skills. Such skills shortages were more common in the LSC Corridor than across England.

FIGURE 3.17: EMPLOYER SKILLS SURVEY 2013 KEY INDICATORS, LSC CORRIDOR AND ENGLAND



Source: 2013 UK Employer Skills Survey, UK Council for Employment and Skills.

SKILLS GAPS AMONG EXISTING STAFF ARE SLIGHTLY HIGHER IN THE LSC CORRIDOR THAN NATIONALLY AND IMPEDE BUSINESS PERFORMANCE MORE

The percentage of businesses reporting that existing staff were not fully proficient was slightly higher in the LSC Corridor (17 per cent) than across England (15 per cent). Skills gaps were most prevalent among sales and customer services staff (22.2 per cent of all skills gaps) and elementary staff (16.4 per cent), as was the case nationally.

In most cases, skills gaps were due to staff being new to the role and/or not having completed their training (78 per cent of skills gaps – slightly higher than the England average of 75 per cent). Other significant issues were lack of staff motivation (49 per cent) and insufficient improvement in performance despite training (43 per cent).

Lack of staff motivation, staff performance not improving sufficiently despite training, and staff not receiving appropriate training were more common causes of skills gaps in the LSC Corridor than nationwide.

Employers in the LSC Corridor were more likely to report that skills gaps had a major impact on their business: 22 per cent of establishments with skills gaps reported major impacts on how their establishment performed, compared with 16 per cent across England. Negative impacts were most severe in Redbridge and well above average in Enfield, Haringey, Islington, Peterborough, Waltham Forest and Hertfordshire.

More than half of all establishments with skills gaps said they resulted in increased workloads for other staff, while almost one third said they increased operating costs. Businesses in the LSC Corridor were more likely than average to state that skills gaps caused them to lose business or orders to competitors.

Most employers said they were taking steps, or planned to take steps, to improve the proficiency or skills of staff with skills gaps. Key actions included increasing training activity or spend, greater supervision, and more staff appraisals and performance reviews.

COMMITMENT TO STAFF TRAINING WAS IN LINE WITH NATIONAL AVERAGES

Commitment to staff training among employers in the LSC Corridor was similar to the national average, with 50 per cent of establishments having a training plan or budget (49 per cent across England) and 66 per cent funding/arranging training for staff over the past 12 months (the same as nationally). The main types of training provided were job specific and health and safety/first aid, as was the case across England.

Employers were most likely to provide training for managers, directors and senior officials (63 per cent of all establishments providing training in the LSC Corridor and England).

Of the establishments that did not provide any training, the majority stated that staff were fully proficient and did not need training (69 per cent of non-training establishments in the LSC Corridor and England). Where employers would have liked to provide more training, lack of funds or the cost of training were the biggest barriers (63 per cent LSC; 60 per cent England). Being unable to spare staff time for training was also a significant issue (52 per cent LSC; 47 per cent England).

BUSINESSES WERE AS LIKELY TO SAY THAT EDUCATION LEAVERS WERE WELL PREPARED FOR WORK IN THE LSC CORRIDOR AS NATIONALLY

Businesses in the LSC Corridor were as likely to report that they had recruited someone straight from education in the last 2-3 years (28 per cent) as nationally (27 per cent); in Islington, Hackney, Enfield, Cambridgeshire and Waltham Forest they were more likely to do so. A similar proportion of businesses in the Corridor and nationally considered that education leavers were well prepared for work, particularly higher education leavers. Where education leavers were poorly prepared for work, the main reason was lack of working world/life experience or maturity.



HOUSEHOLD INCOME AND POVERTY

INCOME DEPRIVATION IS HIGH IN MANY OF THE LSC CORRIDOR'S LONDON BOROUGHES

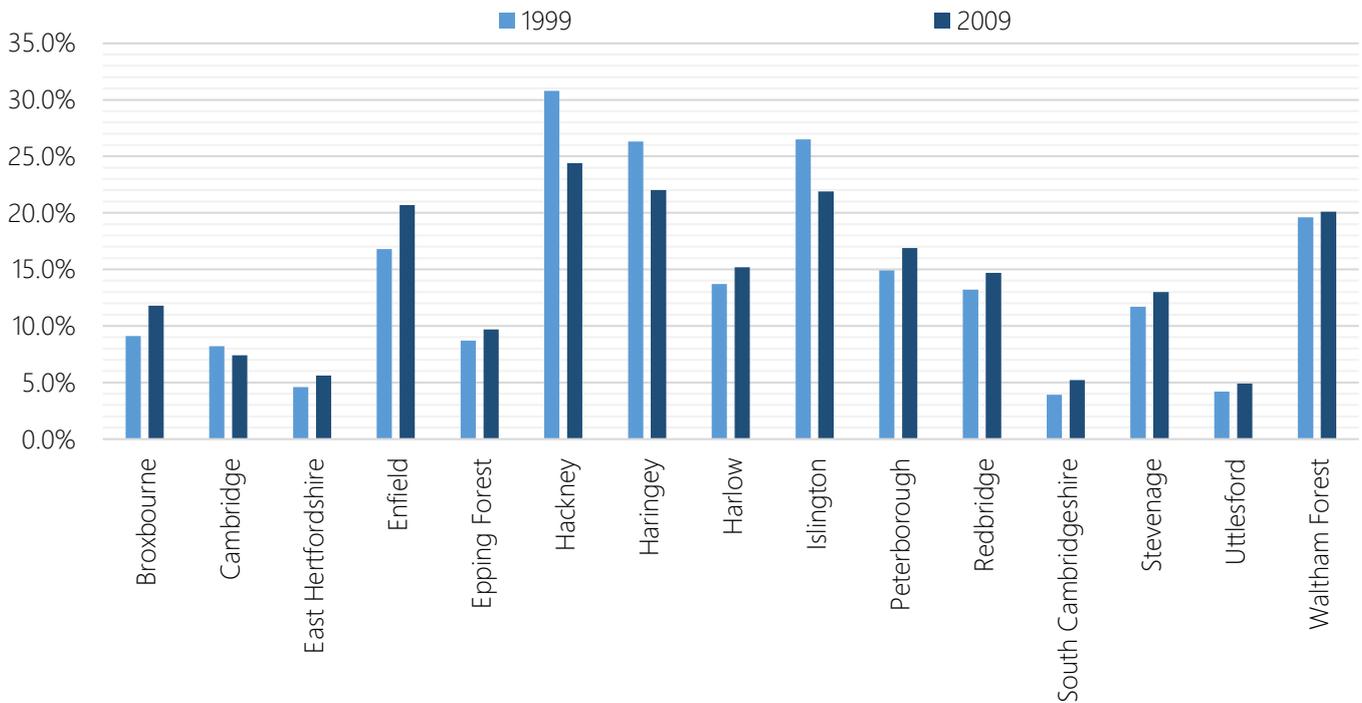
The income deprivation rate represents the proportion of people aged under 60 in an area who are living in low income households and claiming certain out-of-work means-tested social security benefits.

There are vast differences in income deprivation within the LSC Corridor, as **Figure 3.18** reveals. Income deprivation is highest in Hackney, Haringey, Islington, Enfield and Waltham Forest – which all ranked within the 10 per cent most income deprived of all 326 English districts. Rates ranged from 24.4 per cent in Hackney (the fifth most

deprived English district) to 20.1 per cent in Waltham Forest (28th most deprived). In contrast, Uttlesford, South Cambridgeshire and East Hertfordshire ranked within the 10 per cent least income deprived districts in England.

Between 1999 and 2009, Hackney, Haringey and Islington experienced the biggest falls in income deprivation in the LSC Corridor. Income deprivation increased in most other districts (largely due to an increase in deprivation in 2009 in the midst of recession). The biggest increase in income deprivation was in Enfield (3.9 percentage points).

FIGURE 3.18: INCOME DEPRIVATION RATES IN THE LSC CORRIDOR



Source: Department for Communities and Local Government.

RATES OF CHILD POVERTY ARE HIGH IN THE LSC CORRIDOR, PARTICULARLY IN THE LONDON BOROUGHS

Child poverty is measured by the percentage of children who live in households with below 60 per cent of median income¹¹. Throughout the UK, nearly one in six children (15.9%) are classified as below the poverty line before housing costs are taken into account, while one in four (25.1%) are in poverty once housing costs have been deducted from their income.

Rates of child poverty are high in the LSC Corridor, particularly in the six London boroughs. After housing costs have been deducted from income, rates of child poverty are above average in Hackney, Islington, Enfield, Haringey, Waltham Forest, Redbridge, Peterborough and Harlow.

Child poverty rates are among the highest in the UK in Hackney (second in the UK), Islington (sixth), Enfield (seventh), Haringey (11th) and Waltham Forest (15th). In contrast, South Cambridgeshire has the 11th lowest rate of child poverty UK-wide.

AN ABOVE-AVERAGE PERCENTAGE OF CHILDREN ARE IN WORKLESS HOUSEHOLDS

Across the LSC Corridor, a total of 14.9 per cent of households with dependent children had no parent in work – above the England average of 12.1 per cent (**Figure 3.19**). The percentage of workless households with dependent children was highest in Islington (25.6 per cent, and second highest of all 324 merged local authority districts in England) and Hackney (24.6 per cent, third highest in England) and above average in the remaining London boroughs, Harlow and Peterborough.

CHILD INCOME DEPRIVATION RATES ARE HIGH IN SOME OF THE CORRIDOR'S LOCALITIES

The child income deprivation rate represents the proportion of dependent children aged under 16 who live in low

income households where an adult under the age of 60 receives certain out-of-work means-tested benefits.

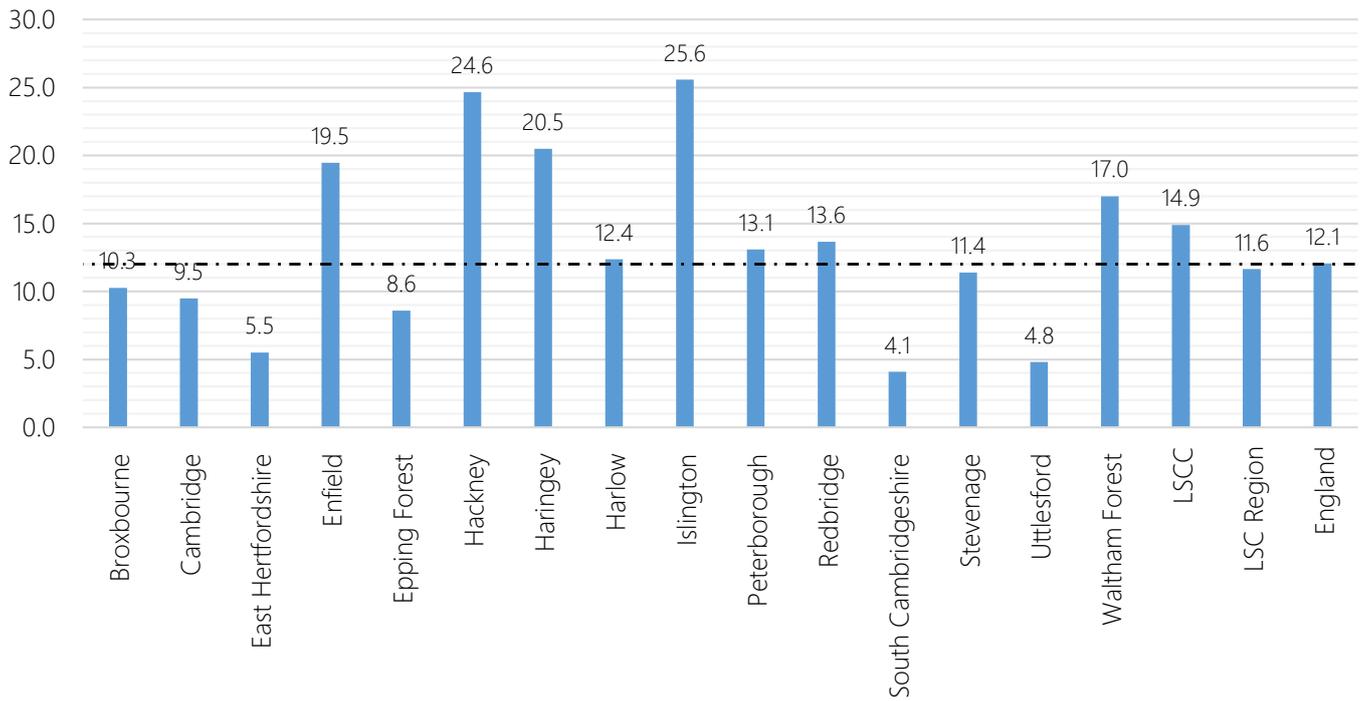
Child income deprivation is very high in some areas of the LSC Corridor. In 2009, Islington, Hackney, Haringey, Enfield and Waltham Forest ranked within the 10 per cent most deprived districts in England. Islington had the second highest rate of child income deprivation of all 326 districts (43.1 per cent). As with total income deprivation, Uttlesford, South Cambridgeshire and East Hertfordshire ranked within the 10 per cent of districts in England where child income deprivation was lowest.

Most districts experienced an increase in child income deprivation between 1999 and 2009, particularly Enfield (7.9 percentage points).

¹¹ HMRC figures estimating local child poverty based on administrative data. This combines a count of children on out of work benefits and children in families on tax credits whose reported family incomes are below 60 per cent of the median. Child Benefit data are used to count the total number of children in each area.



FIGURE 3.19: PERCENTAGE OF HOUSEHOLDS WITH DEPENDENT CHILDREN WITH NO PARENTS IN WORK, 2011



Source: 2011 Census, Office for National Statistics.





4. PLACE

SUMMARY: PLACE

THE LSC CORRIDOR IS AN EXPENSIVE AREA TO BUY AND RENT HOUSING

House prices vary widely in the LSC Corridor, from a 2014 average of £150,000 in Peterborough to £532,500 in Islington. Islington, Hackney, Haringey, Cambridge and Epping Forest ranked within the most expensive 10 per cent of English local authority areas in terms of average house prices, while Peterborough ranked within the bottom 30 per cent.

The areas with the most expensive owner occupied housing also have highest private housing rents. Median monthly private rents range from £550 in Peterborough to £1,731 in Islington. Islington, Hackney, Haringey, Enfield and Waltham Forest ranked within the most expensive 10 per cent of English local authorities in terms of private rents, while all local authority areas apart from Peterborough ranked within the top 40 per cent.

Some areas of the LSC Corridor also have some of the highest social housing rents. Average weekly social housing rents for private registered providers in the LSC Corridor range from £83.30 in Peterborough to £124.95 in Redbridge. Redbridge, Enfield, Islington, Waltham Forest and Epping Forest ranked within the costliest 10 per cent of English local authorities in terms of social housing rents, while all local authority areas within the LSC Corridor apart from Peterborough ranked within the top 40 per cent.

WITHIN THE LSC CORRIDOR, ONLY HARLOW IS OUTSIDE THE TOP 50 PER CENT OF LOCAL AUTHORITY AREAS FOR HOUSE-PRICE INFLATION

Average house prices have grown rapidly since 1995, with rates of house price inflation ranging from 248 per cent in Harlow to 451 per cent in Hackney. Hackney, Haringey, Islington, Cambridge, and Waltham Forest ranked within the top 10 per cent of English local authority areas in terms of house price inflation, while only Harlow ranked outside the top 50 per cent.

Social housing rents have increased rapidly in some areas since 1998, with rates of social housing rent inflation ranging from 67.8 per cent in Harlow to 123.1 per cent in Stevenage. Stevenage, South Cambridgeshire, Islington and Cambridge

ranked within the top 10 per cent of all local authority areas in England in terms of social housing rent inflation. Within the LSC Corridor, only East Hertfordshire, Uttlesford and Harlow ranked outside the top 50 per cent.

THE DWELLING STOCK IN THE LSC CORRIDOR HAS GROWN RAPIDLY, DRIVEN BY GROWTH IN PRIVATE HOUSING

In 2014, there were 1.09 million dwellings in the LSC Corridor and 2.23 million across the LSC Region. Growth in the number of homes across the LSC Corridor has been above average: 13.2 per cent between 2001 and 2014, against 10.2 per cent across England. Over the past decade, growth in the number of private sector dwellings (both owner occupied and private rented) has accounted for much of this increase. There has also been strong growth in social housing owned by private registered providers.

THE LSC CORRIDOR'S HOUSING MARKET IS STILL SUFFERING FROM THE EFFECTS OF RECESSION

While house prices in all areas have risen above their pre-recession peaks, housing sales remain lower than before the recession, particularly in Enfield, Peterborough and Harlow. This suggests a lack of confidence among consumers to take on large debts or major purchases, while potential buyers have suffered from stricter mortgage conditions. Sales, however, are starting to increase in all areas.

Housebuilding has also been affected. Between 2006/07 and 2010/11 net additions to the housing stock fell sharply and have since plateaued with no signs of recovery.

RATES OF AFFORDABLE HOUSEBUILDING ARE HIGH IN THE LSC CORRIDOR, BUT AFFORDABILITY IS DECLINING

Since 2004/05, 39.3 per cent of all net additional homes in the LSC Corridor have been designated as affordable, contrasting with an average of 29.6 per cent across England. Despite this, housing affordability – measured by house price to income ratios – has continued to decline across much of the area.



Average house prices in the LSC Corridor range from 6.8 times average earnings in Peterborough to 15.8 times average earnings in Islington. Since 2002, house price to income ratios have increased rapidly in some areas, particularly in Waltham Forest. House price to income ratios have increased least in Broxbourne and South Cambridgeshire, where they currently remain below pre-recession levels.

Private sector rents also consume large proportions of people's income. Comparing median monthly private sector rents to median gross monthly salaries, rents are most affordable in Peterborough (30.1 per cent of monthly salaries) and least affordable in Hackney (64.1 per cent of monthly salaries). Comparing the proportions of income spent on rent across local authority areas in England, Hackney, Islington, Haringey, Enfield and Waltham Forest ranked within the costliest 10 per cent (where the highest proportions of income are spent on rent) while only Peterborough ranked outside the top 50 per cent.

THERE HAS BEEN A CONTINUED GROWTH IN OFFICE PREMISES, WHILE INDUSTRIAL FLOORSPACE IS DECLINING

Office space in the Corridor grew by 305,000 sq. m, or 7 per cent, between 2002 and 2012. This is below the England-wide growth rate of 10.6 per cent. The trend masks wide local variations – for example, South Cambridgeshire experienced a significant rise in rateable office space, with a net additional 173,000 sq. m between 2002 and 2012 (+58.2 per cent).

RATEABLE VALUES FOR BOTH OFFICE AND INDUSTRIAL PREMISES ARE HIGH IN CAMBRIDGE, HACKNEY, ISLINGTON AND SOUTH CAMBRIDGESHIRE

In 2012, office rateable values were highest in Islington (£229 per sq. m), Hackney (£192 per sq. m), Cambridge (£169 per sq. m) and South Cambridgeshire (£165 per sq. m). Rateable values grew fastest in Hackney and East Hertfordshire, which both saw increases of 50 per cent in the ten years to 2012.



HOUSING

HOUSE PRICES VARY WIDELY IN THE CORRIDOR

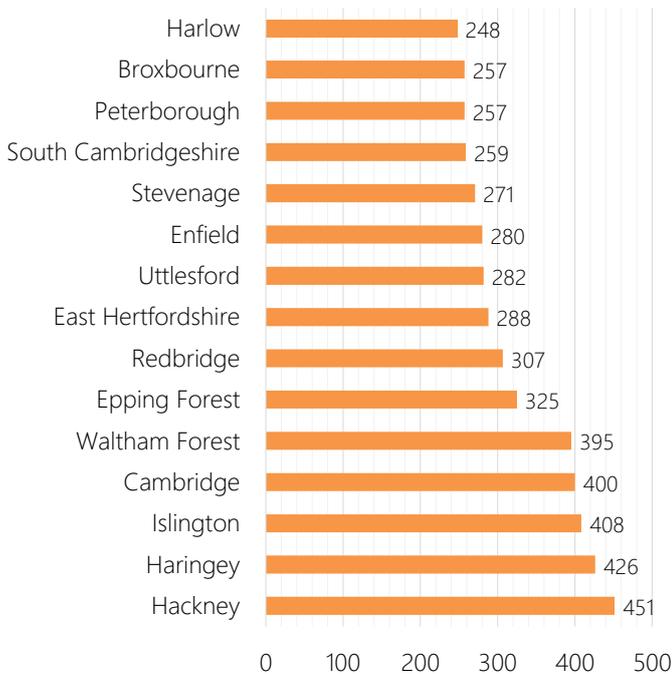
Figure 4.1 shows the range of median house prices in the LSC Corridor in 2014. Islington was the eighth most expensive of all 326 local authority areas in England.

Average house prices in Islington, Hackney, Haringey, Cambridge and Epping Forest ranked within the top 10 per cent of English local authority areas, while Peterborough ranked within the bottom 30 per cent.

WITHIN THE LSC CORRIDOR, ONLY HARLOW RANKED OUTSIDE THE TOP 50 PER CENT OF UK AREAS FOR HOUSE PRICE INFLATION

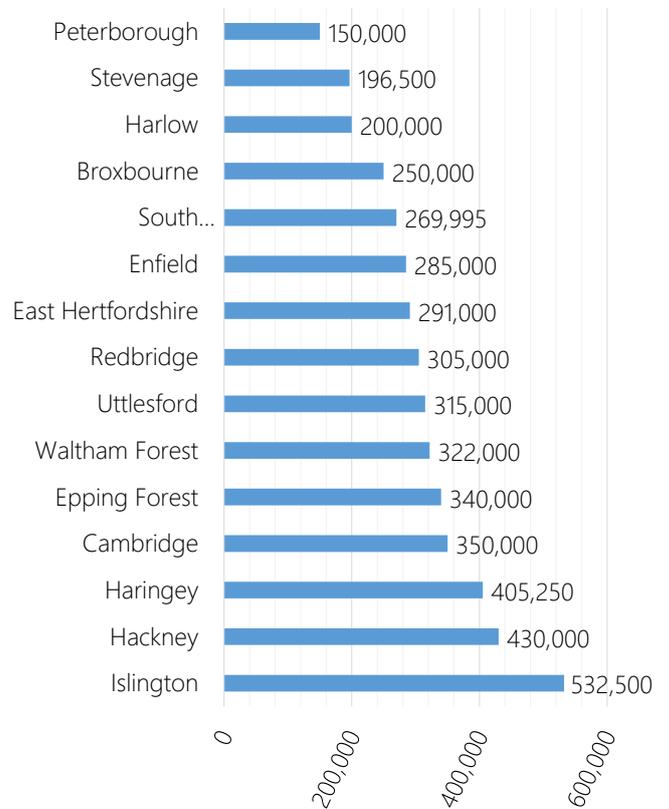
Between 1995 and 2014, house price inflation in the LSC Corridor ranged from 248 per cent in Harlow to 451 per cent in Hackney – as Figure 4.2 demonstrates. House price inflation in Hackney and Haringey ranked seventh and 10th highest among all English local authority areas. Hackney, Haringey, Islington, Cambridge, and Waltham Forest all ranked within the most expensive 10 per cent in terms of house price inflation.

FIGURE 4.2: HOUSE PRICE INFLATION (PER CENT), 1995-2014



Source: Department for Communities and Local Government.

FIGURE 4.1: MEDIAN HOUSE PRICES, 2014



Source: Department for Communities and Local Government.

PRIVATE RENTS IN THE LSC CORRIDOR ARE RELATIVELY HIGH

The areas with the most expensive owner occupied housing also have the highest private rents. In 2014, median monthly private rents within the LSC Corridor ranged from £550 in Peterborough to £1,731 in Islington. Comparing rents with all local authority areas within England:

- Median monthly rents in Islington were the fifth highest of all 326 local authority areas;
- Islington, Hackney, Haringey, Enfield and Waltham Forest ranked within the most expensive 10 per cent in terms of average prices;
- Within the LSC Corridor, only Peterborough ranked outside the top 40 per cent.



THE LSC CORRIDOR INCLUDES AREAS WITH SOME OF THE HIGHEST SOCIAL HOUSING RENTS IN ENGLAND

In 2014, average weekly social housing rents for private registered providers in the LSC Corridor ranged from £83.30 in Peterborough to £124.95 in Redbridge. Comparing all local authority areas within England:

- Average weekly social housing rents in Redbridge were the fourth highest;
- Redbridge, Enfield, Islington, Waltham Forest and Epping Forest ranked within the most expensive 10 per cent in terms of social housing rents;
- Within the LSC Corridor, only Peterborough ranked outside the top 40 per cent.

Social housing rents have increased rapidly in some areas. Between 1998 and 2014, inflation rates ranged from 67.8 per cent in Harlow to 123.1 per cent in Stevenage. Comparing social housing rent inflation in the LSC Corridor with all 316 local authority areas in England for which data is available:

- Stevenage, South Cambridgeshire, Islington and Cambridge ranked within the costliest 10 per cent in terms of social housing rent inflation;
- Only East Hertfordshire, Uttlesford and Harlow ranked outside the top 50 per cent.

HOUSING AFFORDABILITY HAS DECLINED

In 2014, average house prices in the LSC Corridor ranged from 6.8 times average earnings in Peterborough to 15.8 times average earnings in Islington. Comparing house price to income ratios for the 310 English local authority areas for which data is available:

- Islington had the fifth highest house price to income ratio;
- Islington, Hackney, Haringey, Cambridge and Waltham Forest ranked within the least affordable 10 per cent, while Peterborough ranked within the most affordable 30 per cent.

Housing affordability has declined across much of the LSC Corridor, as demonstrated in **Figure 4.3**. Since 2002, house price to income ratios have risen rapidly in some areas, particularly in Waltham Forest (a 98 per cent increase, from 6.9 to 13.6 – fourth highest among the 299 local authority areas for which data is available). House price to income

ratios have increased least in Broxbourne and South Cambridgeshire, where they remain below pre-recession levels.

Private sector rents consume large proportions of people's income. Comparing median monthly private sector rents to median gross monthly salaries, rents were most affordable in Peterborough (30.1 per cent of monthly salaries) and least affordable in Hackney (64.1 per cent of monthly salaries). Comparing the proportions of income spent on rent across the 310 local authority areas within England for which data is available:

- Hackney and Islington were the fifth and sixth least affordable;
- Hackney, Islington, Haringey, Enfield and Waltham Forest ranked within the least affordable 10 per cent in terms of the proportions of income spent on rent, while only Peterborough ranked outside the top 50 per cent.

THE LSC CORRIDOR'S HOUSING MARKET CONTINUES TO SUFFER FROM THE EFFECTS OF RECESSION

House prices in all areas have risen above their pre-recession peaks. All areas within the LSC Corridor, apart from Hackney, experienced a fall in average house prices during the recession but all, and particularly the three Inner London boroughs, have seen house prices recover and rise above 2007 levels. In 2014, house prices in Hackney, Islington and Haringey were 63.8 per cent, 54.3 per cent and 52.3 per cent higher respectively than in 2007. Peterborough has experienced the slowest recovery, with 2014 prices just 7.1 per cent higher than in 2007.

However, housing sales remain lower than before the recession as evident from **Figure 4.4**. In 2014, 37,612 houses were sold in the LSC Corridor. Before the recession, sales peaked at 55,338 in 2006 and fell year on year to 25,913 in 2009. Sales increased between 2011 and 2014 but remained 32 per cent below their pre-recession peak. This mirrors the national picture, where sales also fell by 32 per cent.

Across the LSC Corridor, housing sales in 2014 were lower than in 2006, particularly in Enfield (42 per cent lower), Peterborough (down 41 per cent) and Harlow (40 per cent lower). This suggests a lack of confidence among consumers to take on large debts or major purchases, while potential buyers have suffered from stricter mortgage



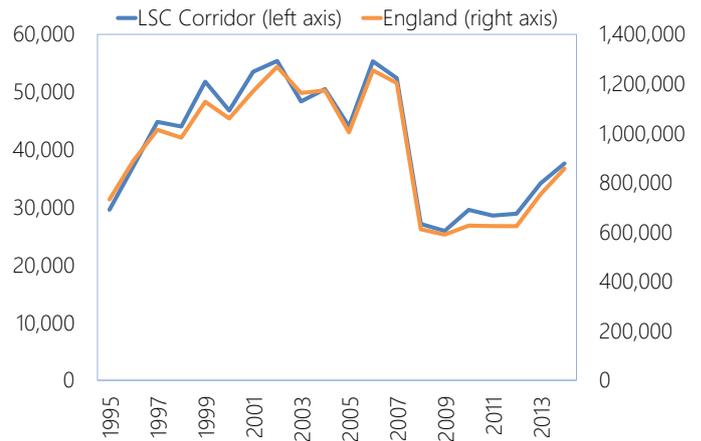
conditions. Sales, however, are starting to increase in all areas.

GROWTH IN THE LSC CORRIDOR'S DWELLING STOCK HAS BEEN HIGHER THAN AVERAGE

In 2014, there were 1.09 million homes in the LSC Corridor (4.7 per cent of all dwellings in England) and 2.23 million across the LSC Region (9.5 per cent of all dwellings in England). Within the LSC Corridor, the highest number was in Enfield (123,400, 11.3 per cent of all homes in the Corridor).

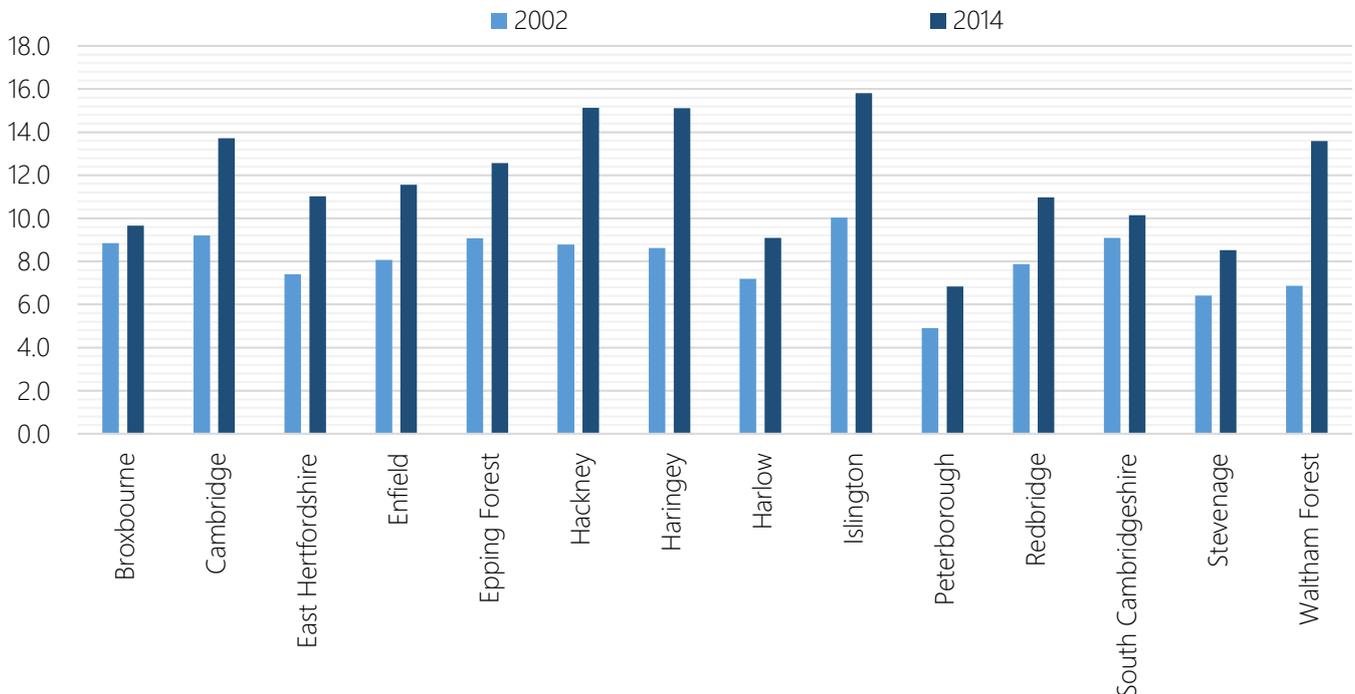
Growth in the number of dwellings across the LSC Corridor has been above the national average. Between 2001 and 2014, the number of homes in the area increased by 127,200, or 13.2 per cent, compared with 10.2 per cent across England. Within the area, growth was highest in Hackney (21 per cent), Islington (20.4 per cent) and Uttlesford (20.3 per cent) but below average in Enfield, Epping Forest, Harlow, Redbridge, Stevenage and Waltham Forest.

FIGURE 4.4: HOUSING SALES, 1995-2014



Source: Department for Communities and Local Government.

FIGURE 4.3: MEDIAN HOUSE PRICE TO MEDIAN INCOME RATIOS, 2002 AND 2014¹²



Source: Department for Communities and Local Government and Annual Survey of Hours and Earnings, Office for National Statistics.

¹² Data is unavailable for Uttlesford

PRIVATE SECTOR HOUSING HAS DRIVEN THE RISE IN HOMES IN THE LSC CORRIDOR

Over the past decade, an increase in the number of private sector homes (both owner occupied and rented) has accounted for much of the housing growth across the LSC Corridor. There has also been strong growth in social housing owned by private registered providers, but a fall in local authority owned and other public sector housing. This mirrors the national picture.

Similar trends have occurred in most districts and boroughs of the LSC Corridor apart from Broxbourne and Peterborough, where growth in social housing owned by private registered providers has been strongest, and in Redbridge, where growth in ‘other public sector’ housing has been strongest.

NET ADDITIONS TO THE HOUSING STOCK FELL SHARPLY DURING AND FOLLOWING THE RECESSION, WITH NO SIGNS OF RECOVERY

Across the LSC Corridor, net additions to the housing stock fell sharply between 2006/07 and 2010/11 and have since plateaued with no signs of recovery (Figure 4.5). Net additions in 2014/15 were 39 per cent below their 2006/07 peak. Across England, net additions to the housing stock increased significantly in 2014/15 but remained 24 per cent below their 2007/08 peak.

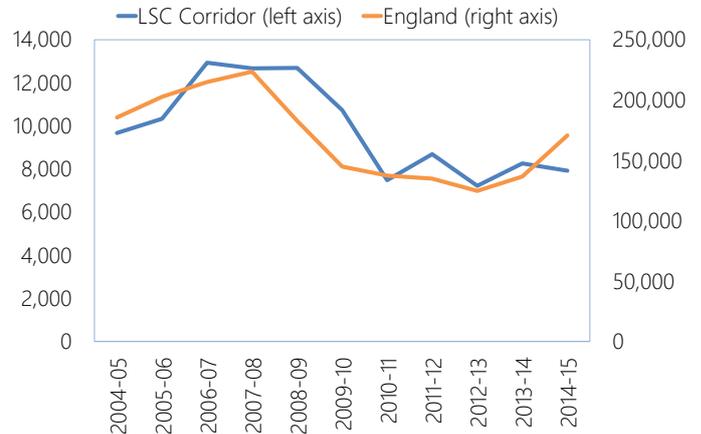
At district/borough level, the areas experiencing the biggest drop in net additions between 2006/07 and 2014/15 were Haringey (91 per cent), Redbridge (75 per cent) and Enfield (62 per cent). Meanwhile net additions were higher than in 2006/07 in Peterborough (10 per cent), Cambridge (6 per cent) and Harlow (5 per cent).

AN ABOVE-AVERAGE PERCENTAGE OF NEW HOMES IN THE LSC CORRIDOR ARE DEFINED AS AFFORDABLE

Between 2004/05 and 2013/14, a net total of 39,530 new affordable homes were provided across the LSC Corridor. Almost one in five of these was in Hackney. Net new affordable homes (homes built or acquired, minus those sold or demolished, and defined in terms of price to earnings ratio) represented 39.3 per cent of all net additional homes during this period. This was well above than the England average (29.6 per cent). Within the LSC

Corridor, the highest proportions of new affordable homes, expressed as a percentage of all net additional homes, were in Hackney (54.3 per cent) and Stevenage (50.6 per cent). Uttlesford, East Hertfordshire and Epping Forest saw below-average increases in affordable homes.

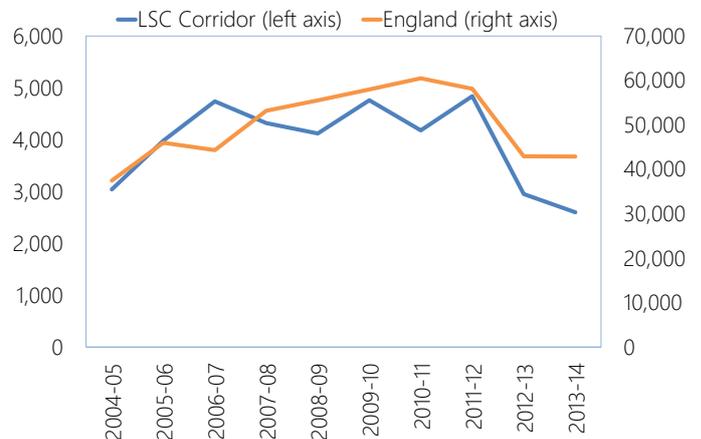
FIGURE 4.5: NET ADDITIONS TO THE HOUSING STOCK, 2004/05 TO 2014/15



Source: Department for Communities and Local Government.

The net number of new affordable homes fell sharply from 2011/12, by 46.3 per cent (Figure 4.6). Across England, the net number of new affordable homes has fallen since 2010/11, but by much less than in the LSC Corridor (29.1 per cent).

FIGURE 4.6: NET AFFORDABLE DWELLINGS, 2004/05 TO 2013/14



Source: Department for Communities and Local Government.

RETAIL, COMMERCIAL AND INDUSTRIAL PREMISES

THERE HAS BEEN A CONTINUED INCREASE IN OFFICE PREMISES, BUT INDUSTRIAL FLOORSPACE HAS DECLINED

Using information on properties eligible for non-domestic rates (business rates) from the Valuation Office Agency, it is apparent that 21 million square metres of premises were eligible for business rates in the LSC Corridor in 2012. Of this, 4.6 million square metres were office premises, while 10.3 million square metres were industrial premises. There was a net reduction of 42,000 square metres in premises eligible for business rates between 2002 and 2012, but this disguises net increases of 330,000 square metres of retail space and 305,000 square metres of office space, offset by a net reduction of 792,000 square metres of industrial property.

This information gives a comprehensive picture of the supply of premises for business use and its relative value, but does not provide detailed information on its quality or use.

OFFICE SPACE SUPPLY HAS INCREASED AT A LOWER RATE THAN NATIONALLY

As noted, office space grew by 305,000 sq. m, or 7 per cent, between 2002 and 2012. This was below the growth rate across England of 10.6 per cent. There are concentrations of office space in Islington (1.5 million sq. m), Hackney (546,000 sq. m), South Cambridgeshire (470,000 sq. m), and Peterborough (429,000 sq. m). Cambridge has 392,000 sq. m of office premises. South Cambridgeshire experienced a significant rise in rateable office space, with a net additional 173,000 sq. m between 2002 and 2012 (+58.2 per cent).

RATEABLE VALUES FOR OFFICES AND INDUSTRIAL PREMISES ARE HIGH IN CAMBRIDGE, HACKNEY, ISLINGTON AND SOUTH CAMBRIDGESHIRE

In 2012, office rateable values were highest in Islington (£229 per sq. m), Hackney (£192 per sq. m), Cambridge (£169 per sq. m) and South Cambridgeshire (£165 per sq. m). Rateable values grew fastest in Hackney and East Hertfordshire, both rising by 50 per cent.

ALTHOUGH THERE HAS BEEN A NET LOSS OF INDUSTRIAL PREMISES IN THE LSC CORRIDOR, THERE ARE SIGNIFICANT LOCAL VARIATIONS

Industrial rateable values were almost double the national average (£37 per sq. m) in Islington (£66), Cambridge (£64), Waltham Forest (£63) and Enfield (£61). Rateable values grew the most in Cambridge (+64.1 per cent) and Waltham Forest (+61.5 per cent). There was a significant rise in rateable industrial space in Broxbourne, with a net additional 189,000 sq. m between 2002 and 2012 (+42.2 per cent). South Cambridgeshire also witnessed a large increase, with an extra 174,000 sq. m (+24.2 per cent). Harlow had an increase of 116,000 sq. m (+15.9 per cent). Nine out of 15 local authority areas experienced a net decline in industrial floorspace during this period. The biggest falls were in Hackney (-52.5 per cent) and Islington (-45.1 per cent) with a total loss of 817,000 sq. m.



FIGURE 4.7: TOTAL RATEABLE FLOORSPACE AND VALUES IN 2012

Area	Floorspace (thousands of square metres)					Rateable values £ per square metre			
	Total	Retail	Offices	Industrial	Other	Retail	Offices	Industrial	Other
Broxbourne	924	161	76	637	50	178	108	57	86
Cambridge	1,147	380	392	273	102	236	169	64	133
East Hertfordshire	1,168	236	178	667	87	135	108	53	80
Enfield	2,145	567	202	1,264	112	167	110	61	98
Epping Forest	866	163	111	498	94	161	109	55	79
Hackney	1,461	329	546	462	124	154	192	59	91
Haringey	1,329	422	141	655	111	184	99	54	96
Harlow	1,242	233	109	845	55	157	105	55	75
Islington	2,345	413	1,455	374	103	217	229	66	139
Peterborough UA	2,842	514	429	1,784	115	146	93	34	80
Redbridge	1,027	448	156	301	122	147	107	53	92
South Cambridgeshire	1,626	173	470	893	90	149	165	45	68
Stevenage	1,064	243	175	612	34	170	112	56	104
Uttlesford	642	82	93	414	53	123	138	54	52
Waltham Forest	1,185	409	101	575	100	148	105	63	90
LSCC	21,013	4,773	4,634	10,254	1,352	-	-	-	-
ENGLAND	544,415	111,198	89,250	304,853	39,114	150	155	37	68

Source: Valuation Office Agency.

FIGURE 4.8: PERCENTAGE CHANGE TO RATEABLE FLOORSPACE AND VALUES 2002 TO 2012

Area	Floorspace					Rateable values £ per square metre			
	Total	Retail	Offices	Industrial	Other	Retail	Offices	Industrial	Other
Broxbourne	28.0	3.2	0.0	42.2	19.0	57.5	17.4	29.5	36.5
Cambridge	-2.3	15.9	-2.7	-23.5	18.6	48.4	38.5	64.1	51.1
East Hertfordshire	1.7	8.8	1.1	1.1	-9.4	48.4	50.0	20.5	50.9
Enfield	-3.0	14.3	1.5	-10.5	8.7	54.6	32.5	48.8	16.7
Epping Forest	19.8	18.1	56.3	16.9	6.8	66.0	26.7	41.0	46.3
Hackney	-22.2	-1.8	19.0	-52.5	10.7	105.3	50.0	51.3	33.8
Haringey	-13.8	2.7	-6.6	-24.5	-0.9	67.3	33.8	35.0	35.2
Harlow	11.0	24.6	-33.9	15.9	44.7	28.7	25.0	31.0	29.3
Islington	-11.1	-2.4	2.5	-45.1	-10.4	90.4	29.4	26.9	59.8
Peterborough UA	10.9	8.4	4.6	12.9	16.2	32.7	34.8	41.7	31.1
Redbridge	-4.6	-1.8	-13.8	-12.5	27.1	45.5	40.8	32.5	26.0
South Cambridgeshire	31.3	29.1	58.2	24.2	2.3	62.0	18.7	36.4	33.3
Stevenage	1.3	23.4	19.0	-8.7	-5.6	42.9	27.3	24.4	16.9
Uttlesford	-0.5	1.2	27.4	-8.0	29.3	64.0	48.4	31.7	30.0
Waltham Forest	-10.6	-0.2	-1.0	-21.0	17.6	64.4	43.8	61.5	36.4
LSCC	-0.2	7.4	7.0	-7.2	9.3	56.9	33.9	37.7	35.5
ENGLAND	0.5	4.8	10.6	-5.0	16.2	51.5	34.8	32.1	28.3

Source: Valuation Office Agency.



FIGURE 4.9: NET CHANGE IN TOTAL RATEABLE FLOORSPACE (THOUSANDS OF SQUARE METRES)

Area	Total	Retail	Offices	Industrial	Other
Broxbourne	202	5	0	189	8
Cambridge	-27	52	-11	-84	16
East Hertfordshire	19	19	2	7	-9
Enfield	-66	71	3	-149	9
Epping Forest	143	25	40	72	6
Hackney	-418	-6	87	-511	12
Haringey	-213	11	-10	-213	-1
Harlow	123	46	-56	116	17
Islington	-293	-10	36	-307	-12
Peterborough UA	279	40	19	204	16
Redbridge	-50	-8	-25	-43	26
South Cambridgeshire	388	39	173	174	2
Stevenage	14	46	28	-58	-2
Uttlesford	-3	1	20	-36	12
Waltham Forest	-140	-1	-1	-153	15
LSCC	-42	330	305	-792	115
ENGLAND	2,890	5,071	8,527	-16,154	5,446

Source: Valuation Office Agency.





Greater **Anglia**

5. TRAVEL TO WORK AND TRANSPORT

SUMMARY: TRAVEL TO WORK AND TRANSPORT

MOST PEOPLE IN THE CORRIDOR TRAVEL TO WORK BY CAR OR VAN, BUT LEVELS OF COMMUTING BY PUBLIC TRANSPORT AND BICYCLE ARE HIGHER THAN NATIONALLY

While travel to work by car or van is the most popular mode of travel in the LSC Corridor, commuting by public transport (train, underground, metro, light rail, tram or bus) or by bicycle is much more common than across England. Since 2001 there has been a large rise in the number of people travelling to work by public transport in the LSC Corridor.

Commuting distances are short for most employed people living in the LSC Corridor and those travelling to work in the LSC Corridor. However, there is also an above-average percentage of people working in the LSC Corridor who travel long distances (more than 30km) to work.

THE LSC CORRIDOR HAS SUBSTANTIAL FLOWS OF COMMUTING

Out of just over one-million residents who are in work in the LSC corridor, approximately 470,000 commute to work in jobs outside of the LSC corridor. Conversely 560,000 both live and work in the LSC Corridor.

THE SOUTHERN PARTS OF THE CORRIDOR IN LONDON, ESSEX, AND NORTH LONDON HAVE HIGH RATES OF COMMUTING TO CENTRAL LONDON

In total, 360,200 LSC residents commute to the 'rest of London' (i.e. not including North London, which is part of the LSC corridor). Of these, 139,900 LSC Corridor residents commuted to Westminster and the City of London alone.

THE LSC CORRIDOR'S CITIES AND TOWNS TEND TO DRAW ON WIDER LABOUR MARKET CATCHMENT AREAS TO FILL THEIR SKILLED JOBS

The LSC Corridor's main urban and employment centres tend to employ more highly skilled workers than reside there (due to the higher concentrations of skilled jobs there). They also show that the skills of residents are higher than those of workers in many parts of the North London

boroughs – presumably as many of the highly skilled residents work in Central London.

ROAD CONGESTION IS HIGHER THAN AVERAGE IN THE CORRIDOR'S LONDON BOROUGHES

Congestion is above average in the LSC Corridor's London boroughs, with longer than average journey times and slower than average vehicle speeds on locally managed A roads during the weekday morning peak.

SINCE 2008 CONGESTION IN ALL PARTS OF THE CORRIDOR HAS INCREASED MORE SEVERELY THAN NATIONALLY

Since 2008, congestion has increased – i.e. average journey times have lengthened and average vehicle speeds have declined – and across most of the LSC Corridor, particularly in Enfield and Cambridgeshire, this has been more severe than national average increases.

CONTINUED PASSENGER GROWTH AT LONDON STANSTED AIRPORT

With 20 million passengers in 2014, London Stansted Airport is the fourth largest airport in the UK and passenger numbers have increased at more than double the national average rate since 2000. In 2014, passenger numbers were 68.1 per cent higher than in 2000 – more than twice the growth rate across the UK (32.3 per cent).



TRAVEL TO WORK AND COMMUTING

METHODS OF TRAVEL TO WORK

TRAVEL TO WORK BY PUBLIC TRANSPORT AND BICYCLE IS MUCH MORE COMMON AMONG PEOPLE LIVING AND WORKING IN THE LSC CORRIDOR THAN NATIONALLY

At the time of the 2011 Census, the most popular method of travel to work was by car/van (39.9 per cent of employed residents and 47.2 per cent of people working in the Corridor), mirroring the national average (Figure 5.1).

However, travel to work by train, underground, metro, light rail, or tram was much more common among workers in the LSC Corridor (23.9 per cent of employed residents and 17.4 per cent of workers) than nationally (9.1 per cent). Travel to work by bus or bicycle was also more popular than average. In contrast, a much lower percentage of people travelled to work by car/van (39.9 per cent of employed residents, 47.2 per cent of workers) than across England (58.8 per cent).

Train, underground, metro, light rail or tram was the most popular method of travel to work among employed people living in Haringey, Redbridge, Islington and Hackney and among those travelling to work in Islington and Hackney. It was also favoured by employed residents in the six London boroughs, Broxbourne and East Hertfordshire, and among people travelling to work in the London boroughs. As **Figure 5.2** shows, use is particularly high in local areas in the LSC Corridor's London Boroughs, Broxbourne and Epping Forest.

The percentage of people travelling to work by **bus** was above average among employed residents in all London boroughs apart from Redbridge, and among people travelling to work in all London boroughs and Cambridge.

Travel to work by **car/ van** was more popular than average among employed residents in Broxbourne, East Hertfordshire, Harlow, Peterborough, South Cambridgeshire, Stevenage and Uttlesford, and among people travelling to work in all of these areas along with Epping Forest. Travel to work by **bicycle** was much higher than average among employed residents in Cambridge (28.9 per cent) and people travelling to work in Cambridge (20.1 per cent) against an England average of 2.9 per cent.

THERE HAS BEEN A LARGE INCREASE IN THE NUMBER OF PEOPLE USING RAIL-BASED MEANS OF TRAVELLING TO WORK IN THE LSC CORRIDOR

Between 2001 and 2011, there was an increase of 216,400 employed residents living in the LSC Corridor. Among these, the largest proportion travelled to work by train, underground, metro, light rail or tram (+83,600), followed by bus (+41,600) and those working mainly from home (+34,000) – as demonstrated in **Figure 5.3**. Nationally, the biggest increase was among those travelling to work by car or van, followed by rail-based transport and working mainly from home.

At district/borough level, the biggest increases in modes of travel to work were:

- Rail-based transport in all six London boroughs, East Hertfordshire and Epping Forest;
- Car/van in Broxbourne, Harlow, Peterborough, South Cambridgeshire, Stevenage and Uttlesford;
- Bicycle in Cambridge.

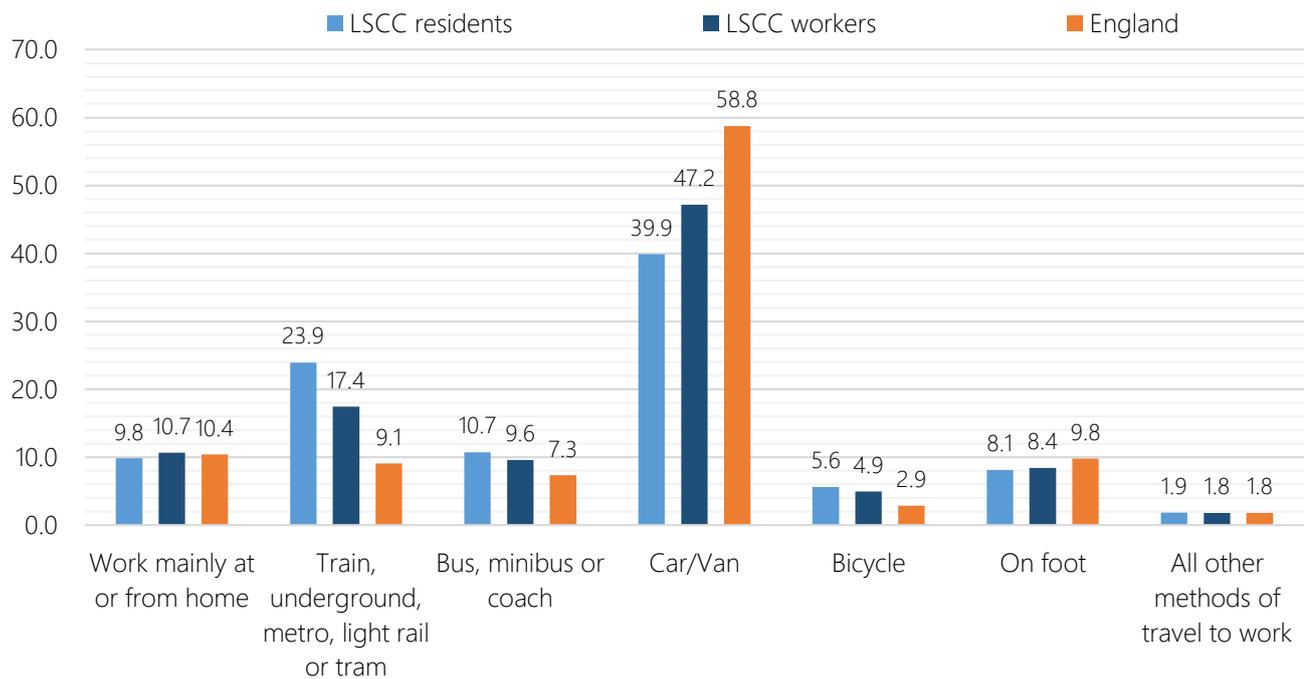
Between 2001 and 2011, there was also an increase of 183,100 people working in the LSC Corridor. The largest increase was among those using rail-based means of travelling to work (+70,100), followed by bus (+33,700) and those working mainly from home (+32,000).

At district/borough level, the biggest increases in modes of travel to work were:

- Rail-based transport in all six London boroughs and Harlow;
- Car/van in Broxbourne, Epping Forest, Peterborough, South Cambridgeshire, Stevenage and Uttlesford;
- Bicycle in Cambridge;
- Working mainly from home in East Hertfordshire.



FIGURE 5.1: PERCENTAGE OF PEOPLE TRAVELLING TO WORK BY MODE OF TRAVEL, 2011

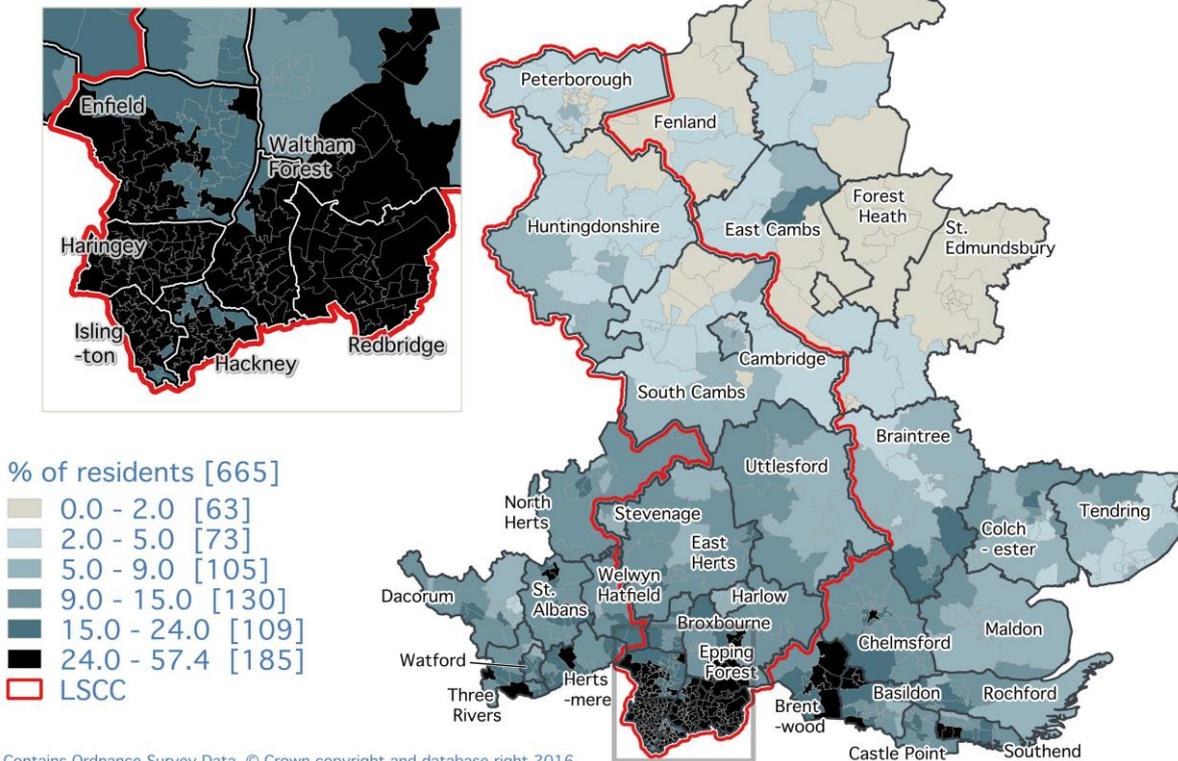


Source: 2011 Census, Office for National Statistics.

FIGURE 5.2: METHOD OF TRAVEL TO WORK MAPPED BY MIDDLE LAYER SUPER OUTPUT AREA

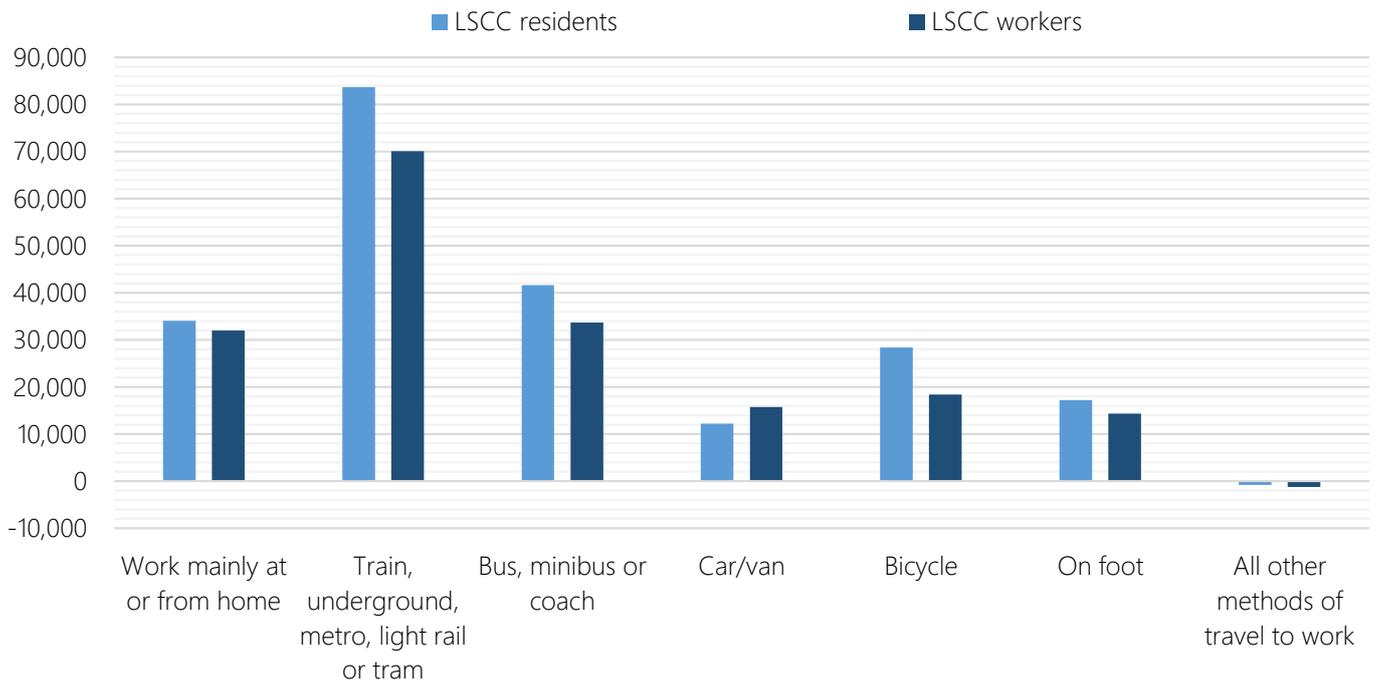
METHOD OF TRAVEL TO WORK

PERCENTAGE OF EMPLOYED RESIDENTS WHO TRAVEL TO WORK BY TRAIN, METRO, LIGHT RAIL IN 2011 (MIDDLE LAYER SUPER OUTPUT AREAS)



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FIGURE 5.3: CHANGE IN NUMBERS OF PEOPLE BY MODE OF TRAVEL, 2001-2011



Source: 2001 Census, 2011 Census, Office for National Statistics.

DISTANCE TRAVELLED TO WORK

MOST EMPLOYED PEOPLE LIVING IN THE LSC CORRIDOR TRAVEL SHORT DISTANCES TO WORK

In 2011, 51 per cent of employed people living in the LSC Corridor travelled less than 10km to work while 22.5 per cent travelled 10-29km (Figure 5.4). Compared with the England average, a greater share of people travelled 10-29km (22.5 per cent, against 21 per cent) and travelled 'other distances' (10.5 per cent, against 8.5 per cent). Other distances includes no fixed place of work, working on an offshore installation and working outside the UK. It is predominantly made up of those with no fixed place of work. This may include workers in the construction industry, agency workers and people working from home some (but not most) of the time.

At district/borough level:

- Greater shares of employed residents travelled **short distances** to work (less than 30km) than the national average in all six London boroughs, Broxbourne, Cambridge, Harlow and Peterborough;
- Greater proportions travelled **long distances** to work (more than 30km) than the national average in

Cambridge, East Hertfordshire, Harlow, Peterborough, South Cambridgeshire, Stevenage and Uttlesford;

- Greater proportions **worked mainly from home** in Cambridge, East Hertfordshire, Harlow, South Cambridgeshire and Uttlesford;
- Greater shares travelled **other distances** in two thirds of areas: all London boroughs apart from Islington; Broxbourne, East Hertfordshire, Epping Forest, Harlow and Uttlesford.

AN ABOVE-AVERAGE PERCENTAGE OF PEOPLE TRAVEL LONG DISTANCES TO WORK IN THE LSC CORRIDOR

In 2011, two thirds of people travelling to work in the LSC Corridor travelled short distances (47.8 per cent travelled less than 10km and 21.2 per cent travelled 10-29km). But compared with the England average, a lower share of people travelled less than 10km to work (47.8 per cent, against 52.5 per cent) while greater shares travelled 30-59km (5.7 per cent, against 4.9 per cent), 60km or more (3.5 per cent, against 3 per cent), and other distances (11.2 per cent, against 8.2 per cent).

The average distance travelled by people working in the LSC Corridor was 15.9km – longer than the England average (14.5km), as illustrated in Figure 5.5. Average distance travelled was longest for those working in Uttlesford



(21.7km), South Cambridgeshire (21.3km) and Islington (20.3km) and shortest for those working in Redbridge (10.3km).

At district/borough level,

- Greater shares of workers travelled **short distances** to work (less than 30km) than the national average in just four areas: Cambridge, Islington, Peterborough and Stevenage;
- Greater shares travelled **long distances** to work (more than 30km) than the national average in Broxbourne, Cambridge, Hackney, Harlow, Islington, Peterborough, Stevenage, South Cambridgeshire and Uttlesford;
- Greater shares **worked mainly from home** in East Hertfordshire, Enfield, Epping Forest, Hackney, Haringey, Redbridge, South Cambridgeshire, Uttlesford and Waltham Forest;
- Greater shares travelled other distances in two thirds of areas: all London boroughs apart from Islington; and Broxbourne, East Hertfordshire, Epping Forest, Harlow and Uttlesford.

Figure 6 shows distance travelled to work by small area geography (Middle Layer Super Output Areas), and demonstrates that within local authority districts there is considerable variation.

THERE HAS BEEN A LARGE INCREASE IN THE NUMBER OF PEOPLE TRAVELLING 'OTHER DISTANCES' TO WORK

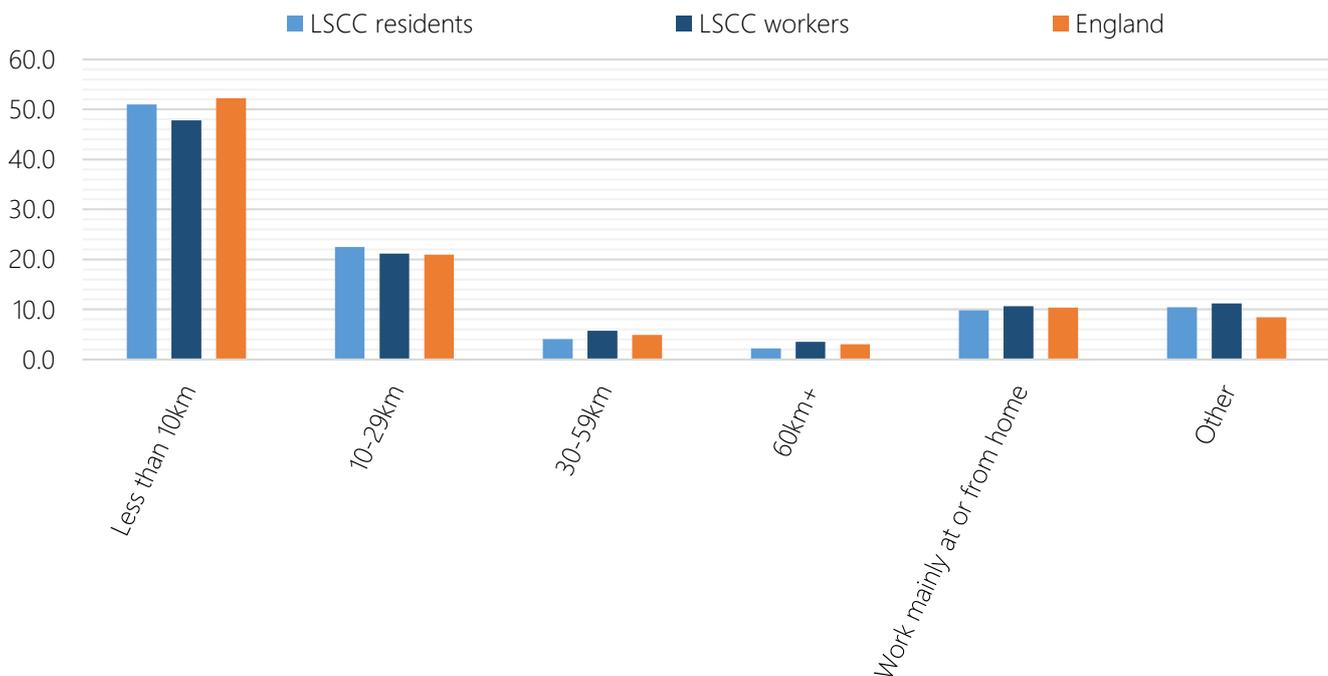
Between 2001 and 2011, there was an increase of 216,400 employed residents living in the LSC Corridor. The biggest increase was among those travelling other distances to work (+73,900) – mirroring the national average – followed by those travelling less than 10km (+55,300), as detailed in Figure 5.7. At district/borough level, the biggest increases in distances travelled were:

- Other distances in all but the four areas below;
- Less than 10km in Cambridge, Hackney and Islington;
- 10-29km in South Cambridgeshire.

Between 2001 and 2011, the number of people working in the LSC Corridor rose by 183,100. Again, the biggest increase was among those travelling other distances to work (+72,900) – mirroring the national average – followed by those working mainly from home (+32,000). At district/borough level, the biggest increases in distances travelled were:

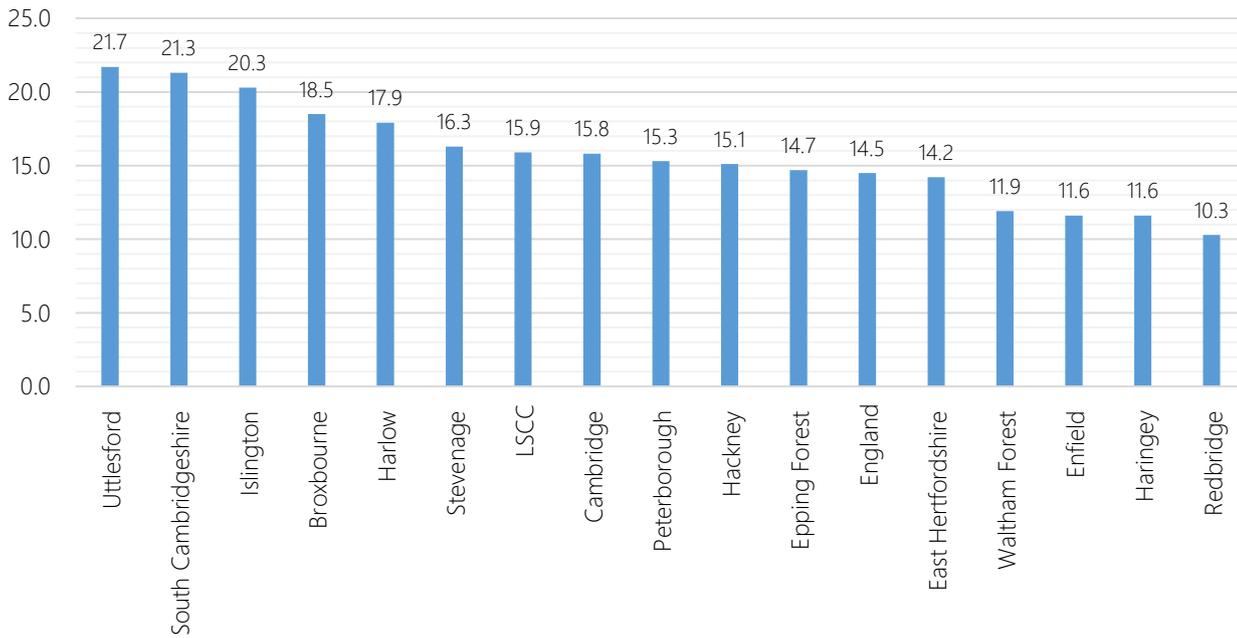
- Other distances in all but the six areas below;
- Less than 10km in Cambridge, Hackney and Islington;
- 10-29km in Broxbourne, Epping Forest and South Cambridgeshire.

FIGURE 5.4: PERCENTAGE OF PEOPLE TRAVELLING TO WORK BY DISTANCE TRAVELLED, 2011



Source: 2011 Census, Office for National Statistics.

FIGURE 5.5: AVERAGE DISTANCE TRAVELLED BY PLACE OF WORK, 2011

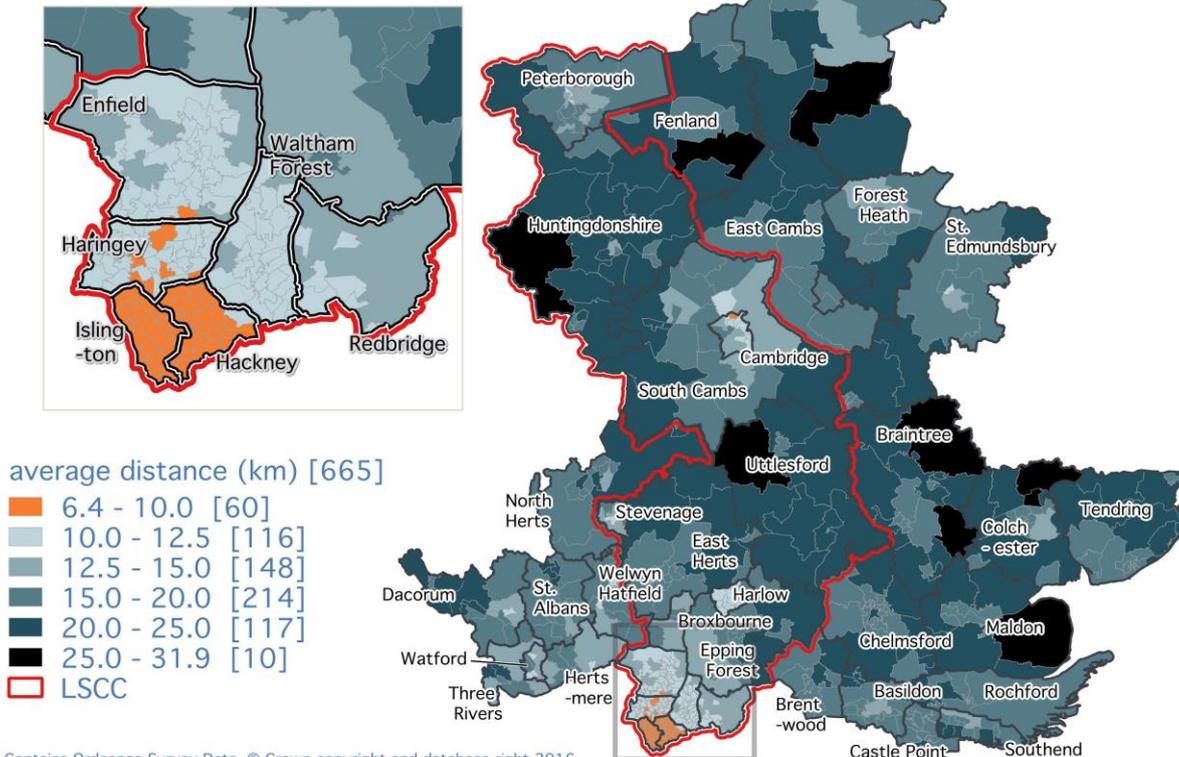


Source: 2011 Census, Office for National Statistics.

FIGURE 5.6: DISTANCE TRAVELLED TO WORK BY MIDDLE LAYER SUPER OUTPUT AREA

DISTANCE TRAVELLED TO WORK

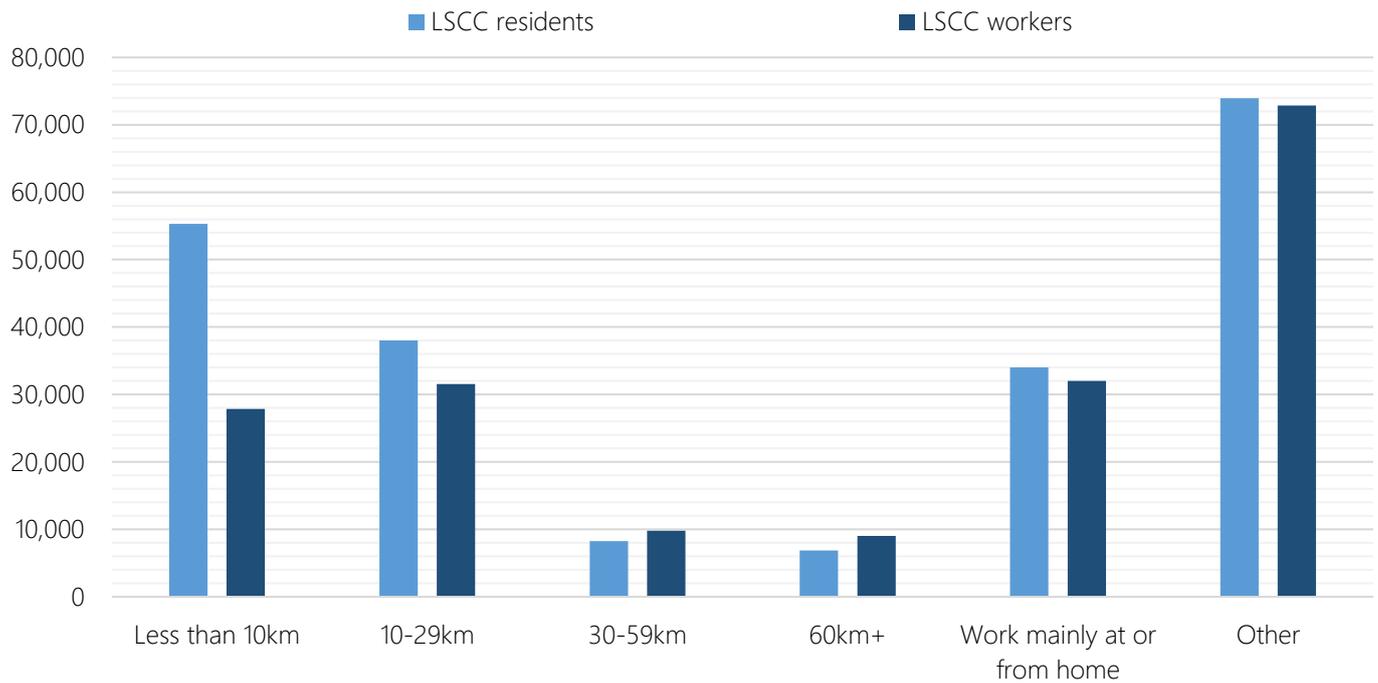
AVERAGE DISTANCED TRAVELLED TO WORK BY EMPLOYED RESIDENTS IN 2011 (MIDDLE LAYER SUPER OOUPT AREAS)



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FIGURE 5.7: CHANGE IN THE NUMBER OF PEOPLE BY DISTANCE TRAVELLED TO WORK, 2001-2011



Source: 2001 Census, 2011 Census, Office for National Statistics.

COMMUTER FLOWS

THE LSC CORRIDOR AND THE WIDER REGION HAVE SIGNIFICANT LEVELS OF IN- AND OUT- COMMUTING

LSC Corridor

An analysis of commuting patterns from the 2011 Census finds that of the 1,032,470 residents in work in the LSC Corridor, 559,770 both live and work in the area. The LSC Corridor has a 54.2 per cent self-containment rate (that is, the share of work within the area taken up by residents), with the remaining 45.8 per cent accounted for by commuters from outside the LSCC area. A total of 452,740 residents commute to work outside the area, while 310,100 workers live outside the area and are in-commuters.

LSC Region

The 2011 Census analysis reveals that of the 2,972,772 residents in work in the LSC Region, 1,952,690 both live and work in the area. The LSC Region has a 65.7 per cent self-containment rate, with the remaining 34.3 per cent taken up by in-commuters. A total of 429,090 residents commute to work outside the area, while 1,191,501 workers live outside the area and are in-commuters. It is worth remembering that the LSC Region definition includes the City of London

and Westminster, which attract huge numbers of in-commuters.

Very detailed maps of commuting flows at local area level are available and are included in **Figures 5.8, 5.9, 5.10 and 5.11**. These reveal significant commuter flows out of North London into other London boroughs, and towards Hertfordshire and Essex parts of the LSC Corridor. There are also significant flows from Greater Cambridge and Peterborough to other locations within these areas.

Figure 5.9 shows that employment centres such as Greater Cambridge and Peterborough draw from wider labour market catchment areas. **Figure 5.11** demonstrates that flows of workers into North London from Hertfordshire and Essex are significant.

Figures 5.12 and 5.13 show the balance between the occupational skills level of workers versus residents in each local area. They show that the major urban and employment centres tend to employ more highly skilled workers than live locally (due to the higher concentrations of skilled jobs there). They also show that the skills of residents are higher than those of workers in many parts of the North London boroughs – presumably because many of the highly skilled residents work in Central London.



The following sections outline the main findings on commuting patterns for each county and unitary authority area in the LSC Corridor and Region.

Cambridgeshire

In Cambridgeshire in 2011, there were 256,300 residents in work, and 256,500 workers with jobs in Cambridgeshire. While 200,000 residents both live and work in Cambridgeshire (78 per cent self-containment), 56,300 Cambridgeshire residents work outside the county, of whom 9,800 commute to London to work. At the same time 56,600 workers commute into Cambridgeshire.

In terms of travel to work patterns between districts, 36.9 per cent (23,400) of South Cambridgeshire's working residents commute to work in the city of Cambridge. A total of 5,800 Huntingdonshire residents commute to work in South Cambridgeshire, while 4,700 commute to work in Cambridge. Significant numbers of working residents from Fenland (5,000) and Huntingdonshire (6,000) commute to work in neighbouring Peterborough, and to localities within the South East Midlands (3,970). Hertfordshire is the top destination of commuters from the nearest Cambridgeshire district, South Cambridgeshire (3,300 working residents).

Commuting to work in London is not significant in terms of shares of working residents, but is nonetheless high in South Cambridgeshire (2,700) and Cambridge (2,500).

Cambridgeshire is an exporter of highly-skilled workers, with a net balance of 3,700 highly-skilled workers out-commuting in 2011. The county is a net importer of low skilled workers, importing a net balance of 2,000 workers in the two lowest-skilled major occupations.

Essex

In 2011 there were 616,000 residents in work in Essex, and 455,300 workers with jobs in the county. Self-containment levels are high, at 78.9 per cent or 359,200 residents both living and working in Essex. Another 256,800 Essex residents work outside the county, while 96,000 workers commute into Essex.

More than one fifth (21.1 per cent) of working residents in Essex commute to London – a total of 114,400 people. Commuters to London represent the major share (53.8 per cent, or 25,900) of Epping Forest's working residents.

In terms of commuting to other counties and localities, 9,800 Epping Forest residents commute to work in North London; 5,000 Harlow residents commute to work in Hertfordshire; but only 4,500 Essex residents commute to work in Cambridgeshire.

Essex is a net exporter of workers at all skills levels except elementary occupations. In particular, Essex is a net exporter of the three most highly skilled occupations, accounting for 56,800 out-commuters. This demonstrates Essex's role in supplying labour to neighbouring economies.

Hertfordshire

In Hertfordshire there were 453,800 residents in work in 2011, and the county supported 414,000 jobs. A total of 280,000 people both live and work in Hertfordshire (67.6 per cent self-containment), while 336,100 Hertfordshire residents work outside the county, and 134,100 workers commute in.

More than a quarter of Hertfordshire's working residents (25.9 per cent, or 117,700 people) work in London. Commuting to London is particularly significant in Broxbourne (38.9 per cent or 14,400 working residents). A total of 6,400 North Hertfordshire residents work in Stevenage.

A total of 8,900 East Hertfordshire residents work in Essex. Commuting to Cambridgeshire is less prevalent, with 5,900 Hertfordshire residents working there (3,800 of whom live in North Hertfordshire). A further 12,300 Hertfordshire residents travel to work in the South East Midlands.

Hertfordshire is a net exporter of highly-skilled workers and a net importer of mid/low skilled workers. In 2011, Hertfordshire was a net exporter of 40,800 workers in high-skill occupations.

North London

In 2011 in North London (Enfield, Hackney, Haringey, Islington, Redbridge, Waltham Forest) there were 581,100 residents in work and the area supported 465,800 jobs. Levels of self-containment are relatively low at 49.4 per cent, or 230,000 people both living and working in North London. A total of 351,200 North London residents commute outside the area, while 235,800 workers commute into North London.



Of North London's out-commuters, 311,800 work elsewhere in London – 118,100 of them commuting to Westminster and the City of London; 51,700 commuting to Camden; and 32,100 commuting to Tower Hamlets.

Within North London, there is a high number of commuters from Enfield to in Haringey (10,100); from homes in Hackney to work in Islington (10,300); and from Islington to work in Hackney (9,200).

Just 11,500 North London residents commute to work in Essex, while 12,300 commute to Hertfordshire. Only 600 commute to Cambridgeshire. These are outweighed by incoming commuters from Essex (24,500) and Hertfordshire (22,900). North London is a net importer of highly-skilled workers (41,300); admin/secretarial workers (6,900); caring, leisure and other service workers (3,100); and process, plant and machine operatives (4,000). North London is a net exporter of sales and customer service workers (5,900) and elementary workers (5,100).

Peterborough

In 2011, there were 74,500 Peterborough residents in work and 87,900 workers with jobs in Peterborough. Self-containment is high at 78 per cent, with 55,300 people both living and working in Peterborough. Another 19,200 Peterborough residents work outside the city, while 32,600 workers commute into Peterborough. A total of 1,900 Peterborough residents commute to London to work.

A total of 7,300 Peterborough residents work in Cambridgeshire (3,800 of them in Huntingdonshire); and 7,100 Peterborough residents work in the East Midlands region. Significantly, 16,400 East Midlands residents commute to work in Peterborough, as do 12,100 Cambridgeshire residents (6,000 of them from Huntingdonshire).

Peterborough is a net importer of highly-skilled workers and medium-skilled workers, and a net exporter of low-skilled workers.



FIGURE 5.8: COMMUTING FLOWS IN THE LSCC CORRIDOR

COMMUTING FLOWS: NUMBER OF PEOPLE COMMUTING TO AND FROM MIDDLE LAYER SUPER OUTPUT AREAS IN THE LSCC AREA BY ALL MODES OF TRAVEL

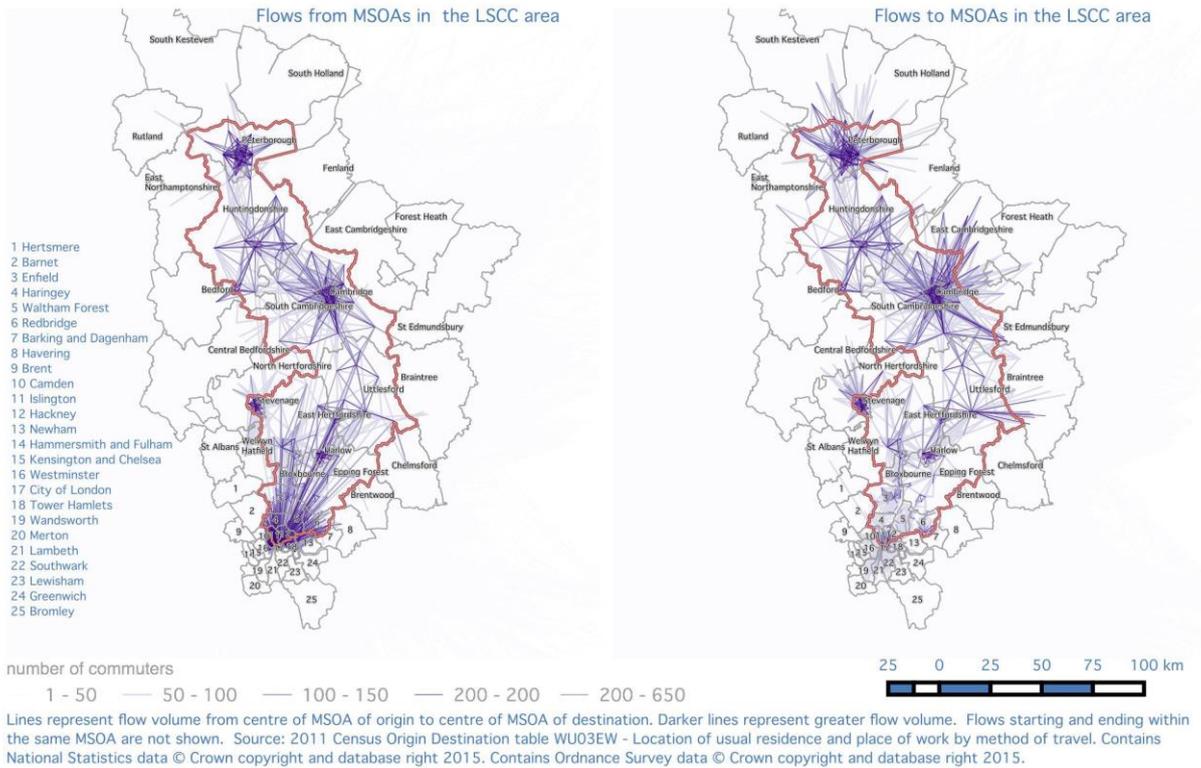


FIGURE 5.9: COMMUTING FLOWS IN THE NORTHERN PART OF THE LSC CORRIDOR

COMMUTING FLOWS: NUMBER OF PEOPLE COMMUTING TO AND FROM MIDDLE LAYER SUPER OUTPUT AREAS IN THE LSCC AREA BY ALL MODES OF TRAVEL

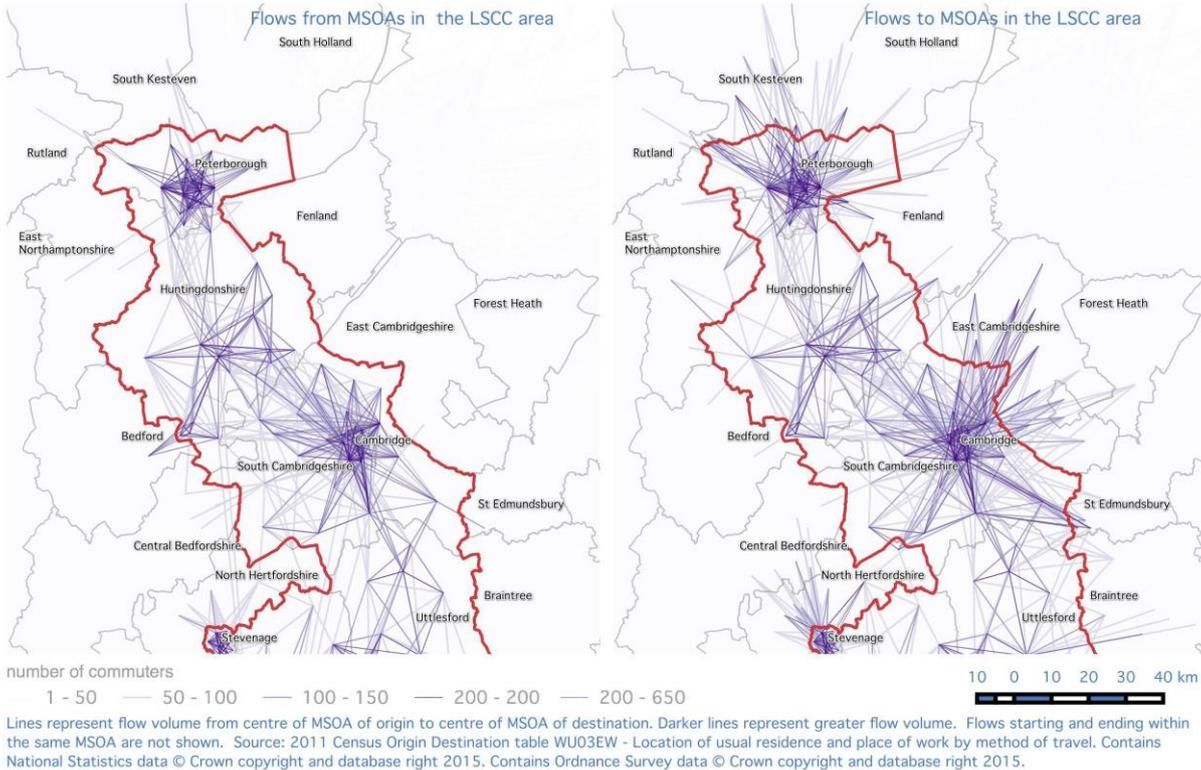


FIGURE 5.10: COMMUTING FLOWS IN THE MIDDLE PART OF THE LSC CORRIDOR

COMMUTING FLOWS: NUMBER OF PEOPLE COMMUTING TO AND FROM MIDDLE LAYER SUPER OUTPUT AREAS IN THE LSCC AREA BY ALL MODES OF TRAVEL

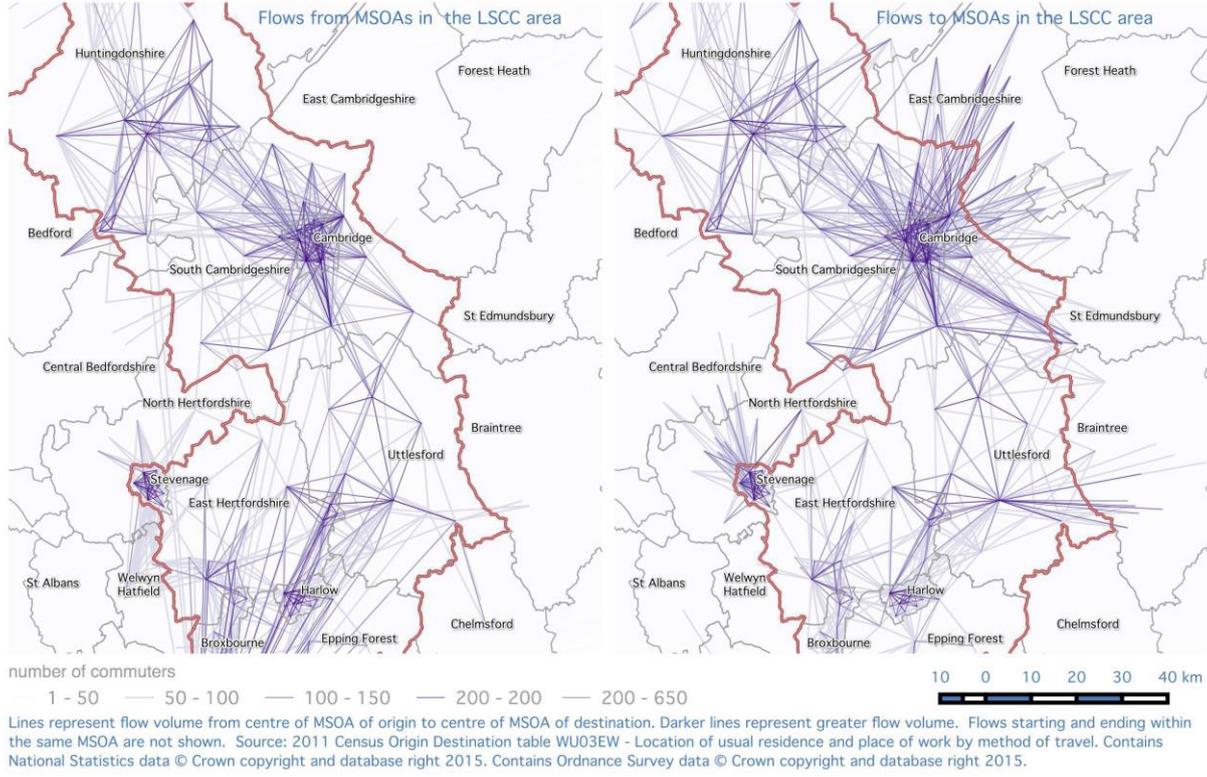


FIGURE 5.11: COMMUTING FLOWS IN THE LOWER PART OF THE LSC CORRIDOR

COMMUTING FLOWS: NUMBER OF PEOPLE COMMUTING TO AND FROM MIDDLE LAYER SUPER OUTPUT AREAS IN THE LSCC AREA BY ALL MODES OF TRAVEL

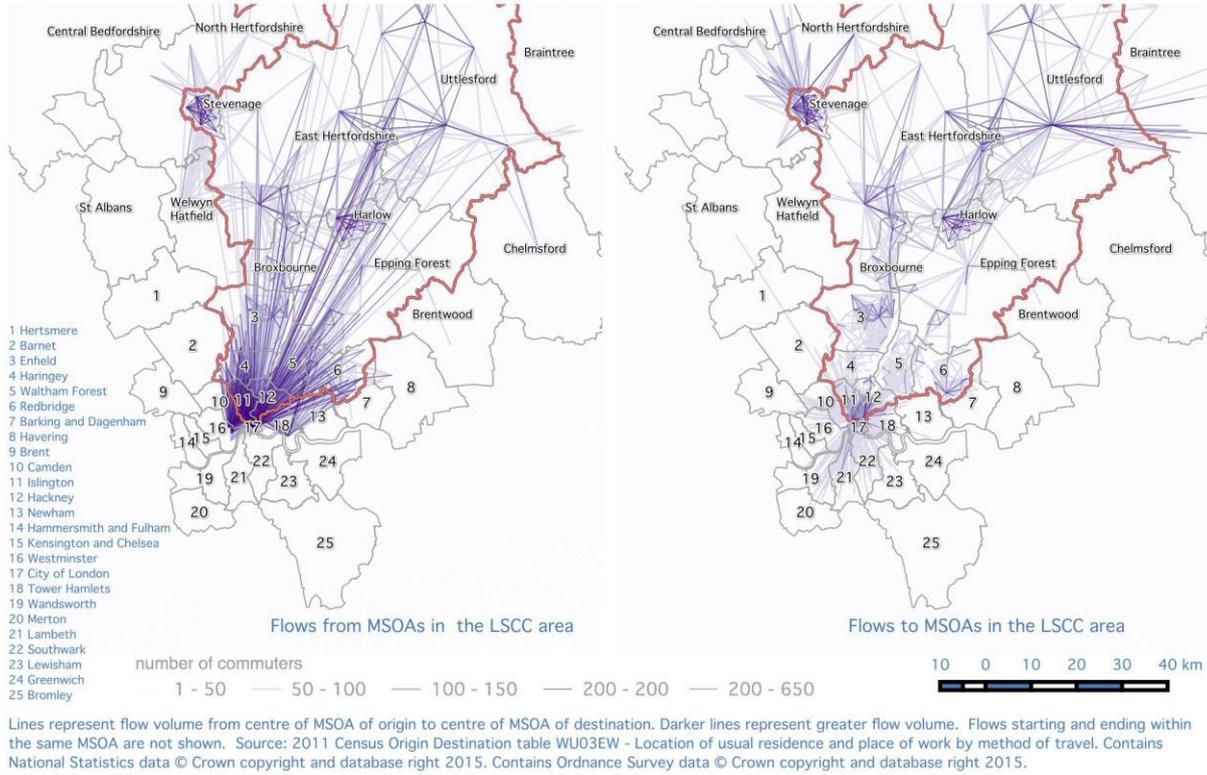
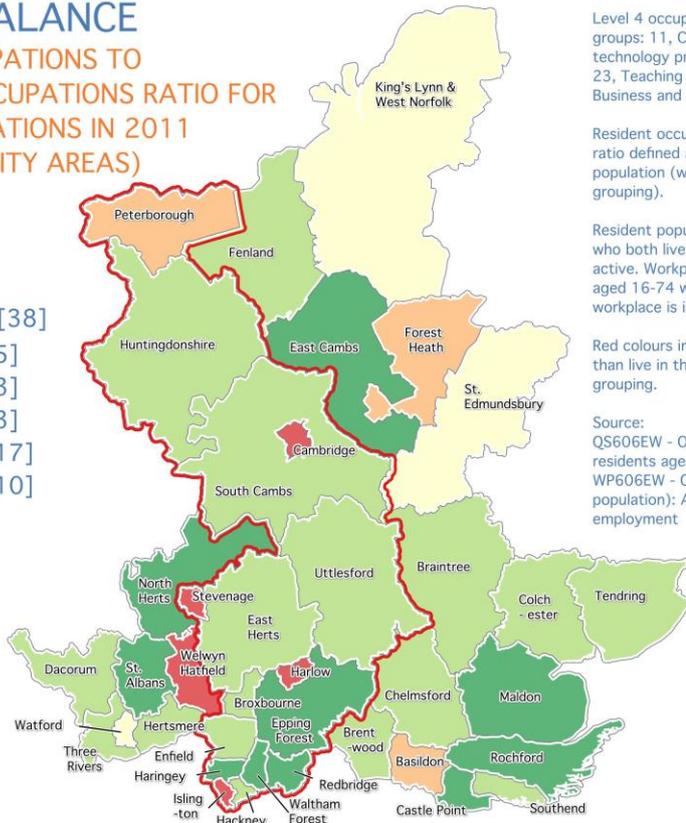
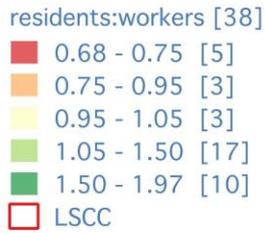


FIGURE 5.12: SKILLS IMBALANCE FROM COMMUTING BY LOCAL AUTHORITY DISTRICT

SKILLS IMBALANCE

RESIDENT OCCUPATIONS TO WORKPLACE OCCUPATIONS RATIO FOR LEVEL 4 OCCUPATIONS IN 2011 (LOCAL AUTHORITY AREAS)



Level 4 occupational group defined as SOC 2010 groups: 11, Corporate Managers; 21, Science and technology professionals; 22, Health professionals; 23, Teaching and research professionals; 24, Business and public service professionals

Resident occupations to workplace occupations ratio defined as Resident population / Workplace population (where occupation is within Level 4 grouping).

Resident population : All usual residents aged 16-74 who both live in the area and are economically active. Workplace population: All usual residents aged 16-74 who are in employment and whose workplace is in the area.

Red colours indicate more people work in the area than live in the area within level 4 occupational grouping.

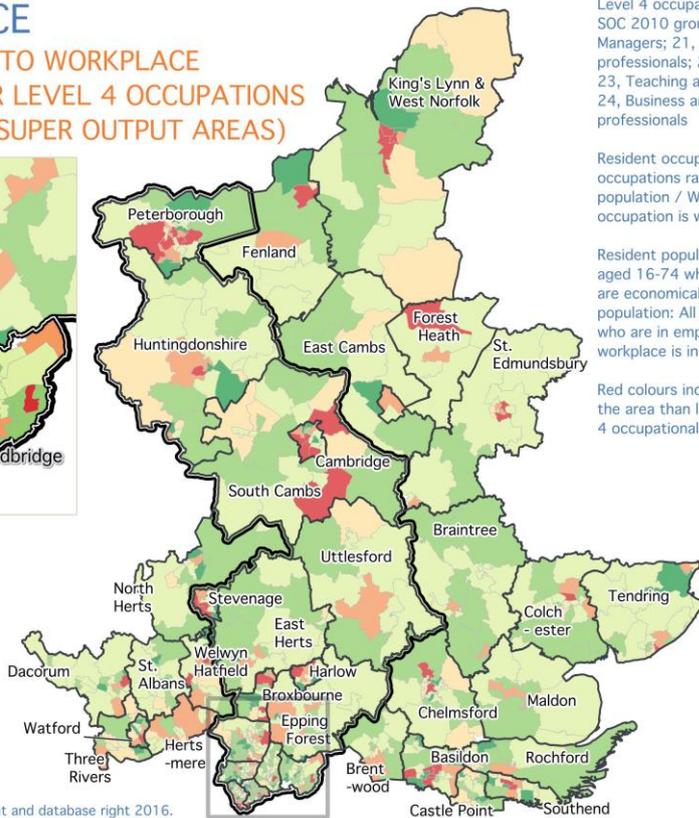
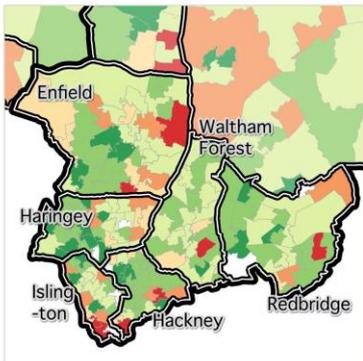
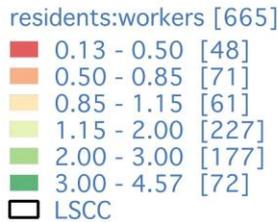
Source: QS606EW - Occupation (Minor Groups): All usual residents aged 16 to 74 in employment. WP606EW - Occupation (Minor groups) (Workplace population): All usual residents aged 16 to 74 in employment

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FIGURE 5.13: SKILLS IMBALANCE FROM COMMUTING BY MIDDLE LAYER SUPER OUTPUT AREA

SKILLS IMBALANCE

RESIDENT OCCUPATIONS TO WORKPLACE OCCUPATIONS RATIO FOR LEVEL 4 OCCUPATIONS IN 2011 (MIDDLE LAYER SUPER OUTPUT AREAS)



Level 4 occupational group defined as SOC 2010 groups: 11, Corporate Managers; 21, Science and technology professionals; 22, Health professionals; 23, Teaching and research professionals; 24, Business and public service professionals

Resident occupations to workplace occupations ratio defined as Resident population / Workplace population (where occupation is within Level 4 grouping).

Resident population : All usual residents aged 16-74 who both live in the area and are economically active. Workplace population: All usual residents aged 16-74 who are in employment and whose workplace is in the area.

Red colours indicate more people work in the area than live in the area within level 4 occupational grouping.

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CONGESTION

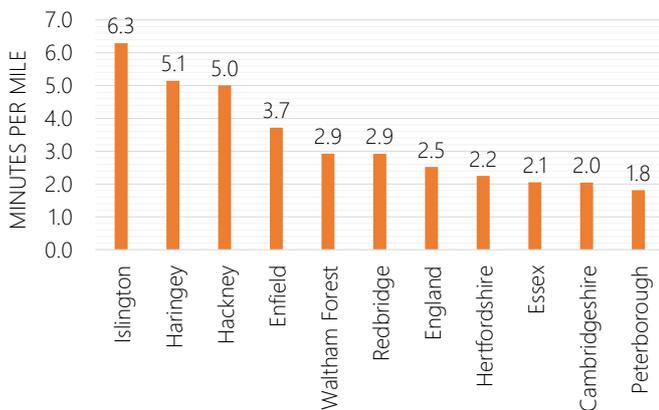
CONGESTION IS ABOVE AVERAGE IN THE LSC CORRIDOR'S LONDON BOROUGHS

In Peterborough, Cambridgeshire, Essex and Hertfordshire, average journey times (minutes per mile) during the weekday morning peak on locally managed A roads between January and September 2015 were shorter than the England average. Average vehicle speeds (miles per hour) were faster than the England average (Figure 5.14). Conversely, in all London boroughs, average journey times were longer than the England average while average vehicle speeds were slower (Figure 5.15).

Islington had the third highest average journey times and third lowest average vehicle speeds of all counties, unitary authorities and boroughs in England, after City of London and Camden. While lower traffic speeds can indicate lower speed limits and safer roads, they are also an indicator of congestion.

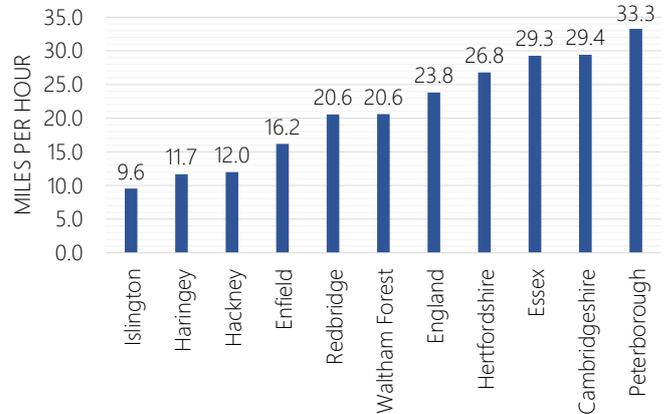
During the same period, average road speeds declined across England by 3.3 per cent (Figure 5.16). Within the LSC Corridor, average road speeds declined in all areas apart from Hertfordshire (where they rose by 1.1 per cent). Average road speeds declined at an above-average rate in all other areas apart from Peterborough, and particularly in Enfield (-9.5 per cent) and Cambridgeshire (-7.9 per cent).

FIGURE 5.14: AVERAGE JOURNEY TIMES (MINUTES PER MILE) DURING THE WEEKDAY MORNING PEAK ON LOCALLY MANAGED A ROADS, JANUARY TO SEPTEMBER 2015



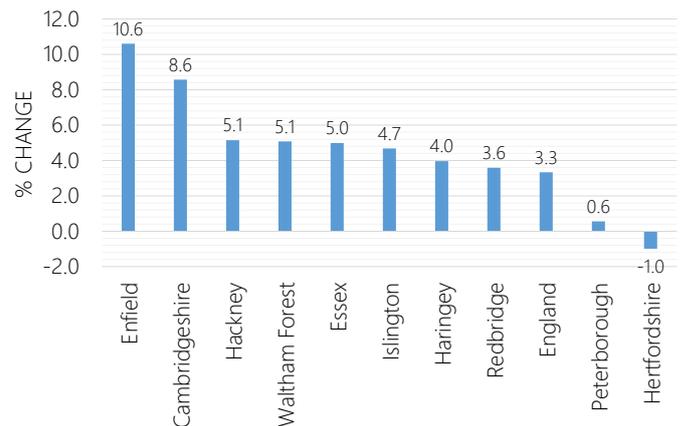
Source: Department for Transport.

FIGURE 5.15: AVERAGE VEHICLE SPEEDS (MILES PER HOUR) DURING THE WEEKDAY MORNING PEAK ON LOCALLY MANAGED A ROADS, JANUARY TO SEPTEMBER 2015



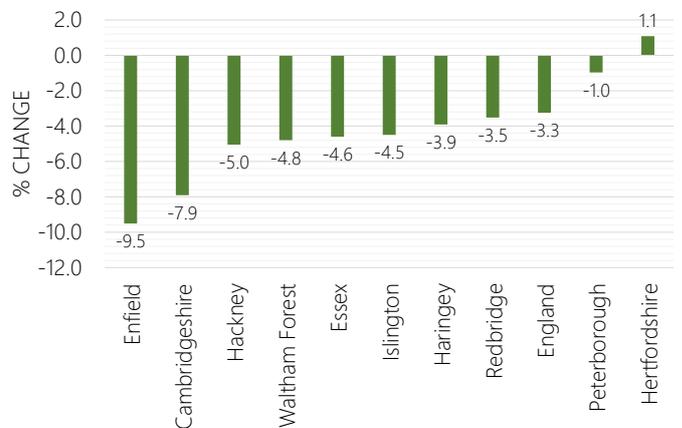
Source: Department for Transport.

FIGURE 5.116: PERCENTAGE CHANGE IN AVERAGE JOURNEY TIMES, 2008-2015



Source: Department for Transport.

FIGURE 5.17: PERCENTAGE CHANGE IN AVERAGE VEHICLE SPEEDS, 2008-2015



Source: Department for Transport.

CONGESTION HAS INCREASED AT ABOVE NATIONAL RATES ACROSS MOST OF THE LSC CORRIDOR, PARTICULARLY IN ENFIELD AND CAMBRIDGESHIRE

Between 2008 and 2015, average journey times increased across England by 3.3 per cent, indicating that congestion may have increased. Within the LSC Corridor, average journey times increased in all areas apart from Hertfordshire (where they fell by 1 per cent). Average journey times increased at an above-average rate in all other areas except Peterborough, and particularly in Enfield (+10.6 per cent) and Cambridgeshire (+8.6 per cent).

The Department for Transport provides data on average speeds during the weekday morning peak for A roads in each county, unitary authority and London borough in the LSC Corridor. Information on road speeds within these areas is detailed below.

Cambridgeshire

Between January and September 2015, the average speed on Cambridgeshire A roads was 29.4 mph (23.5 per cent faster than the England average). For A roads where data are available, the fastest average speed was on the A1304 northbound (50.3 mph), while the slowest speeds were found on the A1134 southbound (14 mph), A1309 northbound (16 mph), A1309 southbound (16.7 mph), A1134 northbound (17.5 mph) and A1303 (18.1 mph).

Between 2008 and 2015, the average speed on Cambridgeshire A roads declined by 7.9 per cent (a much larger decline than across England, where the average speed fell by 3.3 per cent). Within the county, average speeds increased on ten routes for which data are available, particularly the A1309 northbound (+30.2 per cent). Average speeds declined on 19 routes for which data are available, particularly the A1303 eastbound (-21.5 per cent).

Peterborough

Between January and September 2015, the average speed on Peterborough A roads was 33.3 mph (39.7 per cent faster than the England average). For A roads for which data are available, the fastest average speed was on the A16 northbound (45.2 mph) while the slowest was on the A1129 westbound (14.9 mph).

Between 2008 and 2015, the average speed on Peterborough A roads fell by 1 per cent, compared with -3.3 per cent across England. Within the district, average speeds increased on four routes for which data are available, particularly the A1260 northbound (+25 per cent). Average speeds declined on nine routes for which data are available, particularly the A1139 southbound (-21.8 per cent).

Essex

Between January and September 2015, the average speed on Essex A roads was 29.3 mph (22.9 per cent faster than the England average). For A roads for which data are available, the fastest average speeds were on the A127 eastbound (46.3 mph), A130 southbound (43.5 mph), and A130 northbound (41.7 mph). The slowest speed was on the A1099 northbound (11 mph).

Between 2008 and 2015, the average speed on Essex A roads fell by 4.6 per cent, a larger decline than across England. Within the county, average speeds increased on 29 routes for which data are available, particularly the A1232 northbound (+88.2 per cent). Average speeds declined on 43 routes for which data are available, particularly the A1016 northbound (-26.3 per cent) and the A127 westbound (-24 per cent).

Hertfordshire

Between January and September 2015, the average speed on Hertfordshire A roads was 26.8 mph (12.5 per cent faster than the England average). For A roads for which data are available, the fastest average speed was on the A10 northbound (51.4 mph) while the slowest speeds were on the A4178 southbound (9.7 mph) and the A111 northbound (9.1 mph).

Between 2008 and 2015, the average speed on Hertfordshire A roads increased by 1.1 per cent, bucking the national trend. Within the county, average speeds increased on 47 routes for which data are available, particularly the A10 northbound (+115.6 per cent). Average speeds declined on 26 routes for which data are available, particularly the A507 westbound (-22.8 per cent).



Hackney

Between January and September 2015, the average speed on Hackney A roads was 12 mph (49.7 per cent slower than the England average). For A roads for which data are available, the fastest average speeds were on the A12 (33.1 mph northbound and 20.1 mph southbound) while the slowest was on the A1202 eastbound (4.7 mph).

Between 2008 and 2015, the average speed on Hackney A roads fell by 5 per cent (more than across England). Within the borough, average speeds increased on nine routes for which data are available, particularly the A1207 westbound (+34.0 per cent). Average speeds declined on 11 routes for which data are available, particularly the A1202 eastbound (-27.9 per cent).

Haringey

Between January and September 2015, the average speed on Haringey A roads was 11.7 mph (51 per cent slower than the England average). For A roads for which data are available, the fastest average speed was on the A1080 northbound (18.4 mph) while the slowest was on the A503 westbound (7 mph).

Between 2008 and 2015, the average speed on Haringey A roads fell by 3.9 per cent. Within the borough, average speeds increased on 13 routes for which data are available, particularly the A109 westbound (+24.8 per cent). Average speeds declined on eight routes for which data are available, particularly the A503 eastbound (-26.2 per cent) and the A1 eastbound (-23.6 per cent).

Islington

Between January and September 2015, the average speed on Islington A roads was 9.6 mph (59.9 per cent slower than the England average). For A roads for which data are available, the fastest average speed was on the A105 northbound (16.3 mph) while the slowest speeds were on the A5201 (6 mph eastbound and 4.1 mph westbound).

Between 2008 and 2015, the average speed on Islington A roads fell by 4.5 per cent. Within the borough, average speeds increased on nine routes for which data are available, particularly the A201 southbound (+19.9 per cent). Average speeds declined on 19 routes for which data are available, particularly the A5201 westbound (-38.8 per cent).

Enfield

Between January and September 2015, the average speed on Enfield A roads was 16.2 mph (32.1 per cent slower than the England average). For A roads for which data are available, the fastest average speed was on the A1005 (29.8 mph eastbound and 28.2 mph westbound) while the slowest speeds were on the A1110 eastbound (7.1 mph) and A109 eastbound (9.5 mph).

Between 2008 and 2015, the average speed on Enfield A roads fell by 9.5 per cent. Within the borough, average speeds increased on 13 routes for which data are available, particularly the A1005 (+22.5 per cent eastbound and +14.1 per cent westbound). Average speeds declined on 11 routes for which data are available, particularly the A1110 (-45.7 per cent eastbound and -19.3 per cent westbound).

Redbridge

Between January and September 2015, the average speed on Redbridge A roads was 20.6 mph (13.7 per cent slower than the England average). For A roads for which data are available, the fastest average speed was on the A406 northbound (39.4 mph) while the slowest was on the A1008 northbound (7.9 mph).

Between 2008 and 2015, the average speed on Redbridge A roads fell by 3.5 per cent. Within the borough, average speeds increased on 16 routes for which data are available, particularly the A104 southbound (+44.9 per cent). Average speeds declined on 12 routes for which data are available, particularly the A1008 northbound (-40.3 per cent).

Waltham Forest

Between January and September 2015, the average speed on Waltham Forest A roads was 20.6 mph (30.5 per cent slower than the England average). For A roads for which data are available, the fastest average speeds were on the A12 (43.4 mph westbound and 42 mph eastbound) while the slowest speed was on the A112 southbound (11.1 mph).

Between 2008 and 2015, the average speed on Waltham Forest A roads fell by 4.8 per cent. Within the borough, average speeds increased on nine routes for which data are available, particularly the A104 southbound (+24.6 per cent). Average speeds declined on 11 routes for which data are available, particularly the A114 westbound (-13.7 per cent).



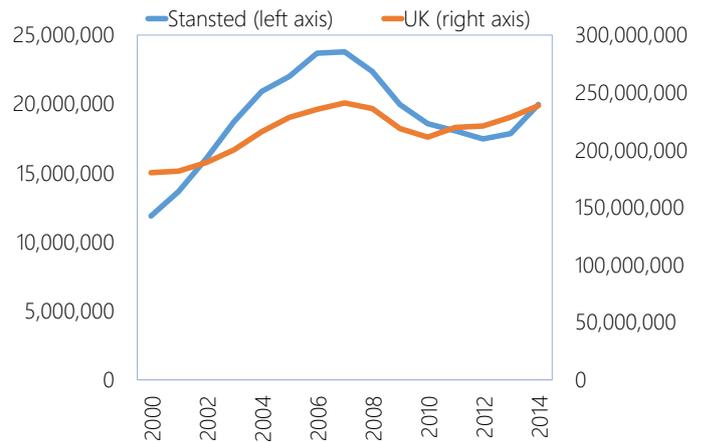
AIRPORT PASSENGERS

STANSTED AIRPORT IS THE FOURTH LARGEST AIRPORT IN THE UK AND PASSENGER NUMBERS HAVE INCREASED AT MORE THAN DOUBLE THE NATIONAL AVERAGE RATE SINCE 2000

In 2014, there were 20 million passengers travelling from or to Stansted Airport. These accounted for 8.4 per cent of all air passengers at UK airports, making Stansted the fourth busiest airport in the UK, after Heathrow, Gatwick and Manchester.

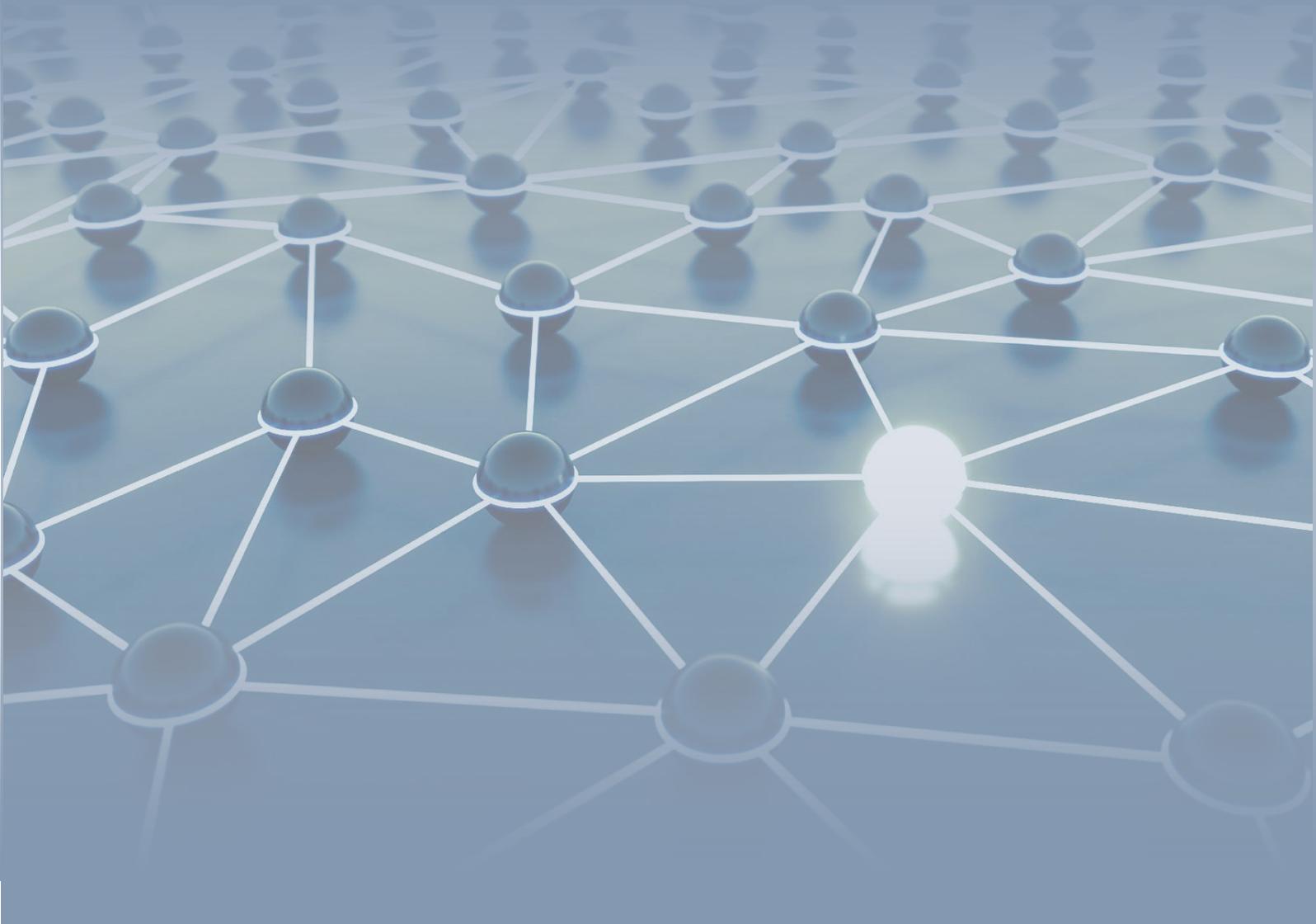
In 2014, passenger numbers were 68.1 per cent higher than in 2000 – more than double the growth rate across the UK (32.3 per cent).

FIGURE 5.18: AIRPORT PASSENGER NUMBERS AT STANSTED AIRPORT AND UK-WIDE, 2000-2014



Source: Civil Aviation Authority.



A network diagram consisting of numerous dark blue spheres connected by white lines, forming a complex web. One sphere in the lower right quadrant is highlighted with a bright white glow and a soft shadow, drawing attention to it.

6. FINDINGS FROM EXISTING LOCAL EVIDENCE

SUMMARY: FINDINGS FROM EXISTING LOCAL EVIDENCE

This chapter summarises the main findings and insights from a number of other sources of evidence and analysis. It helps to highlight some of the main issues that are common across the Corridor.

SUCCESSFUL GROWTH CAN ONLY BE MAINTAINED BY INVESTING IN INFRASTRUCTURE, PEOPLE AND PLACES

All parts of the corridor have a successful track record of growth. London's growth has been particularly strong. However, throughout the corridor there are serious infrastructural deficiencies, particularly in terms of the capacity of transport infrastructure to meet current and future demand.

Connected to this are issues of skills and labour demand. Even though many localities in the Corridor are among the most skilled in the UK, all local economic strategies highlight the priority of providing adequate and appropriate skills to maintain economic success and prosperity.

A SOURCE OF INNOVATION, ENTREPRENEURIAL DYNAMISM AND NEW BUSINESSES

There are firms within London and the Corridor that are very successful and are world leaders in their markets. Rates of entrepreneurship and business formation are high. Rates of innovation are high in Cambridgeshire and Hertfordshire, but could be higher in Essex and North London.

RATES OF GROWTH ARE DECLINING IN THE AREAS BETWEEN LONDON AND CAMBRIDGE

Even though economic performance in terms of jobs growth and GVA per head is high, parts of Essex and Hertfordshire have had lower rates of growth and productivity over many years. This means that their advantage in terms of economic performance relative to the UK average has been declining.

THERE ARE POCKETS OF DEPRIVATION AND LOW ECONOMIC PARTICIPATION

Another feature, particularly in the case of London, is the high rates of poverty and deprivation in some neighbourhoods. Despite the phenomenal rate of economic growth, jobs growth, and the high average earnings in London, the disparities in wealth and poverty are stark.

LONDON'S GROWTH

London has experienced high rates of growth in its population and economy, and these are set to continue. Almost one million additional residents are forecast from 2011 to 2036, with an additional 860,000 jobs. The vast majority of these jobs – 800,000 – will require qualifications at degree level or higher.

It is projected that London will be able to supply 560,000 residents qualified to degree level or higher over this timescale, which begs the question of where the 340,000 additional employees will come from. In addition, further impacts in terms of transport demand and pressures on local housing markets are likely.

WHAT IS THE ECONOMIC RELATIONSHIP BETWEEN LONDON AND SURROUNDING AREAS?

What is perhaps surprising is there is relatively little analysis of the functional relationships between London and the localities within the Corridor that lie outside the M25. A lot is known about commuting patterns, but little is known about how London's role as a world city or the functions that London supports help underpin economic success more widely within the Corridor. There is little analysis of how local businesses in the Corridor operate within London or use their presence in London as part of their corporate operations or success.



INTRODUCTION

There is much local evidence, and locally derived research and analysis that can provide insights into the work of the LSC Corridor Growth Commission. This Chapter briefly summarises the main findings and insights of note.

The focus of this section is on the opportunities and challenges identified by evidence and analysis rather than on the proposed local responses and initiatives.

CAMBRIDGESHIRE AND PETERBOROUGH

The Greater Cambridge Greater Peterborough (GCGP) LEP area comprises eight local authority areas that are solely within this LEP: Rutland Unitary Authority (UA), Peterborough UA, and Cambridgeshire County (with its five lower tier local authorities – Cambridge, East Cambridgeshire, Fenland, Huntingdonshire, and South Cambridgeshire). A further five lower tier local authorities overlap other LEP areas: King's Lynn & West Norfolk, Forest Heath, and St Edmundsbury (also in the New Anglia LEP area); Uttlesford (also in South East LEP area); and North Hertfordshire (also in Hertfordshire LEP area).

One of the most recent publications to include an analysis of key economic characteristics, challenges and opportunities is the Greater Cambridge Greater Peterborough Strategic Economic Plan (2014). The rest of this section provides a precis of key points from evidence in this publication.

KEY CHARACTERISTICS OF THE LEP AREA

DIVERSE ECONOMY: The area's diverse economy has national and international strengths in Information and Communications Technologies (ICT), creative industries, bio-medical, low carbon and environmental goods, high value engineering and manufacturing sectors.

HIGH ECONOMIC AND INNOVATION PERFORMANCE: The GCGP LEP area was placed among the 10 top performers in England. Indicators that contributed to its position included GVA per head (using Cambridgeshire and Peterborough as a proxy for the LEP area) which ranked ninth in England in 2009 at £21,700 (current basic prices); and innovation,

measured by the number of patents per 100,000 residents in 2007 (43 per 100,000 residents against an England average of 10.6).

KNOWLEDGE BASED ECONOMY: The GCGP LEP area was top ranked of all the LEP areas. Its share of employment in the knowledge economy and high and medium technology manufacturing was ninth in England, while the 'churn rate' of business formation and creative destruction ranked seventh.

THE TWO CITIES, PETERBOROUGH AND CAMBRIDGE, are major employment centres, providing 31 per cent of all employment in the LEP area on a workplace basis. Both cities support jobs for residents who live in surrounding districts and commute in. Taking the balance of net in- and out- commuting, both cities combined attract 48,000 more in-commuters than out-commuters. However, 69 per cent of employment is outside the two main urban centres. Local economies have their own characteristics, challenges and opportunities.

OPPORTUNITIES AND CHALLENGES

The following significant challenges and opportunities have been identified for the GCGP LEP area.

Challenges:

- **Infrastructural constraints** (such as transport and housing): Travel demand is likely to increase by 40% in the area to 2031 and some key road stretches already suffer severe congestion. Passenger rail use grew strongly in 2000-2009, with journeys up by 53 per cent. Broadband availability has been a weakness, with four of the LEP's 12 local authorities in the worst 20 per cent in England in terms of the 2Mbit/s broadband target in Ofcom's 2011 broadband maps.
- **Housing affordability** is a particular concern in some parts of the LEP area, and is seen as a constraint on growth. Employers can find it difficult to recruit in competition with areas where employees would be better off elsewhere through lower house prices. A shortage of available and affordable housing within reasonable journey times of key employment centres has driven unsustainable housing prices (both purchase and rental), meaning that many key workers cannot afford to live in, or within reasonable journey times of, key job sites.



- **Provision for the workforce needs of business** is regarded as inadequate to support sustainable economic growth.
- **The carrying capacity of the environment is under stress:** water supply is over-abstracted; utilities have minimal spare capacity; there is vulnerability to flood risk; and there are significant challenges of climate change adaptation.
- There is a distinctive north/east pattern of higher deprivation, along with pockets of deprivation across the LEP area.
- **There are complex issues around migration,** ranging from movement among the area's most-skilled workforce to potential future migration from outside the EU.
- **Overall, managing growth is a challenge** due to the high long term economic and population growth trends

Opportunities

- **A track record of growth:** The area has one of the highest rates of population growth in the UK over the past 20 years. Driven by economic migration, this increase is expected to continue for the next two decades. This provides considerable opportunities for further economic growth, as long as barriers can be addressed and growth is genuinely sustainable.
- **Economic resilience** during and after recession: Cambridge and its immediate neighbours have fared relatively well, being hit less hard than nationally, although some northern parts of the LEP area have fared less well.
- **High rates of labour market participation,** and a lower unemployment rate than nationally.
- **Enterprise survival rates** are consistently stronger in the LEP area than in England on average.
- **Knowledge-based economy:** the Greater Cambridge area has a European Commission Award for Excellence in Innovative Regions and contains the largest UK cluster of scientific R&D industry employment outside London.

Overall, the impressive growth record of the GCGP area combined with a lack of capacity in infrastructure has led to suppressed demand and inefficiency in the economic landscape, making it harder for firms to recruit and retain staff and to access markets. In the specific case of Greater Cambridge, it competes with Silicon Valley, Boston, Bangalore, Berlin and Singapore but is smaller and more

constrained than these areas because of these infrastructure issues. A failure to address these problems could see Greater Cambridge, and thus the UK, lose out to overseas city regions, which are investing heavily in infrastructure to attract new business and support their existing clusters.

RECENT RESEARCH ON THE CAMBRIDGE CLUSTER

Cambridge Ahead is a business and academic member group dedicated to the successful growth of the city and its region in the long term.

It has provided useful new analysis, which helps to emphasise the key characteristics and dynamics of the Greater Cambridge area. In particular, research on local businesses suggests that there are three times more knowledge-intensive firms than previously envisaged.

According to Cambridge Ahead:

- Cambridge is Europe's largest technology cluster.
- Around 54,000 people are employed by more than 4,500 knowledge-intensive firms within 25 miles of the centre, and these have grown their workforce by 7.4% per annum since 2011.
- The proportion of local company employment engaged in knowledge-intensive activities is exceptional at 30%, compared with a 12% national average.
- A total of 20,000 registered companies generate £30bn in revenue.
- Fourteen Cambridge companies have achieved a market capitalisation of more than \$1bn.
- Cambridge has nearly nine times the number of patents per head compared with the average of the next nine most innovative cities in the UK.
- Unemployment in Cambridge is a quarter of the national average and the city has the third-highest employment growth in the country (15.7% between 2004 and 2013).

Cambridge is where the UK's first 'hi-tech' company, Cambridge Consultants, was founded in 1960. In 1970, Trinity College established the Cambridge Science Park – now the UK's oldest and most prestigious science park – and within this the cluster of hi-tech companies began to grow rapidly. While 39 new companies were formed between 1960 and 1969, in the 1970s 137 were formed.



Other science, technology and business parks have followed. There are now more than 30 science and business parks or campuses within and around Cambridge.

More than 25 of the world's largest corporations have established operations in Cambridge, including Amazon, Apple, HP, Illumina, Microsoft (Research), Sanofi, Siemens and Qualcomm.

There is an impressive list of hi-tech, life science and engineering firms located in Cambridge including Abcam, Astra Zeneca, ARM, AVEVA, Bango, Cambridge Consultants, Cambridge Life Sciences, Qualcomm (formerly CSR Cambridge Silicon Radio), Domino Printing Sciences, Jagex, Marshall of Cambridge, NAPP Pharmaceuticals, RealVNC, Sagentia, Sepura, Ubisense, and The Technology Partnership (TTP).

Of these, ARM is the jewel in the crown with a market capitalisation of £16 billion. As the world's leading semiconductor intellectual property supplier, it is ranked by Forbes as the fifth most innovative company in the world. Over 95% of all mobile phones, 80% of digital cameras, most new cars, and 35% of all electronic devices contain ARM processor-based chips. Some 64 billion ARM-based processors have been shipped worldwide and 125 ARM processors are shipped every second.

ESSEX

The most recent published analysis of the Greater Essex economy is the 2010 Local Economic Assessment published by Essex County Council. An updated version is expected shortly. This includes an analysis of 'Greater Essex', comprising the County of Essex plus the unitary authority areas of Southend and Thurrock.

MAIN CHARACTERISTICS OF THE ESSEX ECONOMY

The most notable features of the Essex economy and the main lessons are summarised as follows.

GREATER ESSEX IS SITUATED on the north-east border of London, enclosed on the east by the North Sea, on the south by the River Thames, and with much of the northern border formed by the River Stour. The largest concentration of urban areas is in the south, stretching along the Thames

border, from the unitary area of Thurrock in the south-west to Southend-on-Sea in the south-east.

MUCH OF THE AREA'S ECONOMY IS CHARACTERISED BY SMALL BUSINESSES with a market that extends no more than 20 miles from their base. Around 40% have regional or national markets, while just 6% trade internationally. Nevertheless, Essex has a long and continuing history of international trade and innovation, especially across the North Sea. International trade is facilitated by ports at Harwich and Tilbury, the London Gateway Port and Stansted and Southend Airports. Innovation continues through businesses such as the Ford research centre at Dunton. Furthermore, Essex hosts the University of Essex, Anglia Ruskin University and Writtle College.

ESSEX IS WELL CONNECTED by road and rail, with the M25, M11, A12 and A13 providing the main road arteries. These corridors, apart from the M25, are matched by rail lines. Nevertheless, congestion remains a problem in parts of the county, particularly in South Essex.

CHALLENGES AND OPPORTUNITIES

- **Commuting patterns:** With substantial numbers of jobs to be created by new developments in London, the outflow of commuters from Greater Essex may grow, resulting in heavier congestion.
- **Out-migration from London to Essex and the impact on housing markets:** People moving out of London into Essex put a strain on local housing supply, particularly in South Essex.
- Priority sectors identified include:
 - > Construction
 - > Education
 - > Supporting transport activities
 - > Sale, maintenance and repair of vehicles
 - > Wholesale and commissioning trade
 - > Health and social work
 - > Hotels and restaurants
- **The financial services sector is a big employer** and Greater Essex provides many of the back office functions for leading lights in the financial sector.
- **Knowledge intensive and innovative businesses are less well represented in Essex.** They have the benefit of providing high skilled jobs and substantial added value.
- Businesses identified the following factors as affecting their performance, which are within the scope of the public sector to influence:
 - > Business rates



- > Traffic congestion
- > Parking (cost and availability)
- > Availability and cost of finance
- > High cost of local housing
- > Poor public transport
- > Lack of skilled labour
- In addition, businesses identified the following main priorities for public investment:
 - > Improved telecommunications (IT/ICT, high speed broadband)
 - > Transport (reliability, road network, lower cost, road/pavement maintenance)
 - > Energy supply (improvement, lower cost, consistency)
- **Three areas of Essex – Basildon, Harlow and Tendring – have levels of child poverty** above the national average. Elsewhere in Essex levels are lower but remain a cause for concern.
- **Parts of Greater Essex (including wards within Harlow, Basildon and Tendring) suffer from deprivation across multiple measures.** Social, economic and environmental regeneration are vital to support not just neighbourhoods, but the vitality of adjoining areas.

ISSUES HIGHLIGHTED AS IMPORTANT

- **In rural Essex, the absence of high speed broadband** (considered very important or important by 74% of rural businesses) and/or mobile phone reception (considered very important or important by 77%) are significant barriers to economic growth.
- **Only 6% of Essex businesses trade internationally.** These and other businesses with international potential may benefit from focused support. In order to succeed in the new economy, businesses must begin to compete internationally. Essex's business support infrastructure needs to encourage international trade.
- **Essex has a high rate of business start-ups.** However, both the start-up and survival rate vary substantially across the county. Where start-up rates are high, there may be merit in focusing support on improving viability and supporting innovative practice. Elsewhere, it might be more appropriate to encourage self-employment.
- **The gap between the average residence-based and workplace-based earnings in Essex stands out** as a significant characteristic of the area. This may reflect generally higher wage levels in London and/or higher skills (and hence higher wages) held by London commuters.

- **Despite recent improvement, Essex suffers from poor educational attainment in schools:** nearly half the county's 16-year-olds leave statutory education without five or more GCSEs including English and Mathematics.
- The vast majority of Essex businesses do not have a training/HR plan.

HERTFORDSHIRE

Two source documents provide the most recent insights into the characteristics of the Hertfordshire economy and its challenges and opportunities: the 'Hertfordshire Economic Outlook 2013' and Hertfordshire's Strategic Economic Plan, 'Perfectly placed for business: A strategy for Smart Economic Growth in Hertfordshire 2013-2030'.

INTRODUCING HERTFORDSHIRE

The County of Hertfordshire has a population of 1.1 million and an economy worth £24.1 billion. Hertfordshire is the 19th largest Local Enterprise Partnership area by population size, and the 15th largest by size of its economy. It has high rates of entrepreneurship, some outstanding industries and employers, and is well placed in its infrastructure connections and access to the London economy.

ECONOMIC PERFORMANCE

Hertfordshire continues to rank highly for economic output per capita, but on current trends will fall outside the top 10 LEPs by 2021. Hertfordshire has demonstrated resilience to the recession, experiencing a smaller recession and recovering more strongly than the national average. Hertfordshire's total employment levels appear to have hardly been affected.

Of more serious concern is Hertfordshire's long term economic trajectory. Hertfordshire ranked seventh among the 39 LEPs in terms of economic output per capita in 2012, slipping from third place in 2009. On current trends, Hertfordshire will rank tenth for economic output per head by 2022. The county's ten year average rate of economic growth from 2001 to 2011 was the second lowest of the 39 LEPs.

Hertfordshire's productivity is higher than the national average, but productivity rates relative to the national average have declined over the past decade, reflecting the county's declining rate of economic growth. Hertfordshire's



productivity is above the average for the UK and for England, but is below that of London and Berkshire, Buckinghamshire and Oxfordshire. The county's relative productivity performance has declined consistently since 2004.

ENTERPRISE, INDUSTRY AND INNOVATION

Hertfordshire has a high rate of entrepreneurship, with its 46,485 enterprises equating to 42 per 1,000 residents. Over the four years from 2006 to 2010, business start-up and closure activity (the 'business churn rate') was higher in Hertfordshire than nationally. Self-employment is also higher in Hertfordshire, representing 11.1 per cent of working-age residents - above the England average of 9.7 per cent, and higher than several peer LEP areas.

A DIVERSE RANGE OF INDUSTRIAL SPECIALISMS

Hertfordshire has an above-average share of employment in several industries. These include wholesale and retail (20.8 per cent of total employment); information and communications (5 per cent); professional, scientific and technical activities (10.4 per cent); and administrative and support service activities (12.9 per cent). Industrial specialisms include specialist manufacturing and R&D, wholesale activities, construction, software and business services.

HERTFORDSHIRE PERFORMS WELL ON INNOVATION MEASURES AND HAS AN EXPANDING SCIENTIFIC AND ENGINEERING WORKFORCE

The county ranks highly on patent applications, with 8.3 patents per 100,000 residents in 2011. It has a higher share of employees in knowledge-intensive and high and medium technology manufacturing.

A significant and growing share of Hertfordshire residents are employed as science, research, or engineering professionals and associate professionals. Altogether 42,500 residents worked in these professions in 2011, accounting for 13.5 per cent of the working population and significantly higher than peer LEP areas. There has been a high rate of growth, with the number of residents in these occupations increasing by +28.5 per cent, or +9,400, over the ten years to 2011.

LABOUR MARKET PERFORMANCE

Hertfordshire has very high rates of economic participation and the highest employment rate of the 39 LEPs.

Hertfordshire has experienced weak jobs growth over the past ten years, ranking 30th of the 39 LEPs for its ten-year jobs growth record. Over the past decade the total number of jobs in Hertfordshire grew by 1.9 per cent, well below the 5.6 per cent growth across England, and 9.4 per cent growth in London.

Hertfordshire's impressive qualifications profile reflects the highly-skilled jobs undertaken by its residents. In the year to June 2013, over half (51.7 per cent) of residents were employed as managers, professionals or associate professionals - higher than the England average of 44.4 per cent and the fifth highest of all 39 LEP areas.

Hertfordshire has a highly qualified population, with 40.4 per cent of 16-64 year olds qualified to at least Level 4 (degree level).

Hertfordshire's high rates of population growth are forecast to continue. In the ten years to 2012, the number of people living in the county grew by 8.5 per cent to 1.1 million. Between 2011 and 2021 Hertfordshire's population is forecast to increase by 10.2 per cent, higher than England's average growth of 8.6 per cent.

The unemployment rate is low. In the year to June 2013, 5.5 per cent of all 16-64 year olds in Hertfordshire were unemployed, well below the England average of 8 per cent and the sixth lowest rate of all 39 LEP areas.

HERTFORDSHIRE'S STRATEGY: ADDRESSING LONG TERM PERFORMANCE ISSUES

As Hertfordshire's Strategic Economic Plan explains, performance has been 'good... but not great', yet there are 'major opportunities'. Pages 4 and 5 of the plan summarise the key points:

Good...

On most national benchmarks, Hertfordshire's economy looks good. Analysis suggests that Hertfordshire has the fourth most resilient economy among England's 39 LEP areas; and on this composite assessment, it scores particularly strongly with regard to its people.



On the headline indicator of economic well-being – gross value added per capita – it is ranked fourth among LEP areas. Moreover, employment rates are relatively high; unemployment rates are generally low; and on qualification-based metrics, Hertfordshire's skills base is outstanding.

So Hertfordshire certainly does have a good local economy. It also has a relatively large one: around 50,000 businesses collectively generate GVA to the value of £26bn, and within the county there are currently around 600,000 jobs.

...but not great

But dig beneath the surface and the picture is less sanguine. Evidence suggests that the county's apparently strong performance is, essentially, an historic legacy and a result of growth in the mid- to late-1990s – at which point its growth trajectory was spectacular.

Subsequently, the overall narrative has been mediocre. It is, for example, telling that between 2006/07 and 2011/12, the stock of commercial floor space (B Use Class) within Hertfordshire declined by almost 100,000 sq. m.

Analysis suggests that:

- Hertfordshire's growth performance in terms of economic output since 2001 has been overshadowed by that of its neighbours, particularly London and Cambridgeshire
- Jobs growth in Hertfordshire has been modest in recent years: even before the recession, some districts saw an overall decline in private sector employment
- Hertfordshire's growth model has been different from that in London. The latter has combined high GVA growth with low employment growth (by losing lower productivity jobs to lower cost destinations and replacing them with higher productivity jobs).

The consequence has been that in relative terms, Hertfordshire has slipped. The result is that Hertfordshire's economy is under some pressure. House prices are very high indeed – certainly in relation to what those employed locally can afford to pay.

...MAJOR OPPORTUNITIES

Hertfordshire has a tremendous endowment which ought to provide a foundation for future economic growth.

Uppermost within this is a working-age population of whom over 40% are qualified to degree level or above.

The county is home to some leading edge knowledge-based businesses. Specifically, GlaxoSmithKline has a significant Hertfordshire presence (pharmaceuticals), as does EADS Astrium (satellites and space), Imagination Technologies (multimedia and communication technologies) and Johnson Matthey (speciality chemicals). More generally, over 50% of Hertfordshire's businesses are 'knowledge intensive' – a figure ten percentage points above the UK average.

In addition, through Rothamsted Research, the county has research expertise in plant-based bioscience; through BRE, it is leading the way in sustainable construction; and through Clare Hall, it has a major medical research facility.

What sets Hertfordshire apart is its location at the geographical heart of the UK's Golden Triangle. This links London in the south with Oxford to the west and Cambridge to the east. This area hosts a very significant proportion of the UK's current – and prospective future – knowledge-based intellectual assets and 'horsepower'.

On most national benchmarks, Hertfordshire's economy looks good.

More generally, Hertfordshire abuts a genuine world city and one which is growing very quickly. A report produced recently by GLA Economics suggests that between 1997 and 2010, London's share of headline GVA in financial and insurance activities rose from 41% to 47% of the UK total, while that in professional, scientific and technical activities increased from 32% to 36%.

Hertfordshire is also superbly located in relation to the rest of the UK. Both the east and west coast mainline rail services pass through the county, while the county also hosts radial motorway routes from London including the M1 to Milton Keynes and Leeds, A1(M) to Peterborough and York, and M11 to Cambridge.



LONDON

RECENT ECONOMIC PERFORMANCE

The Greater London Assembly's publication, 'London's Changing Economy Since 2008' provides a good summary of the key aspects of recent economic performance:

- **London contributes an increasing proportion of national economic output.** In 2013 London's GVA accounted for 22.2 per cent of the UK's total, up from 18.9 per cent in 1997 and 20.9 per cent in 2008.
- **Economic growth rates are much stronger than nationally.** London's growth since 2008 has been stronger than the UK's. Its GVA has increased by 18.2 per cent in nominal terms (i.e. without taking account of inflation), against 11.4 per cent for the UK.
- **If London were a sovereign state, it would be the eighth largest economy in Europe.** On the available data from Eurostat, London would have been the eighth biggest European economy, a position it has maintained from 2008 to 2013.
- **Higher-than-national growth rates have continued since 1997.** Between 1997 and 2008 London grew at an average annualised nominal rate of 6.2 per cent, against 5.2 per cent for the UK, while from 2008 to 2013 London grew at an annualised rate of 3.4 per cent, against 2.2 per cent across the UK.
- **Productivity in London grew at a slower rate than the UK as a whole between 2008 and 2013,** with the average annualised output per hour worked growing by 1.7 per cent in London and 1.9 per cent nationally - a reverse of the situation between 2004 and 2008. This perhaps reflects faster growth in workforce jobs in London than in the UK as a whole.
- **London hosts 5.5 million jobs, with employment growing faster than nationally.** In 2014, there were around 5.554 million jobs in London, a 5 per cent increase compared with 2013 and 12 per cent higher than the pre-recession peak in 2008. This compares with a UK-wide rise of 3 per cent from 2013, around 4 per cent above the pre-recession peak in 2008.

LABOUR MARKET PERFORMANCE

- **The employment gap between London and the whole of the UK has narrowed.** The employment rate in London increased to 71.2 per cent in 2014 from 69.1 per cent in 2008, narrowing the gap in employment rate

performance between London and the UK to 1 percentage point.

- **London's unemployment rate was 7 per cent in 2014, against 6.2 per cent for the UK.** However, the gap between London and the UK narrowed from 1.6 percentage points in 2009 to 0.8 in 2014. The inactivity rate in London was around 23.3 per cent in 2014, a 3.3 percentage point fall from 2008 and only 0.5 percentage points higher than for the whole of the UK.
- **Earnings are higher than across the UK.** Median gross hourly earnings for full-time jobs in London are 31.5 per cent higher than the UK as a whole, at £17.29 per hour. For part-time jobs, the difference between London and the UK is not as great, at 15.6 per cent.

POVERTY

- **There is significant poverty in London.** Averaged over the three-year period from 2011/12 to 2013/14, around 2.2 million people, or 27 per cent of all those living in London, were in poverty. More than a third of all London's children are in households with income below the poverty line. The poverty rate for children in London, after housing costs, stands at 37 per cent, and remains substantially higher than for any other region. Around 300,000 children in Inner London are living in poverty, with a further 400,000 in Outer London. The Inner London child poverty rate remains significantly higher than any other region, at 46 per cent.

HOUSE PRICES

- **House prices in London have grown sharply since 2008.** Median house prices have increased by 40.4 per cent, 24 percentage points higher than the next highest region (South East). Median house prices vary widely by borough, with the highest being Kensington & Chelsea (£1,195,000), and the lowest Barking & Dagenham (£215,000). All 33 London boroughs have median prices higher than the England median house price of £198,000.



MAIN CHALLENGES AND OPPORTUNITIES

The latest economic strategy for London is the 'Jobs and Growth Plan for London' (April 2013).

A number of key points are made about London's strengths, opportunities and challenges.

Strengths:

- London is the powerhouse of the UK economy. With GVA nearly six times larger than Wales and more than twice that of Scotland, the capital's economy is even larger than that of many European countries, such as Switzerland and Sweden or Denmark and Portugal's combined.
- London is a global city, where businesses from around the planet choose to make their home. It is a city where people come to work and learn and where businesses choose to start up, set up their global headquarters and more importantly grow.
- This is a city where business is synonymous with success: a city where £12 billion of new office development is planned in the coming years; one which already attracts three times more headquarters than any other city in Europe; and which is repeatedly voted Europe's best city to do business in.
- London is leading the way in financial services, creative industries, and science and technological activities. With the promise of investment, growth and financial and creative returns, London is where ambitious businesses come to prosper and flourish.
- It is also a city where people choose to live and work. London is powered by more people than any other city in Europe and in 2016, there will be 8.6 million living in the capital with many more choosing to commute in for work from across the wider south east and further afield. In an international context, the capital will grow faster than New York between now and 2020, increasing by almost one million people.

CHALLENGES

The capital has little spare aviation capacity, with no solution in sight to this highly publicised problem.

- Housing is very expensive.
- Significant pockets of deprivation, worklessness and economic underperformance are juxtaposed with highly successful, agile and profitable labour markets.

- The residents of many boroughs often do not have the skills or opportunities to share in the successes of markets adjacent to them.
- Over 26 per cent of London falls within the most deprived 20 per cent of England. Five of London's boroughs (Tower Hamlets, Islington, Haringey, Newham and Hackney) linger stubbornly within the top twenty most deprived areas in England. A further five boroughs in London have the worst child poverty rates in the UK, although they are not all the same boroughs as those with the highest levels of deprivation; Tower Hamlets (42 per cent), Islington (34 per cent), Barking & Dagenham (31 per cent), Westminster (30 per cent) and Hackney (30 per cent).
- Different socio-economic groups also face greater challenges than others in finding employment. The lone parent employment rate is a worrying 21.8 percentage points below the London average employment rate, and 11.8 percentage points below the equivalent UK rate (four-quarter average to March 2012).
- In addition, the employment rate for disabled Londoners is 23.5 percentage points below the London average employment rate and 3.3 percentage points below the equivalent UK rate (12-month average to March 2012).
- Black, Asian or Minority Ethnic (BAME) groups also face greater challenges in competing for jobs in the capital. Currently BAME employment is 8.9 percentage points lower than the London average at 59.1 per cent. This is marginally higher than the equivalent BAME rate for the UK, which stands at 58.9 per cent (12-month average to March 2012).

OPPORTUNITIES

- Despite these challenges, London remains a city of incredible opportunity. London is the city of choice for thousands of companies from all over the world, seeking locations and premises to conduct business from. Over 800,000 private businesses are located within London's 33 boroughs, accounting for 15.8 per cent of all jobs in the UK (5.1 million in July-August 2012). This is not just a story of big business; small (including micro) and medium sized enterprises (SMEs) account for 99.8 per cent of firms in the capital and nearly 50 per cent (2.3 million) of jobs.
- Throughout the recession the growth of workforce jobs in London has outstripped growth nationally. London's employment rate is now over 70%, the highest it has



been in the past three years. The capital has created 326,000 net new jobs over the last five years despite the largest fall in output in a generation. By 2020 the net requirement or total number of job openings is expected to be more than 2.2 million.

- Over the last century London's labour market has transformed itself. The past 30 years has witnessed the steady decline of manufacturing – once the bedrock of the economy – to be replaced by a significant expansion of professional and business support services. This seismic shift away from an industry-heavy market has resulted in a service based economy specialising in finance and insurance services; professional, scientific and technical activities; information and communication; real estate; and business support services.
- Competition, innovation and openness to trade have all contributed to the structural change, encouraging domestic resources to shift from less productive to more productive uses.

KEY PROJECTIONS

Growth projections are significant:

- London's working-age population (aged between 16 and 64) is projected to increase from 5.7 million in 2011 to over 6.6 million by 2036.
- The number of jobs in London is projected to increase from 4,896,000 in 2011 to 5,757,000 in 2036. This equates to annual average growth of just over 35,000 jobs per year, bringing more than 850,000 extra jobs to London by 2036.
- Over the same period, job losses are expected in manufacturing, wholesale, transportation and storage, and public administration activities.
- The employment projections show an increase of 800,000 in the number of jobs requiring degree level or higher qualifications between 2011 and 2036.
- The number of London residents qualified to degree level or higher and in employment is projected to increase by 560,000 between 2011 and 2036.





LONDON STANSTED CAMBRIDGE CORRIDOR GROWTH COMMISSION

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