LONDON BOROUGH OF WALTHAM FOREST
LOCAL ECONOMIC ASSESSMENT
NOVEMBER 2010
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1. **INTRODUCTION**

This document is the Local Economic Assessment (LEA) for Waltham Forest. It is based primarily on the research and analysis of relevant data sources and other information to provide an understanding of the Waltham Forest Economy: its strengths, weaknesses, its potential and challenges. The findings, interpretive analysis and emergent issues of particular salience to the Council and its partners are described. The structure of the LEA is set out below.

**Figure 1.1: LEA Description**

The LEA will enable the Council to play an informed and significant role, together with its partners, in promoting economic development in the borough. It provides an opportunity for the Council both to better understand and to inform the strategic direction for economic development in the area, and introduce a better understanding of the economy to other local strategic documents, and to start to set out the business case for investment in the local economy.

**1.1. What is a Local Economic Assessment?**

As a single tier ‘strategic’ local authority, London Borough of Waltham Forest was placed under a statutory as of 1 April 2010 to conduct a Local Economic Assessment (LEA). The purpose of an LEA is to provide an analytical narrative on the broad range of factors - economic, social and environmental – that are deemed important for the future sustainable growth of the borough.

The LEA comprises a number of sections (outlined above), but is principally supported by a wide range of data – the evidence base, which includes some future scenarios for key data sets. The narrative of the LEA distills this data to tell a shared ‘story of place’ through the synthesis of data and evidence across a range of themes.
The LEA is intended to provide a sound understanding of relevant economic conditions, business dynamics and socio-economic characteristics, and how these elements interact and how they affect the borough’s residents, businesses and communities.

1.2. Method Statement

The ambition of this assessment is to truly inform future strategies and plans for LB Waltham Forest and its partners. It draws upon a number of key information sources - including government data. Critically, however, government data, whilst a very useful and robust starting point and certainly of value here, does not deliver the detailed economic intelligence wanted and in particular is limited in terms of robustness and detail at the local and sub-local level.

To remedy these limitations, this assessment draws upon Trends Business Research’s unique business dataset, Trends Central Resource (TCR), which complements government data but adds significant local detail. This approach has enabled analysis of location, levels of employment, productivity, and inward investment in Waltham Forest, and in the four ‘regeneration’ areas of the borough which have been identified for additional analysis. Data has been combined with intelligence gathered from local stakeholders to ensure that the assessment is robust.

The approach reflects the government’s Local Economic Assessment guidance, and includes:

- Economic linkages – principally investigating travel-to-work patterns.
- Structure of the local economy – mapping ‘hot spots’, individual business clusters of importance, and patterns of growth.
- Business needs – including an assessment of spatial demands for business.
- Low Carbon Economy – identify the extent to which this sector is developed within and around the Borough and the businesses that make up this emerging sector.
- Overall economic competitiveness of the area.

1.3. Project Phases

The assessment process has consisted of a five phased approach (with some elements running concurrently) as follows:

**Phase 1 – Inception and Project Management**

An inception meeting was held with the client team, where the outputs for the project were double-checked and agreed.

A timetable of all client meetings, general communications and meeting arrangements was agreed and condensed into a Project Initiation Document, which served as a plan for delivery of the Local Economic Assessment.

**Phase 2 – Evidence Base**

As a first step, a half-day workshop was held with the Waltham Forest Strategic Land Use Group and a number of other representatives from key sections within the Council – including planning, economic development, housing, regeneration and policy. This workshop secured ‘buy-in’ to the full economic assessment process, and helped convey the future value of it.

A technical workshop was also held among Council staff to achieve agreement on the scope of data to be included in the evidence base development process. The evidence base was then developed according to the agreed scope (see appendix x), and was synthesised into an Evidence Baseline report.
Phase 3 – Consultation and Engagement

In order to supplement emerging data set with qualitative information from local businesses, the assessment included two key consultation activities:

- An online survey of local businesses – this survey was conducted online from a combined database of TCR data, the LB Waltham Forest National Non-domestic Rates records, and North London Business data. A significant sample of businesses were contacted (over 4,500), and this sample was supplemented by publicity in the local paper and business publications.
- Stakeholder consultation – this compromised of a number of interviews with representatives of key partners and local businesses, including presentations and Q&A sessions with local business forums.

Phase 4 – Analysis

The Local Economic Assessment is based upon an applied and interpretive analysis of the data generated from phases 2 and 3 of the project.

In this assessment process, we have sought to validate the evidence against a set of key considerations for the borough, which include local strategic and political priorities, and important developments in central and regional government.

Phase 5 – Worklessness Assessment and Work and Skills Plan

Worklessness Assessment

The state of worklessness in Waltham Forest is of critical importance. This phase of the project looked in depth at the evidence and causes of worklessness in the borough, and developed an assessment of the critical issues that the Council and partners need to consider. The process also looked at the latest policy developments and how they will impact upon delivery of worklessness services in Waltham Forest.

Work and Skills Plan

Following the Worklessness Assessment, key emerging messages have been identified to be addressed by London Borough of Waltham Forest and partners in the coming years. Given the uncertainty surrounding public funding following the Competitive Spending Review announcement in October 2010, the Work and Skills Plan element of the LEA has been included in headline form.

Phase 6 – Reporting

The findings of the assessment are to presented to local stakeholders and to London Borough of Waltham Forest Cabinet.

2. STORY OF WALTHAM FOREST

2.1. Narrative Summary

Waltham Forest has a population of 227,000 (GLA 2009), which, after a period of stagnation in the early part of the decade, has seen modest growth since 2006. The population is expected to grow by up to 14,000 over the next two decades. It is a relatively young and diverse borough, and generally post-industrial in character.
The overall picture in employment terms is of Waltham Forest mainly playing a supply role in an inter-connected London economy. The relationships between the borough and London-wide employment hubs and the jobs market of the rest of London is clear: Around a third of the boroughs workforce (32,000) work in central London, and a further third work in outer London, but outside the borough. An estimated 31,261 Waltham Forest residents live and work in the borough.

The main occupations for borough residents working outside the borough are in higher end occupations (senior, managerial and professional roles), and administrative roles. These roles are not found in large numbers within the borough. This supply role for the borough is not unusual – GLA research shows that all outer London boroughs show a net outward employment migration. This role will continue to be important in the coming years.

Despite its relative proximity and national importance as an employment hub, Canary Wharf is not as strong an employment destination for Waltham Forest residents as would be expected, with less than 2% of jobs for borough residents. Tower Hamlets as a whole is actually less significant as an employment destination for Waltham Forest residents than either Hackney, Haringey or Enfield. This may be, in part, explained by the relative lack of connectivity on the north-south axis in Waltham Forest, which makes travel to Canary Wharf and – importantly, given its future importance – Stratford less straightforward than travelling to the City or Westminster.

While it is difficult to absolutely define a functional economic area for an outer London borough, there is evidence to suggest that the pattern of interaction in the labour market shows that Waltham Forest is more closely related to Enfield and Redbridge, than its neighbouring boroughs to the south – which tend to operate more within the central London labour market.

### Key Point: For Waltham Forest – the borough and its five immediate neighbours – provide 52% of jobs for Waltham Forest residents. These six boroughs can be considered as the ‘local’ jobs market. (ONS 2009) Data analysis. What is the borough’s optimum proportion of jobs in the borough?

### Key Point: Waltham Forest is reliant on external employment opportunities, both in terms of numbers of jobs available and for higher level occupation employment opportunities. (ONS 2009) Two thirds of jobs for residents are outside of the borough. Only personal services and skilled trades have a greater or equal proportion of jobs available within Waltham Forest. Shaping the local strategy to reflect external availability (including job growth in nearby hubs), and shaping internal development policy accordingly.

### Table 2.1.1: FEA Analysis

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Evidence</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>One third of the borough’s employed have jobs in Waltham Forest, one third in central London and one third have jobs elsewhere (mainly in neighbouring boroughs).</td>
<td>(ONS 2009) Data analysis.</td>
<td>What is the borough’s optimum proportion of jobs in the borough?</td>
</tr>
<tr>
<td>How to define the Waltham Forest Functional Economic Area?</td>
<td>(ONS 2009) Over half (52%) of the boroughs employment is within its immediate neighbours.</td>
<td>Is it Enfield and Redbridge, the Host boroughs, neighbouring boroughs, or a combination of these?</td>
</tr>
<tr>
<td>Waltham Forest is reliant on external employment opportunities, both in terms of numbers of jobs available and for higher level occupation employment opportunities.</td>
<td>(ONS 2009) Two thirds of jobs for residents are outside of the borough. Only personal services and skilled trades have a greater or equal proportion of jobs available within Waltham Forest.</td>
<td>Shaping the local strategy to reflect external availability (including job growth in nearby hubs), and shaping internal development policy accordingly.</td>
</tr>
</tbody>
</table>
Key Issue | Evidence | Challenge
--- | --- | ---
The GLA anticipate a change in the dynamics of the London economy, to become less orientated towards the centre. | GLA research into interconnectivity of outer London boroughs with net outward employment migration. GLA anticipate an increased rate of employment creation in outer London. | This is a key message for Waltham Forest, and should be a key pillar of emerging strategy, as it provides justification for the borough’s future growth plans.

Business and economy

An under-performing economy...

As an economy, Waltham Forest underperforms: It is the smallest economy of all the London boroughs, worth an estimated £1.5bn per annum, and has the capital’s lowest total business rate receipts. The size of the economy decreased in the recession by around 12%, although the contraction in the Waltham Forest economy was less than the London, host borough and national averages. Despite this employment actually increased in Waltham Forest from 2006 to 2009, by 1.3%, and totalled 63,480 in 2009. This employment increase, while small, occurred when neighbouring boroughs lost 4.8% of jobs and London lost 7% of its jobs.

Key Point: Waltham Forest has seen modest jobs growth – counter to local, regional and national trends.

The reason for this relative over-performance lies in the local economic structure, which has the largest proportion of employment (34%) in the public sector, and has been one of the key growth sectors for Waltham Forest in the past three years. As more borough residents work in the public sector outside of the borough, the over-reliance on public sector jobs may be a significant issue with major public spending cuts in prospect.

Key Point: Over-reliance on public sector provides risk of future job losses

There has also been strong private sector growth in certain sectors, most notably in security and business services. Food is an important cluster, and the borough’s role as a critical supplier to the growing London market has led to small increases in employment in that sector. Construction is another key sector for the borough, and the concentration of jobs in micro-size (predominantly ‘zero class’ or self-employed) Businesses, has meant that the decline in construction sector activity in recent years has not resulted in major jobs losses within this sector in Waltham Forest. Despite jobs growth, the relatively small size of the economy is due to low numbers of jobs, and the value of those jobs. Essentially, the borough remains a fundamentally low-value economy.

Key Point: Waltham Forest is a low productivity economy.

In 2009, productivity per worker (based on jobs in the borough) is just £23,000 per annum, which is 21% less than the next least productive borough among its neighbours – Newham, and is significantly less than the London (£35,400) and UK (£34,300) average. This poor productivity is due to the over-representation of low-value employment in the borough. The main sub-sectors that have a GVA below the borough average are hospital activities (3,875), general retail (3,355), primary education (3,326), industrial cleaning (2,358), social care (3,040), secondary education (1,879), labour recruitment (1,602), wholesale of fruit and vegetables (1,191), restaurants (1,178) and sports arenas (1,070).

Manufacturing which is a significant sector for Waltham Forest is reasonably productive averaging £32,000 per worker, well above the borough average but 10% below the London average.
Manufacturing in the borough does, however, include some sub-sectors that are more productive, and also some that represent a relatively significant proportion of that specific industry nationally, including the manufacture of soaps and perfumes, and office machinery. The under-representation of business services and, in particular financial services in the local economy is a critical factor behind low productivity. Financial services only provide 1% of employment in the borough, which is around a seventh of the London average.

There are a number of key clusters in the borough...

There are 25 clusters of business activity in Waltham Forest, which provide around 40,000 (or two-thirds) of its employment and amount to two thirds of firms in the borough – the most important of these in terms of employment and numbers of businesses are in Food, Medical, Security, Construction, Logistics, Textiles, and Education. Employment in these clusters increased on average by 4.1% since 2006, out-performing other sectors as well as the Host Boroughs, London and national comparisons for the sectors.

Table 2.1.2: Top Clusters in Waltham Forest (Firms/Employment/Productivity) 2010

<table>
<thead>
<tr>
<th>Number of Firms</th>
<th>Total Employment</th>
<th>Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>Security</td>
<td>Logistics</td>
</tr>
<tr>
<td>Food</td>
<td>Food</td>
<td>Digital and ICT</td>
</tr>
<tr>
<td>Public</td>
<td>Medical</td>
<td>Creative</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction</td>
<td>Professional Services</td>
</tr>
<tr>
<td>Textiles</td>
<td>Public</td>
<td>Office Machinery</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>Care</td>
<td>Construction</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Sport</td>
<td>Soap and Perfumes</td>
</tr>
<tr>
<td>Care</td>
<td>Health and Beauty</td>
<td>Printing/Books/Newspaper</td>
</tr>
<tr>
<td>Creative</td>
<td>Textiles</td>
<td>Power</td>
</tr>
<tr>
<td>Printing/Books/Newspapers</td>
<td>Consumer Goods</td>
<td>Jewellery</td>
</tr>
</tbody>
</table>

However, the three most important clusters (by number of firms) in the private sector – food, construction and textiles – all saw a decrease in business stock between 2006 and 2009, and construction and textiles both saw job losses over that period. These sectors remain relatively well-represented but on average they under-perform the borough’s average productivity. Of the big employers, only Construction (with £51,000 GVA per capita) is more productive than the borough average. However, many of the smaller clusters in employment terms – logistics (£81,000 GVA per capita), Digital & ICT (£58,000 GVA per capita), Creative (£54,000 GVA per capita), and professional services (£51,000 GVA per capita) are relatively productive.

Key issue: Should the borough try to develop clusters with a higher volume of jobs or develop clusters that are more productive?

In terms of structure, smaller firms predominate...

It is popularly held that Waltham Forest is dominated by small businesses. These are firms employing less than 50 people (with those firms employing 10 or less people known as micro-businesses). While it is certainly true that small and micro-businesses are in an overwhelming majority in Waltham Forest, the proportion - 96.5% - is only around 1% above the proportion in any of the comparators. The obverse is that Waltham Forest has a relative shortage of large employers which is highly consequential on the relatively low supply of jobs in the borough. The importance of large employers is illustrated by the fact that the top 20 employers in Waltham Forest provide 15% of jobs in the borough, and 2.6% of employers provide 50.1% of jobs in the borough.

Key Point: Waltham Forest has a higher proportion of small businesses than London, the Host Boroughs and North East London, and a relative paucity of large employers.
In all comparator areas – Host Boroughs, North East London, London and nationally, large firms (employment 200+ people) employ the majority of the workforce. In Waltham Forest, this is not the case. Micro-businesses (employing 10 people or less), provide over 27% of the jobs and are the most important set of employers in the borough.

There are 10,024 micro-businesses in Waltham Forest (two-thirds of the business stock), the majority of which are in the construction sector. Another important cluster consisting almost entirely of micro-businesses is the creative cluster, which includes over 860 businesses, although the number decreased slightly in 2009. The borough also has over 500 software consultants, almost all operating on a self-employed basis.

Despite the importance of small businesses, the borough is, on the measure of self-employment, less entrepreneurial than the London average. Self-employment as a proportion of the working age population has decreased steadily over the past three years, and is now significantly below the London and Host Boroughs average.

**Key Issue:** Despite the predominance of small business, there is a need for the borough to become more entrepreneurial.

The low numbers of large employers is a critical issue for the borough: Large employers usually provide most of the jobs in an area, they generate wealth at a larger scale and are an overt representations of business activity in the local area. In attracting large businesses to move to Waltham Forest the borough is in competition with other destinations, notably at Canary Wharf, Stratford and other parts of Newham.

**Key Issue:** A low numbers of large – private sector – employers, and the challenge to match the attractions of competing places to attract inward investment and migration by such firms

While jobs are proportionately under-represented in the borough, they are fairly evenly spread, with no ward providing more than 10% of the jobs. No ward in Waltham Forest has more jobs than its working age population. This is potentially significant for the borough as – despite it having a number of active town centres, Waltham Forest does not currently have a main focus for business activity.

Access to employment is good, with fast tube and train links to the City and the West End from the key town centres in the borough. That 57% of residents use the car to get to work for journeys between 2km and 5km in length suggests that local public transport is not particularly effective for cross-borough work journeys.

**Key Point:** Employment is fairly evenly dispersed around the borough of Waltham Forest.

Most businesses in Waltham Forest are run by men, although this proportion is decreasing. Females are, however, better represented in running firms in business services, health and social care, and other/personal services. Around 20% of businesses in the borough are owned by ethnic minorities, which is higher than the London average, but proportionately less than the population profile. Business ownership by ethnicity is not specific to certain sectors in Waltham Forest.

**The borough relies on the rest of London for employment...**

In terms of employment for borough residents, 98,126 people were in work in 2008. Of these, around a third worked in Waltham Forest, a third worked in central London and a third worked elsewhere (mostly in other London boroughs). Waltham Forest therefore follows the pattern of inter-connected borough economies supplying labour to each other and the central employment core as identified in the London Plan.
The borough receives a daily in-migration of labour (mainly from neighbouring and East London boroughs) equivalent to about half its out-migration total. Without the central core, however, the daily labour migration would be more or less equal. Waltham Forest residents are more likely to work in boroughs to the west – such as Haringey and Enfield, than the reverse. The same westward bias is also true between Waltham Forest and Redbridge/Barking and Dagenham.

Unsurprisingly, the City and Westminster are the most important destinations for Waltham Forest residents, together providing around 20,000 jobs (approximately 20% of the borough’s employment). The jobs provided in these areas are mainly at three occupational levels - senior/managerial, professional and administrative. Waltham Forest residents are proportionately under-represented at the higher levels – with 11% of residents in senior/managerial and 12% in professional occupations – with the administrative occupations being of greater importance to Waltham Forest residents.

Table 2.1.3: Business and Economy Analysis

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Evidence</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over-reliance on public sector with risk of future job losses with the prospect of large funding cuts.</td>
<td>(TCR/SME 2009/NOMIS 2009). Projected public spending cuts of 25%+ per department.</td>
<td>Identifying opportunities for re-skilling, (and transferable skills), and entrepreneurship.</td>
</tr>
<tr>
<td>Waltham Forest has the smallest overall production and is the least productive borough in London</td>
<td>(TCR 2009)</td>
<td>How to increase productivity among existing and new businesses.</td>
</tr>
<tr>
<td>Under-representation in finance and business services – key sectors for growth and value-added</td>
<td>• (TCR/SME 2009) Finance provides 1% of jobs in Waltham Forest. Business services are increasing, but growth is concentrated in</td>
<td>Can Stratford ‘happen’ as a F&amp;B location? If so – can Waltham Forest compete in attracting larger firms in F&amp;B given the proximity to Stratford</td>
</tr>
<tr>
<td>Key Issue</td>
<td>Evidence</td>
<td>Challenge</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Waltham Forest has a higher proportion of small businesses than London, the Host Boroughs and North East London.</td>
<td>Waltham Forest has a higher proportion of small businesses than London, the Host Boroughs and North East London. (TCR/SME 2009)</td>
<td>Can large employer migration be achieved to rebalance this (see below)?</td>
</tr>
<tr>
<td>Micro-businesses are the most important employment provider in the borough</td>
<td>Micro-businesses are the most important employment provider in the borough (TCR/SME 2009)</td>
<td>Should the borough emphasise its role as a small business-friendly area (premises, micro-finance, support networks etc).</td>
</tr>
<tr>
<td>Despite the predominance of small business, there is a need for the borough to become more entrepreneurial.</td>
<td>Despite the predominance of small business, there is a need for the borough to become more entrepreneurial. (TCR/ONS 2009)</td>
<td>How to encourage more people – perhaps from workless backgrounds – to become more entrepreneurial.</td>
</tr>
<tr>
<td>Employment growth is not weighted towards higher value clusters.</td>
<td>Employment growth is not weighted towards higher value clusters. (TCR/ONS 2009)</td>
<td>Should the borough try to develop clusters with higher volume of jobs or clusters that are more productive?</td>
</tr>
<tr>
<td>Low numbers of large – private sector – employers.</td>
<td>Low numbers of large – private sector – employers. (TCR)</td>
<td>A key strategic question. Should the borough prioritise inward investment by such employers, and identify and develop appropriate locations for such investment?</td>
</tr>
<tr>
<td>Construction is the most important sector in Waltham Forest (on the basis of productivity, number of firms and jobs in the sector).</td>
<td>Construction is the most important sector in Waltham Forest (on the basis of productivity, number of firms and jobs in the sector). Analysis of TCR, ABI and VAT data.</td>
<td>This is forecast as a growth sector but is dominated by micro-businesses. Olympic and legacy development has the potential to sustain this sector.</td>
</tr>
<tr>
<td>Residents overwhelmingly use the car for short journeys to work.</td>
<td>Residents overwhelmingly use the car for short journeys to work. (APS 2008)</td>
<td>Contributor to congestion in the borough, which creates a less attractive business environment.</td>
</tr>
<tr>
<td>Employment is fairly evenly dispersed around the borough of Waltham Forest.</td>
<td>Employment is fairly evenly dispersed around the borough of Waltham Forest. TCR (2009)</td>
<td>Is there a need to focus on concentrating business locations in the borough, and in those areas with best public transport connections?</td>
</tr>
<tr>
<td>Forecast jobs growth in higher end occupations, where borough residents currently have a skills deficit.</td>
<td>Forecast jobs growth in higher end occupations, where borough residents currently have a skills deficit. (APS 2008) Occupational profiles and (LFS 2008) skills profiles for borough residents.</td>
<td>Increasing skills levels among the local population – including ethnic minority groups is a crucial priority</td>
</tr>
</tbody>
</table>
People and communities

This is a deprived borough, with housing issues...

In 2007, Waltham Forest was the 27th most deprived borough in England and Wales. Within the deprivation calculations, it performed particularly poorly in housing and living environment. There are around 96,500 housing units in the borough, the majority of which (90%) are houses, and around 22% of which are local authority or RSL-owned/managed, which is a far lower proportion than for the Host Boroughs. The average house price is £246,000, but the borough scores fairly highly on the housing affordability index, meaning that in comparison to average wages, houses are relatively unaffordable in the borough.

Over 40,000 people - more than a sixth of residents - live in households where all the children are dependent on a single parent, which is potentially a significant issue for the borough as – nationally – an average of 4% of those households has a parent in employment.

North-South divide...

More prosperous households tend to live in the north of the borough and less prosperous households in areas to the centre and south. The biggest concentrations of workless issues are found in Walthamstow, Leyton and Leytonstone, which collectively form the southern part of the borough and which have 30,210 economically inactive people, equivalent to around 27% of those of working age. The profile for these areas is closer to the Host Borough average, and is more reflective of an inner London borough.

Relatively low wages, but residents work longer...

Residents’ average wages are £617 per week which is over 20% lower than the London average, and below host borough averages. In 2009, however, Waltham Forest residents, on average worked longer than in any of the comparator areas.

People are economically active, but more likely to be unemployed

The borough’s economic activity rate (at 72% of the working age population) is far less than the London and national average, but above the rate of the other Host Boroughs. Unemployment in Waltham Forest was 11,700 (10.3%) in September 2009, which is a 1.2% increase since 2005. This is 40% above the London average.

The split of unemployment by gender in Waltham Forest shows a marked difference between the rate of unemployment for men (8.6%) and women (3.4%). The difference between the two rates (5.2%) is by far the largest difference in London, where the average difference is 1.4%.

Key Issue: Men are far more likely to be unemployed in Waltham Forest than women. The differential between rates of unemployment by gender in the borough is the highest in London.

The number of JSA claimants increased by 35% over 2009. This increase was slower than the London average rate of increase (43%), but marginally above the Host Borough average (32%). Given the marginal increase in local employment over that period, these increases are likely to be due to increased redundancies elsewhere in London.

The split of unemployment in the borough by ethnicity shows that claimants are more likely to be Asian/Asian British (40% of unemployed) than White (35.7%). As a proportion of the working age population of each ethnic group, 11.5% of Asian/Asian British are unemployed compared to 4% of Whites, 6.5% of Black/Black British, and 6.9% from other ethnic groups. The proportion of
unemployed for Asian/Asian British is above the corresponding rate for London (6.3%), North East London (8.3%), and the Host Boroughs (9.7%), although it is below the rate in Tower Hamlets (13%).

**Key Issue:** There are more Asian/Asian British unemployed in Waltham Forest than any other ethnic grouping. Asian/Asian British residents are nearly three times as likely to be unemployed as White residents, and twice as likely as Black/Black British residents.

Around 28% of the working age population of the borough are economically inactive – that is, they are not in employment, nor are they in receipt of out of work benefits. A member of an ethnic minority is around 50% more likely to be economically inactive than a white person in the borough. Economic inactivity in ethnic minorities is also over 50% more prevalent among women than men. Among ethnic minorities, members of the Pakistani/Bangladeshi community are far more likely to be economically inactive, with 53.5% of the working age population classed as economically inactive.

There are 30,985 residents of working age in Waltham Forest that are economically inactive and ‘do not want a job’. It should be understood that this group will include recipients of Incapacity Benefits of working age. This is an overwhelmingly female (76.1%) group, which is the most significant gender split in London. Close to a third of working age women in the borough are in this category but only a tenth – 9.6% - of working age men which is lower than the Host Borough (13.4%), North East London (11.4%) and London (10.4%) averages.

As a proportion of the working age population, 15.1% of Whites are economically inactive and ‘do not want a job’. The corresponding figure for Asian/Asian British in the borough is 34.6%, although both these figures are in line with Host Borough and North East London averages.

**Key issue:** Economic inactivity is concentrated in the Asian/Asian British population of the borough, and predominantly amongst women.

There are 1,244 Asian/Asian British in Waltham Forest that are ‘Not seeking, but wanting a job’. At 16.8% of claimants, this contrasts starkly to the corresponding rate among Asian/Asian British in Tower Hamlets (41.3%) and Newham (40.9%) and is also below the North East London average of 27.2% for this ethnic grouping. Economically inactive white residents are four times as likely to be ‘not seeking but wanting a job’ as Asian/Asian British residents.

**Key Issue:** Of those who are economically inactive, the proportion of Asian/Asian British who are “not seeking but want a job” is strikingly low.

There are economically inactive people ‘Seeking work but unavailable’ in Waltham Forest. 60.4% of these are male, which is around twice the proportion of males in this category in the Host Boroughs (31.1%) and in North East London (34%), and much higher than the London average (39.2%). Of the economically inactive ‘seeking work but unavailable’, 998 (or 80%) are under 35 years old, which is above the corresponding rates for the Host Boroughs (70%), North East London (71.4%), and London (64.3%).

**Key Issue:** The profile of those economically inactive ‘Seeking work but unavailable’ are very likely to be young and male in Waltham Forest.

The profile of the borough’s IB claimants by length of claim shows that a significant majority of claimants (63%) have been in receipt of IB for 5 years or more. Nearly a quarter of Waltham Forest claimants (24%) have claimed for 2-5 years, with only 11% of claimants being in receipt of IB for less than 2 years. This profile is almost identical to neighbouring boroughs and the London profile, although it contrasts with the national picture.

*A low-skilled borough...*
Skills levels in Waltham Forest are very low, as in most of East London. Waltham Forest ranks 377th out of 408 local areas in Great Britain on overall skills and qualifications scores. The borough is characterised by its polarised skills base: 32% of the working age population has a level 2 or below qualification while 29.3% have a level 4 or above qualification. At 18%, Waltham Forest has proportionately more residents with no qualifications than London (12%).

**Key issue:** The borough has low skills levels, which is critical to employment risk, and levels of unemployment and economic inactivity.

**Poor health in the borough...**

The health of residents is an issue in the borough, with several areas of particular concern. Life expectancy in Waltham Forest is below the national average, while the borough is ranked the 3rd worst in England and Wales for the percentage of low birth weight babies and 5th worst for the percentage for very low birth weight babies, both of which are proxy indicators for poor health and associated deprivation. There are high (but decreasing) average levels of teenage pregnancy, and mental illness is more common among the borough’s adult population than in the rest of the country. Needs are particularly high in the south of the borough, and some wards have nearly twice the average national rates of mental illness.

### Table 2.1.4: People and Communities Analysis

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Evidence</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>The total number of workless in Waltham Forest is estimated at 21,600.</td>
<td>(APS 2008, DWP 2009, plus estimation). The accepted worklessness figures do not include the proportion of IB claimants that could potentially work.</td>
<td>The Council and partners need to prepare their strategies on the basis of realistic numbers of workless people that agencies could be dealing with. In the face of a changing welfare policy from the government, the potential numbers for the borough are very significant.</td>
</tr>
<tr>
<td>Men are far more likely to be unemployed in Waltham Forest than women.</td>
<td>(APS 2008) The differential rate (5.3%) of unemployment by gender in the borough is the highest is London.</td>
<td>Generating suitable employment opportunities.</td>
</tr>
<tr>
<td>Waltham Forest has one of the largest gaps between white and ethnic minority economic inactivity rates among neighbouring boroughs.</td>
<td>(APS 2008) Ethnic minorities in the borough, in particular women from ethnic minorities, are twice as likely to be economically inactive as white residents.</td>
<td>Identifying the main drivers for this gap and measures to close it.</td>
</tr>
<tr>
<td>There are more Asian/Asian British unemployed in Waltham Forest than any other ethnic grouping. Asian/Asian British are nearly three times as likely to be unemployed as Whites.</td>
<td>(APS 2008)</td>
<td>Identifying the main drivers for this gap.</td>
</tr>
<tr>
<td>40,476 live in households where all the children are dependent on a lone parent</td>
<td>(APS 2008) Of 56,000 people living in Lone Parent homes (around 25% of the population), the majority are in a home with one parent and dependent children.</td>
<td>On average, 4% of lone parents with dependents are in work. What are their skills levels? With the prospect of more stringent welfare benefit rules where will the jobs be and what job-readiness/support and training opportunities are needed?</td>
</tr>
<tr>
<td>There is a significant</td>
<td>(APS 2008)</td>
<td>Targeting interventions.</td>
</tr>
</tbody>
</table>
Key Issue | Evidence | Challenge
---|---|---
difference between the rate of people ‘not seeking but wanting a job’ among the ethnic groups in Waltham Forest. | | 
The proportion of women economically inactive ‘not seeking but wanting a job’ is the lowest in London. | (APS 2008) | Identifying the causal factors behind female residents lack of interest in or desire for work
The profile of those economically inactive ‘Seeking work but unavailable’ are very likely to be young and male in Waltham Forest | (APS 2008) | Need to reduce the number of young males in economic inactivity.
41% of the boroughs IB claimants are making a claim on the basis of some form of mental condition. | (DWP 2009). This is the largest cause for IB claims in the borough, with approximately 3,480 currently claiming IB for mental illnesses. | Claimants are generally long-term. Workless strategy needs to fully consider impact.
The new welfare reform proposals will impact upon local delivery of schemes to tackle worklessness. In the absence of clear guidance, delivery plans need to consider the potential effects of the policy, whilst retaining flexibility of response | Emerging DWP policy analysis | Local Enterprise Partnerships offer an opportunity for local authorities to develop innovative proposals with partners – potentially to include the private sector – that best serve local priorities.

Critical Issues for the Future

**Where will the Future Jobs be?**

A critical question for the borough is where future employment will come from? In inward investment terms, the borough has under-performed in recent years. For projects originating outside the UK since 2004, the borough has secured only 0.5% of successes, with only Barking and Dagenham achieving less. The borough has fared better, however, in recorded net migrations from existing UK businesses.

**Poor prospects from forecasts...**

The two job forecast scenarios used in this assessment suggest a decrease in employment within the borough over the next 10 years. It should be noted, however, that these forecasts do not factor in potential changes from regeneration in the borough, and are predicated on very slow population increases.

Regeneration of priority areas in the borough will aim to achieve intensification of jobs in new growth industries in the borough – this will mean new employment opportunities in town centres and current industrial and commercial areas.

It is striking that the borough is very close to some of the most important sites for predicted jobs growth in London over the coming years. Stratford City will becomes a retail, business services and education hub for East London, while there are significant expansion plans for Canary Wharf and the
Royal Docks areas. The impact of the Olympics both in image and actual employment terms will be a critical driver for the borough also.

**Key Issue:** Can the borough maintain and increase employment levels among its residents through access to these employment growth areas?

### Table 2.1.5: Issues for the Future

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Evidence</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merging regeneration priorities with identification of new inward investment opportunities</td>
<td>(TCR 2009) Inward investment performance profile.</td>
<td>Can the borough create opportunities to reverse the forecast job losses?</td>
</tr>
<tr>
<td>Ensuring that there is smooth access to the London jobs market for increased numbers of unemployed and workless in the borough.</td>
<td>(GLA/TCR) Jobs forecasts for the borough are for a reduction of job opportunities, which, if true increases the need to access employment from the wider London market.</td>
<td>Need to reduce the barriers to entry. Monitoring of occupation profile of the key growth sectors for the London economy and targeting skills programmes.</td>
</tr>
<tr>
<td>How to maximise the impact of the Olympic Games in trying to address emerging worklessness priorities?</td>
<td>Priority for the Host Boroughs unit.</td>
<td>Integrating the convergence principle.</td>
</tr>
</tbody>
</table>

### 3. SUMMARY CONCLUSIONS

In this section key conclusions from the Assessment are summarised, in relation to the borough’s economic context and linkages, its business composition and character, and worklessness

**Functional Economic Area**

The identification of the ‘best fit’ for a local authority’s functional economic can help define the relevant potential markets for jobs and employment growth and consequently effect strategic objectives for regeneration and spatial planning; it can also set the scope for communication with other local authorities and strategic partners.

### Table 2.2.1: FEMA assessment summary

<table>
<thead>
<tr>
<th>FEMA Assessment Stage</th>
<th>Summary Comment</th>
<th>Indicative FEMA ‘Strategic Fit’</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labour Market</td>
<td>Significant degree of interactivity among neighbouring boroughs, but analysis based on a revised TTWA profile of 50% indicates a greater degree of similarity with outer London neighbours.</td>
<td>Enfield, Redbridge and Waltham Forest.</td>
</tr>
<tr>
<td>Housing Market</td>
<td>Clear indication of greater degree of interactivity among Waltham Forest and neighbouring boroughs</td>
<td>Neighbouring boroughs</td>
</tr>
</tbody>
</table>
The five assessment elements all suggest different definitions for the functional economic area within which Waltham Forest operates. In terms of weight, the Labour market assessment is the most comprehensive, although it conflicts with the conclusions of the GLA research which states that there are no stand-alone sub-regional labour market areas in London.

Given this point this assessment concludes that while the functional economic area for Waltham Forest is most usefully described as the five Host Boroughs, the position and role of Waltham Forest is such that it could justifiably be included into alternative sub-regional configurations of boroughs. For the borough the direction to be taken will be dependent on the nature and scale of opportunities presented, common aims and objectives on a sub-regional level and the strength of political relationships. The optimum approach may reflect the proposals being developed among East and North London boroughs regarding the formation of a Local Enterprise Partnership (as set out in the People and Communities chapter below).

Assessment of Business and the Economy in Waltham Forest

Through the assessment of the defining characteristics of Business and the local economy a number of critical questions have been considered: Can the borough ‘raise its game’, what sectors are likely to generate job growth, and will there be sufficient employment opportunities created for borough residents in coming years?

Table 2.2.2: Business and the Economy assessment summary

<table>
<thead>
<tr>
<th>Identified factor</th>
<th>Summary Assessment</th>
<th>Likely outcome for the borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predominance of small businesses (uniquely providing the largest proportion of jobs in the borough)</td>
<td>Waltham Forest has proportionately more small businesses than any of its comparator areas. It can legitimately claim to be a ‘small business borough’. There is a clear trend nationally for businesses to become smaller (driven by factors such as the internet, out-sourcing, home-working etc), and it is possible for the borough to promote its location, affordability and</td>
<td>Waltham Forest has the means and opportunity to promote small business growth in the area. The scale of growth will be dependent upon how coherent and successful future policies are. Overall, the trend would suggest that small business growth is likely within Waltham Forest.</td>
</tr>
<tr>
<td>Identified factor</td>
<td>Summary Assessment</td>
<td>Likely outcome for the borough</td>
</tr>
<tr>
<td>------------------</td>
<td>--------------------</td>
<td>--------------------------------</td>
</tr>
<tr>
<td>Development opportunities to cater for the small- and micro-business market. The borough could also adapt policies to support and encourage enterprise from within its community.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Relatively low numbers of large employers.</td>
<td>Large firms (employing 200+) are usually the major drivers of productivity in a local area. While Waltham Forest has a number of large regeneration sites, and strategic industrial locations that could locate new large businesses coming to the area, the potential for such inward investment is viewed by partners as unlikely. The Inward Investment market – particularly for Foreign Direct Investment is risk adverse, and companies will not take a chance on locating to an area without a strong track record as a business location.</td>
<td>Significant job opportunities being generated from new large employers coming to Waltham Forest is very unlikely. However, over the long term, if Stratford City can prove itself as a viable business location, then Waltham Forest may benefit from its close proximity. The Borough has, however, seen very large job increases in some business services activity, from firms within the borough (particularly the security industry). Indigenous job growth is therefore a possibility.</td>
</tr>
<tr>
<td>Jobs within Waltham Forest are fairly evenly spread throughout the borough. The borough has no identifiable employment ‘hotspot’.</td>
<td>Generally, employment ‘hotspots’ are clustered around major town centres. The absence of modern office buildings in the borough’s town centres (and the dispersed nature of offices of public amenities) is a factor in this. If the Borough can facilitate development of offices as part of its major regeneration plans (potentially to be targeted at the small business market), this may change.</td>
<td>This will depend on the council’s strategic regeneration plans, their implementation, and the state of the development market in the coming years.</td>
</tr>
<tr>
<td>Ethnic minorities are less likely to run businesses in the borough.</td>
<td>Despite a large and diverse ethnic minority population, there is a relative lack of entrepreneurialism – particularly among the Pakistani community.</td>
<td>This analysis offers the opportunity to promote enterprise among certain communities – which could have community cohesion as well as economic benefits.</td>
</tr>
<tr>
<td>Relative productivity and size of the economy</td>
<td>Waltham Forest is starting from a relatively low base, in a time of economic uncertainty. Some higher value activities exist (and are growing) in the borough. Business and professional services are also forecast to grow in Waltham Forest. While there is uncertainty around the national economy and the success of policies to ‘move London</td>
<td>Incremental growth in some higher value-added areas. Much is dependent upon the strategy and success of the regeneration programme (where opportunities do exist). The borough should keep working closely with East London (mainly Host Borough) partners, as a macro-economic change in East London is most likely to happen through the success of Stratford/the</td>
</tr>
</tbody>
</table>
Business needs have identified that there is an over-demand and under-supply of small commercial units.

<table>
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<td>Large scale worklessness – likely to increase</td>
<td>The large scale of worklessness in the borough (estimated at 21,600 people) is greater than previously understood. At a time of spending cuts, these figures are likely to increase. It is imperative that the Council works closely with key partners to maximise resources to tackle worklessness.</td>
<td>New policy changes may place a greater strain on a number of Council services at a time when resources will be extremely stretched.</td>
</tr>
<tr>
<td>Clear cultural and gender differences within workless in borough.</td>
<td>Males are more likely to be unemployed, and females are more likely to be economically inactive. Ethnic minorities are more likely to be effected by worklessness.</td>
<td>The borough should look at implementing specific programmes aimed at addressing these issues.</td>
</tr>
<tr>
<td>Large numbers of incapacity benefit claimants will be moved on to JSA</td>
<td>Up to 90% of claimants in pilot areas have had their claims discontinued or been moved to JSA. A similar scenario in Waltham Forest could see several thousand extra job seekers in the borough.</td>
<td>A higher demand for support and training assistance.</td>
</tr>
<tr>
<td>Concentrations of worklessness in South of the Borough</td>
<td>The concentrations map to areas with the highest levels of ethnic minority communities. The areas are, conversely, where the most jobs are in the borough and the regeneration opportunity areas.</td>
<td>A critical outcome of a successful regeneration strategy will be to open up new job opportunities to local people.</td>
</tr>
</tbody>
</table>

Assessment of Worklessness issues in Waltham Forest

The defining characteristics of worklessness in Waltham Forest have been analysed and, in light of forecast prospects, consideration has been given to how the borough should prepare to tackle worklessness in the face of new policy changes?

Table 2.2.3: Worklessness assessment summary

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</tr>
</tbody>
</table>
4. ECONOMIC GEOGRAPHY

4.1. Approach to defining a Functional Economic Area (FEA)

Seldom do administrative boundaries of local authorities match the boundaries of a borough economy. This has long been recognised by Government, and over recent years it has been trying to encourage local partners to identify economic linkages – particularly at the sub-regional level – to form the basis of collaborative working on common issues. The economic context – or the Functional Economic Area – within which the borough operates is therefore a key aspect of this Local Economic Assessment.

While there is no definitive guidance on how to conduct a contextual assessment of an economic area, the latest approach outlined by Government uses as the markets that Waltham Forest is in to identify the borough’s “Functional Economic Market Area (FEMA)”. The areas accordingly assessed in this section are:

- Labour Markets
- Housing Markets
- Service markets for consumers
- Administrative areas
- Transport Networks

Supply chains

The final element of the FEMA methodology is an assessment of supply chains for industry and commerce. This is not included in this assessment process as supply chains are very difficult to map as data sources for sub-regional supply chains and linkages are not readily available. A proxy for supply chain analysis could be analysis of different sectoral clusters (which is dealt with in the Business and Enterprise section), although this is not considered an appropriate approach here as it will be very difficult to differentiate localised demand-side factors from demand generated by the wider London market.

Scale

Without pre-empting the outcome of this assessment, it is necessary to try to identify patterns and linkages in economic activity (using the market analysis method outlined above) at the sub-regional level for Waltham Forest. This is principally because the scale of London renders the identification of a region-wide functional economic area impractical in policy terms. This is not to say, however, that London’s economic dynamics are not of fundamental importance to Waltham Forest. Consideration is therefore given to London’s Economic Geography and the impact of macro-factors in conducting this assessment.

The Government has recommended that, where clear economic linkages beyond their boundaries are identified, local authorities make these linkages the basis for future collaborative working and more robust economic development policy making at the strategic level.

4.2. London’s Economic Geography

Despite the financial crisis, London remains – with New York – one of the world’s top two financial centres, leading in cross-border bank lending and foreign exchange. The crisis centred on a limited area of financial services, wholesale and interbank markets and securitisation, where regulation is likely to be tighter in future. However, the sector includes many other types of financial services, such as carbon trading, which is forecast to grow considerably. It should be noted that while financial
services is a major driver for London – generating business for many other sectors such as professional and creative industries – it only accounts for 8% of London jobs.

The London economy has high levels of specialisation in many business services, such as Information and Communication Technologies (ICT), accountancy, creative industries, legal and consulting services and recruitment. London’s creative industries employ well over half a million people, while jobs in retail, hotels and restaurants are expected to grow substantially. Over 14 million overseas tourists visit London every year.

Outside of central London, the make-up of economic activities is closer to the profile elsewhere in the country. This includes several of the largest sectors, such as health and social work, retail, education and public administration, accounting for over 600,000 jobs. There are also over 600,000 self-employed people in London.

According to GLA forecasts, over half (52%) of London employment growth between 2007 and 2031 is projected to be in the central area (including the Isle of Dogs), 30% in the rest of inner London and 18% in outer London. This is predicted to be a more even pattern of growth than was recorded over the two economic cycles spanning 1989 to 2007 when 63% of employment was concentrated in the central area and only 13% occurred in outer London. This new growth pattern is likely to be – in part – due to two factors: the projected decline in volume and size of Foreign Direct Investment projects, and the trend towards smaller business sizes across London.

**Key Point:** The GLA anticipate a change in the dynamics of the London economy, to become less orientated towards the centre. This is a key message for Waltham Forest, and should be a key pillar of emerging strategy, as it provides justification for the borough’s future growth plans.

The London Plan has identified four key ‘pillars’ of employment activity: the Central Activity Zone (covering the City of London and neighbouring areas), Isle of Dogs, Heathrow Airport and Croydon. The Plan also includes six wider areas or ‘corridors’ where employment rates should grow faster than the London average (but at a slower rate than the ‘pillars’). The London-Stansted-Cambridge corridor is one of these priority development corridors.

GLA analysis of commuting data has shown that only central London displays an inward-migration pattern, whilst most other areas show net outward migration. Most employees were found to live and work in different boroughs, while businesses in all London boroughs rely on workers from other boroughs. This indicates a large degree of inter-dependence between borough labour markets - there are no self-contained boroughs or stand-alone sub-regional labour markets.

**Key Point:** The recognition of the commonality of boroughs showing net outward employment migration, and inter-dependence, is important in helping Waltham Forest to define its future economic role. The GLA emphasis that there are no ‘stand-alone’ sub-regional labour markets should be noted.
Background to Labour markets as Functional Economic Areas

The most common approach to identifying a functional economic area is through Travel to Work Areas (TTWAs). These are usually self contained labour market areas, and they can span a very large spatial area. A commonly used definition is that: of the resident economically active population at least 75 per cent work in the area; and of all those working in the area at least 75 per cent also live in the area.

Because of the influence of central London as an employment hub, this definition clearly does not apply to Waltham Forest and its neighbouring boroughs. However, given the need to distinguish a functional economic area for Waltham Forest and its environs, this assessment will consider a TTWA based on a lower proportion of 50% of the economically active population at work in the area, and living in the area. This approach takes into consideration the huge proportion of jobs provided in central London, and provides a more realistic benchmark for deciding what constitutes a TTWA among East London boroughs.

### 4.3. Waltham Forest Labour Market

Waltham Forest is a net exporter of labour. At a basic level, the Borough has a lesser number of workplace jobs (the ONS Annual Business Inquiry estimated 56,300 in 2009) than it has resident working-age people in employee jobs (94,685). While estimates of the number of jobs in the borough vary, Annual Population Survey (APS) data shows the pattern of how employment is distributed within and outside the borough.

**Fig 3.3.1: Total resident employment and where residents work (2010)**

![Graph showing total resident employment and where residents work](image)

Source: ABI 2010

The ABI figures above show that 63,424 Waltham Forest residents in employment work outside of the borough, which is twice the number of residents (31,261) that live and work in the borough.

**Key Point:** An estimated 31,261 Waltham Forest residents live and work in the borough.
Residents therefore fill approximately 61% of the jobs in Waltham Forest, although this proportion has decreased from 66% in the 2001 Census, which may reflect the relative greater employment growth outside in central London over that past decade.

Map 3.3.2: Residents living and working in borough as proportion of local jobs (2008)

This map demonstrates the inter-connected nature of the London economy, which is naturally focused on the main central employment hubs, and on Heathrow airport in Hounslow. Generally, where the map shows a lower proportion of residents living and working in a borough, this indicates a high numbers of jobs relative to the population. This illustrates that the role played by Waltham Forest within the London labour market is not unusual.

The Map 3.3.3 below illustrates that the remainder of the workplace jobs in Waltham Forest are taken by people commuting in from Redbridge (9.6%), Newham (7.5%), Enfield (3.8%) Barking and Dagenham (3%), Havering (2.1%), and Hackney (2%). Strangely, Bromley also provides employees for 2.1% of the borough’s workplace jobs.
The jobs density ratio for the borough is 0.46, which is the joint second lowest in London with Newham. This ratio provides a means to assess whether an area is a net provider or recipient of labour. The 0.46 score makes clear the borough’s under-performance in this area, but only nine London boroughs (including the City) show a positive jobs density ratio. These boroughs generally correlate with the boroughs highlighted blue in map 3.3.1 above.

Four of the bottom five boroughs for jobs density are Waltham Forest and its neighbouring boroughs which show the relative strategic weakness of the East London economy.

The table below shows the trend in jobs density across the neighbouring and host boroughs. It is noticeable that both Enfield and Redbridge, the two neighbouring outer London boroughs, recorded slight improvements in jobs density rates since 2006.
Fig 3.3.4: Changes in borough Jobs Density comparison (2006-08)

Source: ONS 2010

The major concentrations of employment in London are in central areas, which provide the main employment destinations for Waltham Forest residents working outside the borough, as for all London boroughs and areas within commuting distance of London. The clustering of employment in central London is reflected in the jobs density ratios for central London boroughs – which are: the City (58.14), Westminster (3.67), and Camden (1.76); Tower Hamlets alone among the East London boroughs has a relatively high jobs density at 1.4.

Where Waltham Forest residents work

The employment destinations for Waltham Forest residents span most of central, north and east London – albeit with varying degrees of significance. The map below shows the ‘hotspot’ wards in Westminster, Southwark, Canary Wharf and Stratford. Wards in the City are of a smaller scale so do not – with the exception of Bishopsgate – provide more than 750 jobs for borough residents.
Together, the City (10,443) and Westminster (9,322) provide around 20,000 jobs or approximately a fifth of employment for borough residents. Other central London boroughs - Southwark (6,745) and Camden (4,754) - are also important employment destinations. These four central London boroughs together provide 31,264 jobs for borough residents, which is about the same as the borough itself.
The boroughs in the above table contain the most significant employment hubs in the UK and, as such, significantly skew the economic performance of many outer London boroughs, including Waltham Forest. The overall level of employment in Tower Hamlets (2,700) is perhaps lower than could be expected given its importance as a jobs destination for the London labour market.

Another set of important employment destinations are Hackney and Haringey. They provide around 3,000 jobs each for Waltham Forest residents.

It is important to note that a further third of jobs for borough residents are provided outside the borough and the main employment hubs. Of these boroughs, those of Enfield, Newham and Redbridge are the most important – each providing around 4,000 jobs for Waltham Forest residents – or around 12,000 jobs between them.

**Map 3.3.7: Where in neighbouring boroughs Waltham Forest residents work (2008)**

In summary, Waltham Forest is reliant upon other boroughs to provide the volume of jobs required by its residents, as over 63,000 Waltham Forest residents are employed outside of the borough. This level of out-commuting is similar to many of the neighbouring boroughs, although Enfield is a slight exception in that just over half (51%) of the employees resident in the borough work elsewhere. As shown in Fig 3.3.8 below, for the other neighbouring boroughs, it is characteristic for those in inner London for a higher proportion of residents to be employed outside the borough.

**Key Point:** One third of the borough's employed have jobs in Waltham Forest, one third in central London and one third have jobs elsewhere (mainly in neighbouring boroughs).
Table 3.3.8: Proportion of employed residents working outside the borough comparison (2008)

<table>
<thead>
<tr>
<th>Borough</th>
<th>Percentage of Employed Residents Working Outside Borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Enfield</td>
<td>51.0%</td>
</tr>
<tr>
<td>Greenwich</td>
<td>61.8%</td>
</tr>
<tr>
<td>Havering</td>
<td>68.1%</td>
</tr>
<tr>
<td>Harlingey</td>
<td>73.0%</td>
</tr>
<tr>
<td>Hackney</td>
<td>75.3%</td>
</tr>
<tr>
<td>Redbridge</td>
<td>64.5%</td>
</tr>
<tr>
<td>Tower Hamlets</td>
<td>68.3%</td>
</tr>
<tr>
<td>Waltham Forest</td>
<td>67.0%</td>
</tr>
</tbody>
</table>

Source: APS 2008

Employment by Sector and Occupation

The employment profile for education, construction, and other/personal services all show a proportionate bias towards local working. The reasons behind this vary with each sector, however. The majority of education employment is in schools (see Section 4 below), and primary education is the most significant employer in this sector. These jobs are generally localised, and include a number of assistant or administrative posts which often are taken by local parents.

Other/personal services include a number of typically local services, such as hair and beauty salons, undertaking/funeral services, gambling and sporting activities. Aside from sporting activities, which are site specific, these services will require local retail units with low rental rates. The location of a construction job is, however, defined by the address of the business, and in the construction sector, there are thousands of micro-sized businesses, which are mainly vehicles for self-employment. It should be noted that these construction workers could be working on contracts outside of the borough.

The figure also shows a greater degree of inter-connectivity within certain sectors – with wholesale, retail and motor trades, and health and social work showing similar levels of working inside and outside the borough. This is significant for these sectors as they are low productivity sectors that usually provide low paid employment, meaning that workers are prepared to travel for (potentially) not very high wages. That part-time and flexible working conditions are common in these sectors may partly explain this.

A key point to consider in relation to the diagram below is that the blue bar for jobs outside the borough represents a greater number of jobs than the red bar, because twice as many residents are employed outside the borough as within it. This is significant as it shows that the total number of jobs held by borough residents in sectors such as manufacturing and public administration is far higher than may be immediately apparent. Both of these sectors are forecast to shed jobs over the coming years.
Using the principle – as above – that the proportions indicated below relate to a greater number in the case of work outside of the borough, we can see that there is a greater total of people in occupations working outside the borough in all occupations aside from personal services, and skilled trades (where the numbers are approximately level). This figure supports the general principle of Waltham Forest’s relative reliance on external employment opportunities across the vast majority of occupation types.
The figure shows that the largest proportionate gaps between employment within and outside the borough are in higher end occupations, and administrative roles with both these being more prevalent among those commuting Out of the borough to work. Both the City and Westminster are major hubs for these occupations – the two most significant employment destinations for Waltham Forest residents. These two areas themselves have contrasting profiles: the City has 91% of employment in Finance and Business Services sectors, whereas Westminster has large amounts of employment in Business Services (33%), Retail (16%), Hotels and Restaurants (12%) and public administration (8%). Two thirds of jobs (66%) in Westminster are in Higher end occupations (managerial/senior, professional or associate professional), which suggests these occupations are important across a range of sectors.

### Inter-connectivity between Waltham Forest and Neighbouring Boroughs

There is a high level of interaction between the labour markets of Waltham Forest and its neighbouring boroughs. As each of the neighbouring boroughs also have a supply-orientated labour market relationship with central London, this outer London inter-connectivity could indicate a common functional economic area. The map below shows the net figure for commuting between each of the East London boroughs and Waltham Forest. There is a general pattern of westward net migration, and the three most easterly London boroughs are net contributors to the Waltham Forest labour market, as is Waltham Forest to its neighbouring boroughs to the west and south.
This pattern is to be expected to some extent, on the principle that, concentric proximity to central London will provide progressively better transport connections and accessibility to markets and key business amenities. There are two key points that emerge from this analysis, however, which are:

- Enfield – although an outer London borough, is an important employment destination
- Tower Hamlets – which includes the Canary Wharf employment hub, and is home to over 220,000 jobs, has no greater significance as an employment destination for Waltham Forest residents than either Hackney, Haringey or Enfield (although Millwall ward in Tower Hamlets is home to Canary Wharf and is a significant employment destination for Waltham Forest residents).

**Business Services**

For business services, the pattern is different, with Waltham Forest exporting labour to business services jobs to all of its neighbours, except Enfield where the position is neutral and Hackney, which provides labour for business services.
Wholesale and Retail

Wholesale and retail is an important sector for Waltham Forest in terms of the amount of jobs it provides to local people. This sector attracts labour to the borough from the east and south, and exports labour to Enfield, Hackney and Haringey. It is likely that the wholesale and retail jobs in Waltham Forest are of low value, so the amount of labour in this sector coming from Newham is perhaps significant.
Public Sector

In public sector employment, there is a clear pattern of Waltham Forest providing workers for public sector jobs (which includes public administration, education and health/social care) for boroughs to the west, and to a lesser extent, to Newham in the South. These jobs are in addition to the high numbers of public sector jobs within Waltham Forest.

Map 3.3.14: Net migration in Public Sector jobs between Waltham Forest and neighbouring boroughs (2008)
Manufacturing

Despite the relative prominence of Waltham Forest in the manufacturing sector, the map below shows an outflow of workers to manufacturing jobs in most of the neighbouring boroughs – although at a lesser volume than for public sector employment.

Map 3.3.15: Net migration in Manufacturing jobs between Waltham Forest and neighbouring boroughs (2008)

Source: APS 2008

Construction

In the construction sector, the pattern changes with Enfield and Haringey providing workers to businesses in Waltham Forest, and the borough exporting construction labour to Hackney, Redbridge and most significantly Newham. Given the scale of construction development in Newham in relation to the 2012 Games and Stratford City, this is unsurprising. It should also be noted that the map below reflects employment in firms based in Waltham Forest, which may well be working on construction sites elsewhere.
The above analysis shows that there is a significant level of interaction between Waltham Forest and its neighbouring boroughs in employment terms. This is indicative of a multiple labour market and typical of most sub-regional functional economic areas.

Is it possible to define a sub-regional labour market?

Closer examination of the labour market of Waltham Forest and its neighbour boroughs shows that there is a difference in the proportion of working residents of these six boroughs whose place of work is within the boundaries of these boroughs. This analysis shows a clear pattern where the three outer London boroughs – Enfield, Redbridge and Waltham Forest all show around 50% or more of workforce activity taking place within the six identified boroughs. The proportion is noticeably less for the inner London boroughs – Hackney, Haringey and Newham, which are more closely related to central London.
Using the approach outlined at the start of this section, it could be argued that – among Waltham Forest and its neighbouring boroughs – three of the boroughs (Enfield, Redbridge and Waltham Forest) demonstrate the characteristics of a sub-regional TTWA, where a significant proportion of labour market activity – around 50% or more – is concentrated in the sub-regional area.

**Key Point:** For Waltham Forest – the borough and its five immediate neighbours – provide 52% of jobs for Waltham Forest residents. These six boroughs can be considered as the ‘local’ jobs market.

**Housing market**

Brief assessment of the local housing market is intended to identify patterns within available data of potential significance to the functioning of the local economy with those on household migration and house price particularly salient.

Waltham Forest conducted a Strategic Housing Needs and Market Survey in 2007, which included a large survey of residents in the borough. The breakdown of survey responses enabled a focus on migration from within London, and the figure below shows that a clear majority of in-migrants to Waltham Forest came from neighbouring boroughs.

**Fig 3.3.18: Proportion of in-migration to Waltham Forest from London (2007)**

<table>
<thead>
<tr>
<th>Region</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Neighbouring Boroughs</td>
<td>45.5%</td>
</tr>
<tr>
<td>Rest of NE London</td>
<td>12.0%</td>
</tr>
<tr>
<td>NW London</td>
<td>22.7%</td>
</tr>
<tr>
<td>SW London</td>
<td>6.0%</td>
</tr>
<tr>
<td>SE London</td>
<td>13.8%</td>
</tr>
</tbody>
</table>

Source: Waltham Forest SHNM Survey 2007

Using the same method as above, there is an equally clear pattern among out-migrants moving to neighbouring boroughs. This data indicates a strong relationship between Waltham Forest and its immediate neighbours in housing terms.
While this analysis concentrates on the inter-London migration patterns, it should be noted that 30% of respondents (or around 3,000 people) indicated their intention to move to Essex (not Epping Forest), and 20% (or around 2,000) of respondents indicated an intention to move elsewhere in the UK (not Essex, Hertfordshire or rest of South East). The main reason (given by over 50% of respondents) for intending to leave the borough was the quality of the neighbourhood.

The reciprocal pattern for in-migration to the borough showed that 7.6% of in-migrants came from Essex (including Epping Forest). These in-migrants were most likely to move to Chingford and the north of the borough. Key reasons given for in-migration were proximity to new employment or ease of commute, and the desire to own a home.

The latest Land Registry data shows that the average house prices in Waltham Forest are near the bottom of comparable averages, and around 20% below the mean house price among neighbouring boroughs. The house price band is closer to Newham, Enfield and Redbridge than the inner London boroughs.
The rate of increase of house prices in Waltham Forest over the year to mid-2010 lies between the average for inner and outer London boroughs.

**Fig 3.3.21: Changes in House Prices among neighbouring boroughs (2010)**

![Graph showing changes in house prices among neighbouring boroughs.](image)

Source: Land Registry 2010

When taken together, this housing market data suggests a closer relationship in terms of migration and prices between Waltham Forest and its outer London neighbours than those of inner London.

### Service markets for consumers

The FEMA guidance suggests the area of service markets from which goods and services are accessed can be employed as a spatial indicator for what constitutes a FEMA. While the car has increased mobility, the principle that people access services at their nearest location still largely holds. Services identified as those in frequent use include shops, leisure facilities and hospitals.

The purpose of Map 3.6 below is to show the presence of retail hubs in Waltham Forest and neighbouring boroughs. The FEMA guidance requires the assessment to demonstrate the presence of key local services, to provide an indication of the degree of self-containment of the geographic location – in this case Waltham Forest. The guidance does not require that an assessment is made of usage or quality of provision of local services.

As is clear, the borough is well served in retail terms, as are the surrounding boroughs. To add context, if any of the boroughs did not show a prominence of retail hotspots, it could be inferred that borough residents would be reliant on retail provision from outside of the area, which is clearly not the case in Waltham Forest. The prevalence of leisure facilities in Waltham Forest and neighbouring boroughs is also shown in the map below.
The map also shows the locations of hospitals in East London, which are identified as a key higher order service by the FEMA guidance. Whipps Cross Hospital has a key sub-regional role. Together, the clear presence of these services shows that the markets are well served within Waltham Forest, and in neighbouring boroughs.

Transport networks

The FEMA guidance acknowledges that transport data is not necessarily the best means to identify a Functional Economic Area. London is a clear example where this is the case, as the metropolitan transport network simultaneously serves the whole city on a regional level and a complex set of part-defined sub-regions.

In Waltham Forest, the public transport network is crucial in allowing residents to access jobs – principally in central London. In this way it is serving the London travel-to-work market, and large parts of the borough are well connected to the City (through direct train links and the Central Line) and the West End (through the Victoria Line).

Transport connections to neighbouring boroughs are not as extensive, however. There is an east-west rail connection through the Barking to Gospel Oak overground line, and the A406 North Circular also runs through the borough on the east-west axis. While bus routes in the borough are well-used, the road structure is identified by Local Transport planners as a weakness, as some are too narrow.
for priority bus lanes. Generally, the north-south transport axis within the borough – particularly for access to Stratford – is viewed as inadequate. Priority projects to improve these connections include reinstatement of the Hall Farm Curve and Bus Lane infrastructure improvements.

### Travel patterns

The modal patterns of transport use to place of work are illustrated by the figure below. The profile of Waltham Forest closely resembles that of its neighbouring (North East London) boroughs, although it has a higher proportion of underground/DLR users, which would be expected given the presence of four underground stations in the borough, and the direct connections to the City and Westminster, which are both important employment destinations for Waltham Forest workers.

There are some quite substantial differences, however, with the London profile (but it should be noted that the census data used in this analysis is nearly 10 years old). Across London 21% of people work from home compared to 7% in Waltham Forest, and in East London generally. This may relate to lower levels of access to employment that enables home working (professional roles), and lower levels of entrepreneurship.

**Fig 3.3.23: Mode of Transport to place of work comparison (2001)**

![Mode of Transport to place of work comparison](image)

Source: ONS 2001

Residents of Waltham Forest are marginally less likely to own a car than the North East London or London average, but are slightly more likely to own a car than residents of the Host Boroughs. They are as likely to own one car as in any of the comparator areas, but dual car ownership levels are lower than the North East London and London averages.
The figure below shows the proportion of people that travel by car, van or taxi (including passengers) to work in Waltham Forest and borough comparators. Waltham Forest residents are far more likely to travel to work by car for short (local) journeys, with the underground/public transport being of increased importance for journeys between 5km and 20km. The difference between the proportion of Waltham Forest residents (57%) and the Host Boroughs (37%) using the car for short journeys is significant, and points to a potential issue around congestion (caused by many relatively short car journeys in the borough).

The analysis below on the total aggregated distance driven by motor vehicles in Waltham Forest supports this view, and could explain why Waltham Forest – with around 52% of its economic interactivity (mainly defined by Travel-to-work-areas) within its six neighbouring boroughs, has a lower aggregate car use than Inner London boroughs such as Newham and Tower Hamlets.
The FEMA guidance suggests that there should be a process of ‘best fitting’ FEMA boundaries to local authority administrative areas so that they are approximated in terms of a whole local authority boundary. In the case of an Outer London Borough such as Waltham Forest, there are a considerable number of other considerations in terms of governance.

A wide range of organisations will have some will have some remit in relation to the FEA that emerges and these include: the GLA, the Homes and Communities Agency (HCA), Skills Funding Agency (SFA), Young People’s Learning Agency, the neighbouring local authorities, Jobcentre Plus, the National Health Service (NHS), LOCOG, the ODA, the Olympic Park Legacy Company (OPLC), Thames Gateway London Partnership, the Upper Lea Valley Partnership and the North London Strategic Alliance.

While it is impossible to arrive at a FEA that achieves a ‘best fit’ with the administrative coverage of all of those organisations, it is particularly important that the process sets alignment with the single most important initiative for the borough. Waltham Forest is one of the five Host Boroughs, a national regeneration priority, and included in the London Plan as a priority to achieve ‘convergence’ with the London average on a number of key socio-economic indicators.

### 4.4. Assessment of Functional Economic Area

**Why is it important to identify a Functional Economic Area?**

The identification of the economic ‘best fit’ for a local authority can be important for a number of reasons – these include:

- It can help define the relevant potential markets for jobs and employment growth
- It can effect decisions on setting objectives for a number of strategies, including regeneration and spatial planning
- It can help define the scope for communication for the local authority and partners

The stages of assessment are summarised in the table below:

![Fig 3.3.26: Number of kilometres driven (million) by all motor vehicles by borough (2008)](source)
The five assessment approaches employed in the table above all suggest different definitions for the functional economic area within which Waltham Forest operates. In terms of weight, the Labour market assessment would be regarded as the most significant but the finding conflicts with the conclusions of the GLA research (referred to in point 3.2 of this section above) which states that there are no stand-alone sub-regional labour market areas in London. Given this point this assessment concludes that while the functional economic area for Waltham Forest is most usefully described as the five Host Boroughs, the position and role of Waltham Forest is such that it could justifiably be included into alternative sub-regional configurations of boroughs on the basis of a FEA.

For the borough in the future, the direction to be taken will be dependent on the nature and scale of opportunities presented, common aims and objectives on a sub-regional level and the strength of political relationships.
5. BUSINESS AND ECONOMY

Introduction

This section assesses the structure of the Waltham Forest economy, looking at the relative strength of different economic sectors; where there are important clusters in terms of employment and the numbers of firms in a related sector; and how productive these clusters and sectors are.

This section also assesses the needs of business, and looks at the borough’s track record in regard to inward investment.

To identify the salient features of the borough’s economy, and to put its performance in an appropriate context where possible, external comparison is made with:

- The neighbouring boroughs: Enfield, Haringey, Hackney, Newham and Redbridge
- The 2012 Host Boroughs: The London Boroughs of Hackney, Newham, Tower Hamlets, Greenwich and Waltham Forest itself
- The North East London boroughs: Barking and Dagenham, Havering, Newham, Redbridge, Tower Hamlets and Waltham Forest
- London, and the wider UK economy as relevant

5.1. Structure of Local Economy

To identify the structure of the local economy, it is necessary to look at both the structure of employment and of the firms in the borough.

**Sector:** In this LEA, Sector refers to one of several subdivisions of economic activity (for purposes of analysis and classification)

### Structure of Employment

The figure below shows the sector profile of the borough economy by employment, from which it can be seen that the predominant private sectors in employment terms are in wholesale/retail and business services. The proportion of employment in wholesale/retail (22%) is the highest in London, jointly with Ealing and Havering – also outer London boroughs.

**Key Point:** There is significant over-representation of the public sector, which will be particularly vulnerable to spending cuts over the coming years.

Collectively, however, the public sector is the biggest employer in the borough economy. Combined, Health and Social Care, Education and Public Administration provide 32% of the jobs in Waltham Forest. While this proportion of public sector employment is above the Host Boroughs average (27%), that average is skewed by the proportion of public sector employment in Tower Hamlets (17%), which is itself a reflection of the high number of private sector jobs in that borough. Public sector employment is actually proportionately higher in Newham (36%) and Greenwich (39%). Neighbouring Redbridge also has a higher proportion of public sector employment (34%).
The manufacturing sector is proportionately well represented in Waltham Forest, providing 6% of employment which is twice the London average, and above the Host Borough average. The manufacturing profile is the same as the neighbouring boroughs to the west (Enfield, Haringey and Hackney all have the same proportion of manufacturing jobs), which is reflective of the similar industrial heritage of these boroughs. Both Business Services and Finance are under-represented in the borough, although the proportion of jobs in finance (1%) is particularly low, and around a seventh of the London average, and a quarter of the national average.

Jobs in other/personal services (7%) are more common in Waltham Forest than the Host Borough (6%) and national (5%) average. This higher proportion reflects, however, the lack of strength in other sectors, as only Redbridge – of the neighbouring and host boroughs – has less employment in this sector. Employment in the remaining sectors not included in the figure below – agriculture, mining, utilities and private households is negligible in Waltham Forest.
The figure below shows that the overall profile of employment in Waltham Forest more closely resembles the national profile than its natural comparator boroughs. This is because of the under-representation in finance, which is a core aspect of the London (and particularly the Tower Hamlets) economy.

**Fig 4.1.3: Employment profile of Waltham Forest compared to Host Boroughs, NE London, and UK (2009)**

Source: ABI 2009

The figure below illustrates the relative presence of employment in the headline sectors against the national average. This Location Quotient analysis compares jobs per sector against the expected proportion per head of population (indicated by the GB average line), and shows an over-representation in retail, public services and other/personal services compared to the national average. This profile would be consistent with areas where out-commuting is typical. The performance of construction (near the national average) and business services (slightly above the national average) indicates a degree of economic activity consistent with the outer London inter-related economy analysis in Section 3 above.

**Fig 4.1.4: LQ by employment sector comparison (2009)**

Source: ABI 2009
Employment Growth

The total number of workplace jobs located in Waltham Forest has seen a marginal overall growth between 2006 and 2009. The overall increase in employment in Waltham Forest (1.3%) between 2006 and 2009 bucked a regional and national trend in time of recession. The figure below shows that the relative performance of Waltham Forest was far better than the comparable averages. Key to this marginal increase was increases in employment in certain sectors, including Health/Social Work (+953 jobs), Business Services (+602), public administration (+497), and other/personal services (+435). These increases offset large decreases in manufacturing (-711) and retail (-523) jobs in Waltham Forest.

Fig 4.1.5: Overall employment change comparison (2006-2009)

The overall figures given above disguise significant differences in the proportionate rate of employment change within certain sectors. The public sector – public administration and health/social work saw the largest proportionate increases in the borough between 2006 and 2009. As seen in the Figure above, the significant proportionate increase in jobs in public administration, came from a small base figure.
Of those sectors within the borough that saw jobs growth, Health/Social Care and public administration all recorded significant increases in employment across the comparison areas. For Other/Personal Services, the proportion of increase in Waltham Forest (9%) was larger than corresponding increases in neighbouring boroughs (2.2%), and the Host Boroughs (2.3%) – although a decrease in this sector was recorded across London (-4.6%). The sector of interest for Waltham Forest, however, was Real Estate and Business Services, which recorded a sizeable increase (5.6%), compared to large decreases across the comparison areas. A key explanation for this could be the increase in security jobs in the borough (see below), although other reasons could include new businesses starting out of redundancy, and businesses seeking a reduced cost base. This is also a sector that is consistently earmarked for future growth across London and the UK.
In order to understand the clustering – or grouping – of certain business activities within (and out with) Waltham Forest the approach of this assessment has been to examine business and employment location quotients and the proportion of employment within industries in the borough. The same analysis has been conducted in respect of Waltham Forest’s neighbours (Enfield, Hackney, Haringey, Newham and Redbridge) in an attempt to identify potential activity linkages between the boroughs. Sub-sectors within these boroughs have been grouped together in the like industries and related supply chains that showed particular strengths across Waltham Forest and neighbouring geographies as a means of identifying clustering activity within the borough.

This analytical process has aggregated sub-sectors into 25 identifiable clusters which have then been compared against an aggregate of the component sub-sectors (identified through 4-digit SIC analysis) on a national level. This approach brings together sub-sectors of the economy that are linked in supply chain and market terms, but which would be viewed as distinct when looking at basic Standard Industrial Classification.

These 25 clusters in the borough provided 40,443 jobs in 2009, which is approximately 66% of total borough employment. Nationally these clusters amount to around 56% of employment, which suggests a level of concentration within the borough in these clusters. The figure below shows how employment in these clusters changed in comparison to the national average since 2006.

Fig 4.1.8: Employment Change in Key Clusters (2006-2009) comparison (2009)
The numbers employed in the most important clusters (in employment terms) are listed in the figure below (those shaded green indicate a cluster showing employment growth since 2006, while columns shaded red show employment decline). The importance of the food cluster is clear to the borough, led by the presence of key businesses such as New Spitalfields market.

**Fig 4.1.9: Key Waltham Forest cluster by employment (2009)**
To determine the importance of clusters to the borough, Table 4.1.10 brings together several interpretations of cluster performance in employment terms. It shows – in descending order of importance in each of the columns – the top 15 clusters in the borough in terms of:

- Total employment provided;
- Employment in each sector relative to the national average; and

There is consistency in this Table with the key messages emerging from the analysis above, as the security sector is a sub-sector of the higher level Real Estate, Property and Business Services sector.

**Employment Cluster Analysis:** The methodology used in identifying the relative importance of clusters to the local economy is to apply a basic rating according to the order of significance for each way of measuring employment (total, location quotient, and employment growth). From the table below, food employs the most people out of the 25 clusters in the borough, and is therefore rated 1. Construction is second, and rated 2, and so on.

<table>
<thead>
<tr>
<th>Total Employment</th>
<th>Employment LQ</th>
<th>Employment Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>Security</td>
<td>Security</td>
</tr>
<tr>
<td>Construction</td>
<td>Food</td>
<td>Sport</td>
</tr>
<tr>
<td>Public</td>
<td>Textiles</td>
<td>Logistics</td>
</tr>
<tr>
<td>Medical</td>
<td>Health and Beauty</td>
<td>Medical</td>
</tr>
<tr>
<td>Care</td>
<td>Public</td>
<td>Photography</td>
</tr>
<tr>
<td>Textiles</td>
<td>Sport</td>
<td>Games/Toys</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>Housing</td>
<td>Care</td>
</tr>
<tr>
<td>Printing/books/newspapers</td>
<td>Care</td>
<td>Health and Beauty</td>
</tr>
<tr>
<td>Security</td>
<td>Medical</td>
<td>Food</td>
</tr>
<tr>
<td>Housing</td>
<td>Consumer goods</td>
<td>Professional Services</td>
</tr>
<tr>
<td>Health and Beauty</td>
<td>Professional Services</td>
<td>Public</td>
</tr>
<tr>
<td>Creative</td>
<td>Soaps &amp; Perfumes</td>
<td>Power</td>
</tr>
<tr>
<td>Sport</td>
<td>Footwear/leather</td>
<td>Consumer goods</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Printing/books/newspapers</td>
<td>Vehicles</td>
</tr>
<tr>
<td>Footwear/leather</td>
<td>Photography</td>
<td>Construction</td>
</tr>
</tbody>
</table>

Source: TCR/SME 2009

While the borough has seen jobs growth in recent years, and in recessionary times, the figure above shows that only 11 clusters in Waltham Forest showed employment growth between 2006 and 2009. **The clusters highlighted in the table in red** showed negative employment growth over the period (as did the remaining 10 clusters not shown above although two of these sectors – Power (-0.1%) and Consumer Goods (-5.5%), showed only a marginal decline).

The performance of the borough in these sub-sectors contrasts sharply with the national profile. Many of the sectors in Waltham Forest recorded employment growth when on a national level, employment in the sector declined over the period. This contrast was particularly stark in Security (+102% in Waltham Forest, against a national trend of -10%) and Sport (+100% in Waltham Forest against a
marginal national decline), but Logistics, Medical, Care, Photography, Games and Toys, Health and Beauty, Food, and Professional Services all significantly bucked the national trend. In fact, there were only two sub-sectors – Public Administration and Vehicles – where the borough under-performed the national trend.

**Fig 4.1.11: Clusters showing employment growth compared to national average (2009)**

The importance of the top 25 clusters in employment terms is clear for Waltham Forest as a whole, as – cumulatively – they provided a jobs increase of 4.1%, over three times the borough's employment increase of 1.3%, and against a decrease on a national level by -1.5%. Employment in non-cluster sectors in Waltham Forest also recorded a decline between 2006 and 2009 (-3.1%), although this was less pronounced than the national performance in the same sub-sectors (-6.0%). This comparison also shows a stronger performance nationally in the 20 clusters than in the non-cluster sectors, as they declined at a far slower rate (-1.5% against -6%), which suggests a level of relative strength in employment terms for Waltham Forest's most important clusters.

### 4-digit SIC

Taking the analysis down to a more detailed level, analysis of business data at 4-digit SIC allows us to see exactly which types of businesses uses provide significant numbers of jobs for Waltham Forest. As with the cluster analysis, the figure below shows the importance of public sector activities to the borough. The presence of Whipps Cross Hospital is the key factor behind the prevalence of hospital activities as a provider of jobs. Schools and social care are also significant areas of employment, although it is the medical and care sectors which are growing.
There are 1,036 sub-sectors currently providing employment in Waltham Forest. Of these, seven groups of sub-sectors emerge as having a greater share of employment in the borough than in the any of the comparator areas. These groupings are: Manufacturing (various kinds), Construction activities, Wholesale activities (various), Retail, Education, Medical and Personal services.

- **Manufacturing**: While there are 52 manufacturing sub-sectors providing employment in Waltham Forest, no one sub-sector provides more than 0.5% of Waltham Forest jobs. In many of the sub-sectors, the employment share is greater than the average for comparator areas – these include manufacturing of food, electronic equipment, cabling, construction equipment, machine tools, plastics, engines, bicycles and motorcycles.

- **General construction of buildings and civil engineering works** has 1.17% of borough employment, which is above the levels of the comparators. Plumbing, Other building installation, Plastering, Joinery installation, Floor or wall covering, Painting and glazing, and Other building completion provide a combined total of 1.61% of Waltham Forest jobs.

- **Wholesale of fruit and vegetables** has 2.12% of Waltham Forest employment, which is a greater share of employment in that sector than in the other geographies. New Spitalfields market (employing around 1,100 people) is the most significant of these employers, but it only provides about 10% of the employment for the sub-sector in the borough.

- **Non-specialist retail sale (usually selling food, beverages or tobacco)** has 5.96% of borough employment, almost double the average for London, and greater than in each comparator area. This reflects the proportionately large number of general stores and supermarkets in the borough, although the high proportion is due a relatively low amount of total employment in the borough.

- **Primary Education** (with 5.91% of borough employment), and **Secondary Education** (with 3.34% of borough employment) both have a greater share of employment that key comparators.

- **Hospital activities** provide 6.88% of Waltham Forest jobs, which is a greater share than elsewhere. Other related SICs related to the medical sector with significant employment representation include **Social Work with accommodation** (1.98%) and **Social Work without accommodation** (3.42%), although these proportions are far closer to the comparator area proportions in the same SIC.
Other/Personal services sub-sectors providing a level of employment above the proportions of the comparator areas include Operation of sports arenas and stadiums (1.9%), Hair and Beauty (0.33%), gambling (0.57%), Washing and dry cleaning of textile and fur products (0.63%), and Funeral and related activities (0.27%).

**Structure of firms**

There were records for 15,248 businesses active in Waltham Forest in 2009, which includes all VAT and non-VAT registered businesses. Around two thirds of these businesses are ‘zero class’ with no employees, which is a similar proportion to all neighbouring boroughs (except Tower Hamlets), but more than the London average.

**Fig 4.1.13: Profile of Waltham Forest businesses comparison (2009)**

As we have seen in the cluster analysis section above, the figure below shows that there are proportionately more wholesale/retail and care companies in Waltham Forest as shown in comparison to the expected national profile for each sector. The construction profile differs, however, with the location quotient for firms out-performing the national average by 17%, whereas in employment terms, it scored under the national average profile for that sector. This is symptomatic of the predominance of micro-businesses in construction, with many people working freelance as a company on sub-contractual work.

As with the profile for employment, the pattern here also shows under-performance against finance and business services, although proportionately, employment in business services is above the national average, which is likely to be due to large employers in the security sector.

**Location Quotient:** LQ is a form of economic analysis that allows comparison among economic activities (across a number of variables including employment, numbers of firms, growth, productivity) within an area against national norms, by looking at the relative proportion of representation. An LQ of 1 means that the concentration or level is consistent with the national (or, as appropriate, regional) norm.
Using the same method of analysis outlined for Employment above, examination of the number of firms that form aggregated clusters in Waltham Forest shows that the top 20 clusters in the borough include 10,048 firms, which – as with the employment profile for clusters – is approximately 66% of the total number of firms in the borough. Using the same cross-analysis process as with employment clusters above, the table below shows the top 15 clusters in Waltham Forest by firm (clusters highlighted red showed negative growth in numbers of firms between 2006 and 2009).

**Table 4.1.15: Waltham Forest top 15 clusters (by Firm) 2009**

<table>
<thead>
<tr>
<th>Total Firms</th>
<th>Firm LQ</th>
<th>Firm Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>Soaps &amp; Perfumes</td>
<td>Medical</td>
</tr>
<tr>
<td>Food</td>
<td>Office machinery</td>
<td>Games/Toys</td>
</tr>
<tr>
<td>Medical</td>
<td>Security</td>
<td>Photography</td>
</tr>
<tr>
<td>Creative</td>
<td>Food</td>
<td>Soaps &amp; Perfumes</td>
</tr>
<tr>
<td>Health and Beauty</td>
<td>Textiles</td>
<td>Office machinery</td>
</tr>
<tr>
<td>Public</td>
<td>Professional Services</td>
<td>Care</td>
</tr>
<tr>
<td>Textiles</td>
<td>Printing/books/newspapers</td>
<td>Public</td>
</tr>
<tr>
<td>Housing</td>
<td>Consumer goods</td>
<td>Construction</td>
</tr>
<tr>
<td>Printing/books/newspapers</td>
<td>Housing</td>
<td>Health and Beauty</td>
</tr>
<tr>
<td>Care</td>
<td>Footwear/leather</td>
<td>Professional Services</td>
</tr>
<tr>
<td>Consumer goods</td>
<td>Medical</td>
<td>Food</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Creative</td>
<td>Sport</td>
</tr>
<tr>
<td>Sport</td>
<td>Health and Beauty</td>
<td>Digital &amp; ICT</td>
</tr>
<tr>
<td>Footwear/leather</td>
<td>Vehicles</td>
<td>Vehicles</td>
</tr>
<tr>
<td>Photography</td>
<td>Public</td>
<td>Textiles</td>
</tr>
</tbody>
</table>

Source: TCR/SME 2009

The table below shows the sub-sectors of the Waltham Forest economy where the borough has an over-representation in comparison to the national average – this is reflected in the middle column of the above table. Security and food firms are around 50% more common in Waltham Forest. Firms in
the office machinery cluster are around twice as common, and companies in the niche manufacturing sub-sector of soaps and perfumes are 167% more common.

**Fig 4.1.16: Highest LQ of firms by cluster in Waltham Forest (2009)**

We can also see that the proportion of firms in each cluster is higher than the corresponding proportion of firms in each cluster nationally. This again indicates that there is a number of groups of business where Waltham Forest is relatively well represented in terms of numbers of business present in the borough, in comparison to the national average.

**Fig 4.1.17: Key Cluster firms as a proportion of total firms comparison (2009)**

The relative strength of clusters, however, is better demonstrated when considering the overall proportion of firms in each Waltham Forest cluster to the total number of firms in the cluster nationally. The figure below shows that in six key clusters, the borough has 0.5% or more of all businesses within the cluster nationally resident in the borough. Particularly areas of cluster strength are Soaps and Perfumes (with 0.9% of all cluster firms nationally) and Office Machinery (with 0.6% of all cluster firms nationally).
Assessment of important clusters

The analytical process for the structure of employment looks at the importance of each cluster in terms of the amount of jobs each provide, how well represented the borough is in each cluster in comparison to the national profile of the sector, and if the number of jobs are growing in each cluster. The same process is adopted for the analysis of the structure of firms. As it is difficult to judge which of these analytical processes is the most telling in attempting to derive importance of both employment and firms for the borough, a simple cross-analysis of performance across the three areas is applied here. It shows that the following clusters appear to be the top 10 (in descending order in each column) most important for the borough in employment and business terms (as with the analyses for employment and firms above, the clusters highlighted red showed negative growth between 2006 and 2009).

**Cluster Analysis method:** The synthesis table below uses the ratings applied in the analysis methodology for employment and firms (1 for first on list etc) to give a basic score, with the lowest scoring sector for both firms and employment placed at the top of the list. Again, clusters highlighted as red are those showing negative growth.

### Table 4.1.19: Key cluster analysis for Waltham Forest (2009)

<table>
<thead>
<tr>
<th>Overall Firms</th>
<th>Overall Employment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>Security</td>
</tr>
<tr>
<td>Food</td>
<td>Food</td>
</tr>
<tr>
<td>Public</td>
<td>Medical</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction</td>
</tr>
<tr>
<td>Textiles</td>
<td>Public</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>Care</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Sport</td>
</tr>
<tr>
<td>Care</td>
<td>Health and Beauty</td>
</tr>
<tr>
<td>Creative</td>
<td>Textiles</td>
</tr>
<tr>
<td>Printing/Books/Newspapers</td>
<td>Consumer Goods</td>
</tr>
</tbody>
</table>

Source: TCR/SME 2009
Taken together, we can see a level of consistency between the two lists, with six sectors appearing on both. This suggests a level of emerging prioritisation for six clusters in the borough – Medical, Food, Public, Construction, Textiles and Care. Half of these clusters are public sector – which is unsurprising, given the overall employment profile of the borough.

**Key point:** The three most important clusters in the private sector – food, construction and textile – all saw a decrease in business stock between 2006 and 2009, and construction and textile both saw job losses over that period.

The appearance of creative and professional services in the list of important clusters by firm can be seen as significant to the borough as creative industries have been earmarked as a priority sector in the Employment, Enterprise and Skills Strategy (2009-2014), and professional services are a high value-added sub-sector.

The fact that seven of the important clusters by firm and three of the important sectors by employment saw negative growth between 2006 and 2009 can mainly be attributed to the recession.

### Size of firms

An important area of analysis in assessing the structure of the borough economy is the size of firms by number of employees. The figure below shows a comparison of the Waltham Forest profile of firm size against the profiles of neighbouring boroughs and London. *It should be noted that, in business classification terms, businesses employing 49 or less people are generally classified as small. The exception to this is where businesses with less than 50 employees have a turnover in excess of £5.6m per annum.*

**Key Point:** Waltham Forest has a higher proportion of small businesses than London, the Host Boroughs and North East London.

It is commonly held that Waltham Forest is an area dominated by small businesses. While the figure below demonstrates the truth of this statement, it should be understood that the vast majority of all companies - 96.5% nationally - are small in size. It is, however, clear from the analysis below that Waltham Forest has a slight over-representation of small businesses, which make up 97.4% of the borough’s total business stock, in comparison to the Host Borough (96.6%) and London (96.8%) averages.
This is a consequence of the borough having a relative paucity of medium-sized and large companies and it is this factor that has such a significant impact on overall employment provision in the borough. To demonstrate the value of medium-sized and large firms to the borough, Waltham Forest has 2.6% of firms employing more than 50 people but, as the figure below shows, these provide just over half (50.1%) of the jobs in the borough.

**Key Point:** 2.6% of employers provide 50.1% of jobs in the borough.

For the Host boroughs, 3.4% of the total number of firms employ more than 50 people, which provide 63.5% of jobs in the area. The Host Boroughs have proportionately more medium-sized and large employers than the London average, which can be explained by the over-representation of large employers around Canary Wharf.
The structure of firm sizes in the borough also shows the value of micro firms (employing 10 or less people) to the Waltham Forest economy. Micro businesses form 89.1% of the borough business stock, but provide 27.1% of the jobs. This is by far the highest proportion of any of the comparators – micro firms in the host boroughs provide 18.5% of jobs, and provide 20.2% of jobs across London. Significantly, micro-businesses are most important employer in Waltham Forest, which shows a major contrast to the Host Boroughs and London, where most of the jobs are provided by large businesses.

**Key Issue:** Micro-businesses (employing 10 or less people) are the most significant employer in Waltham Forest – providing 27.1% of jobs. This is unique to the borough among comparator areas.

### Top Employers

While small and micro-sized businesses are key for employment in the borough, large businesses (with 200+ employees) are the second most important size-band for employment in Waltham Forest, providing 25.1% of jobs in the borough. The table below shows a list of the Top 20 employers in the borough, the profile of which matches the key cluster analysis above. Collectively, these 20 employers provide 9,341 (15% of) jobs in Waltham Forest.

**Key Point:** The top 20 employers in Waltham Forest provide 15% of jobs in the borough.
Table 4.1.22: Borough Top 20 Employers (2009)

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Area of Business</th>
</tr>
</thead>
<tbody>
<tr>
<td>T S S (Total Security Services) Ltd.</td>
<td>Security Guard Service</td>
</tr>
<tr>
<td>Waltham Forest Primary Care Trust</td>
<td>Primary Care Trust</td>
</tr>
<tr>
<td>London Borough of Waltham Forest</td>
<td>Local Government Body</td>
</tr>
<tr>
<td>Apollo Cleaning Services Ltd.</td>
<td>Industrial Cleaning Contractors</td>
</tr>
<tr>
<td>Waltham Forest Catering</td>
<td>Caterers</td>
</tr>
<tr>
<td>Morrisons</td>
<td>Supermarket</td>
</tr>
<tr>
<td>Waltham Forest College</td>
<td>FE College</td>
</tr>
<tr>
<td>Eurostar</td>
<td>Train Engineering</td>
</tr>
<tr>
<td>A Levy &amp; Son Ltd.</td>
<td>Retailers of Men’s Wear</td>
</tr>
<tr>
<td>Sunblest</td>
<td>Bread Products</td>
</tr>
<tr>
<td>Education (Waltham Forest) Ltd.</td>
<td>Education Support Service</td>
</tr>
<tr>
<td>H &amp; M Security Services Ltd.</td>
<td>Security Services</td>
</tr>
<tr>
<td>Ronald Brown Group Ltd.</td>
<td>Offices of Optometrists</td>
</tr>
<tr>
<td>R Wl Holdings Plc</td>
<td>Equipment Rental &amp; Leasing N E C</td>
</tr>
<tr>
<td>Ambassador Services Ltd.</td>
<td>Office and Window Cleaning Contractors</td>
</tr>
<tr>
<td>Percy Ingle Bakeries Ltd.</td>
<td>Bakery</td>
</tr>
<tr>
<td>Digital Display Ltd.</td>
<td>Printing</td>
</tr>
<tr>
<td>Outward Housing</td>
<td>Charitable Organisation</td>
</tr>
<tr>
<td>Whitefield Development Trust</td>
<td>Trusts</td>
</tr>
<tr>
<td>H&amp;B Foods Ltd.</td>
<td>Butter and Cheese</td>
</tr>
</tbody>
</table>

Source: TCR/SME 2009

**Self Employment**

Rates of enterprise in the borough are relatively low. While there are 14,307 registered micro-businesses (of which 10,214 are ‘zero class’) in Waltham Forest, the rate of self-employment - regarded as a key indicator of enterprise - is relatively low in the borough. The rate is also been on a downward trend (9.2% to 7.1%) between 2006 and 2008, which is similar to the trend in the Host Boroughs, but is counter to the slight growth patterns in self-employment seen in London and the UK. It should be noted that self-employment as a proportion of jobs in the borough also fell from 13.7% in 2006 to 10.3% in 2008, which may provide an explanation for this apparent anomaly – that is, that jobs increases in the borough proportionately reduced self-employment. (A further explanation may be provided by the time-lag between datasets).

**Key Issue:** Despite the strength micro-businesses in the borough, entrepreneurship under-performs the London and national averages, and is declining.
Fig 4.1.23: Rates of Self-employment as a proportion of working-age (2006-2008)

Employment within the borough

The location of employment within Waltham Forest is fairly evenly spread throughout the borough, with no ward hosting more than 10% of total borough jobs. There are also no employment ‘hotspots’ in Waltham Forest, unlike those visible in Enfield, Hackney and Newham – with a ‘hotspot’ defined as a ward with more than 10,000 jobs. The most important ward for employment in Waltham Forest is Lea Bridge, which has 6,663 jobs, although that ward saw a decrease in employment from 2006 to 2009 of 171. It should also be noted that no ward in Waltham Forest has more jobs than its working age population. This is potentially significant for the borough as, despite it having a number of active town centres, Waltham Forest does not currently have a main focus for business activity. The spread of jobs throughout the borough is also distinct from the location and patterns of employment for residents with jobs in Waltham Forest.

Key Point: No ward in Waltham Forest has more jobs than its working age population.

Enfield, Newham and Hackney all contain wards where there is a concentration of employment (more than 10,000 jobs). While Hackney’s clusters are on the City Fringe, Enfield and Newham have jobs clusters around their main town centre (Enfield Town and Stratford respectively). We can also see from the map below that Redbridge has a jobs concentration around Ilford.

Key Issue: Should the borough focus on trying to create a centralised business area, or areas? How can this be promoted through the regeneration areas?
The rate of change in local employment shows that increases have been more prevalent among the less important wards in employment terms, whereas some of the more prominent wards for employment (Lea Bridge, Hoe Street, Higham Hill) have seen a decline. The spike in jobs in Hale End and Highams Park is due to the expansion of Total Security Services which is based in the ward.
5.2 Sector analysis

This section brings together the above analysis in greater detail for the key and priority sectors in the borough, providing a narrative on the important characteristics in addition to key statistics in each case.

Creative

This cluster has strong representation on the cluster by firm analysis, but a poor employment profile. Particular strengths within the Creative cluster include Artistic & Literary Creation, which consists of over 200 businesses and over 260 employees. This is an industry with a large number of small businesses, partnerships and sole traders, with an average employment of 1.3. The activities of businesses in this industry are generally not large, as it includes authors, lecturers, painters, composers, song writers, orchestras, and actors.

Another strong element to this cluster is ‘Other software consultancy’, which for the most part consists of web design, animated web content and adobe flash projects. There are over 500 businesses involved in this activity which again is primarily filled with small independent businesses, with a total industry total of 560 employees.

Wholesale/Retail

The wholesale and retail sector is important to the borough providing the largest share of jobs of any of the headline sectors (around 13,000). The whole sector includes major employers such as supermarkets, and large wholesale operations – such as New Spitalfields (a key part of the Food cluster). The map below shows where the businesses in the sector are located in Waltham Forest indicated by a coloured dot which is sized to reflect the amount of employment the business in question provides.
Map 4.1.26/4.1.27: Distribution of firms in the Wholesale/Retail and Manufacturing sector (by employment) (2009)

Source: TCR/SME 2009
There is a slight pattern of distribution of businesses in this sector, with a concentration of retail around the town centres, and some clustering of wholesale around the South West and West of the borough (near the main roads into the city and neighbouring boroughs) – in Leyton, Argall Road, and Blackhorse Lane.

**Manufacturing**

While declining in overall employment terms, the manufacturing sector remains as a key sector for the borough economy. The map shows where in the borough these firms are located, and shows a greater concentration of manufacturing to the South and the West of the borough. This includes a particular concentration of manufacturing in Lea Bridge Ward. There are, however, a number of noticeable clusters dotted around the borough. These include:

- North of the borough - Manufacturing from raw materials
- Hoe Street/Wood Street/Williams Morris – Textiles
- Hoe Street - Printing/Publishing

**Food:**

Waltham Forest has particular strengths within the manufacturing of bread, the wholesale of fruit and vegetables, retail sale in non-specialised stores and restaurants.

These four industries provide a total of over 5,700 jobs in Waltham Forest, with the bakeries over 1,500 people, wholesale of fruit and vegetables employing over 800 people, retail in non-specialised stores employing nearly 1,200 people and restaurants employing over 2,200 people.

Retail in non-specialised stores generally include supermarkets, which accounts for around 120 out of the 140 of the businesses in this SIC. The largest employer in this sub-sector is Morrison’s (400 employees).

Percy Ingle Bakeries, in Lea Bridge ward, is a particularly large employer in the borough employing around 285 people. In terms of restaurants there are no particularly large employers, with volume of businesses providing the large overall total. As one might expect the largest employer within the wholesale of fruit and vegetables is New Spitalfields Market which employs nearly 150 people, which is relatively large when considering that the remaining wholesalers all employ less than 20 people. It is noticeable, however, that New Spitalfields Market only employs around 10% of the wholesale of fruit and vegetables sector.
Logistics:

Whilst the Logistics cluster is strong when compared to the UK cluster average, employment or numbers of business are not significant when compared against the other clusters. The majority of activity occurs in national post activities, and post offices and the royal mail employ roughly 190 people in total in the borough.

There has been an increase in activity in transport via railways, which has increased from very few employees in 2006 to almost 80 in 2009.

Medical:

As one might expect the largest medical employer in the borough is Hospitals with close to 1,200 employees. The sub-sector called ‘other human health activities’ also employs a similar number of people (1,200). This industry generally includes optometry, chiropractic, acupuncture, medical laboratories, blood banks, organ banks, ambulance transport and dental paramedical. As seen in the Food cluster, there are no particularly large employers within this industry, it is just the large number of small businesses that cumulatively provide a large amount of employment.

There are also over 600 people employed in dispensing chemists in the borough, including a lot of branch activity namely Boots, Superdrug and the Co-op pharmacy for example.

Professional Services

This cluster is particularly small, consisting of only one industry - accounting, book-keeping and auditing activities. This industry currently employs over 625 people having grown from approximately 590 employees in 2006, which is a respectable growth of 5.9%. The largest employer within this industry is Barnes Roffe & Co Chartered Accountants which employs over 50 people, the remaining industries all employ fewer than 25 people.

Security

As with professional services, this cluster is also small, with only one industry - investigation and security activities - showing any strength in Waltham Forest. There are, however, a large number of employees within this industry, over 1,400 people. The largest employers are Total Security Services in Hale End and Highams Park which employs over 900 people and H & M Security Services which is situated in Hale End and Highams Park, which employs 350 people.

Sport

This cluster will be strengthened by the arrival of the Olympics, although it has already seen an increase in employment from around 400 people to over 800 people in the last three years. Largest employers in the borough include Leyton Orient Football Club and the Cathall Leisure Centre. The majority of the remaining businesses in this cluster are particularly small, mainly consisting of smaller sports clubs, such as bowls, tennis, and snooker.

Textiles

Within the Textiles cluster there are some local strengths in manufacturing, namely the manufacture of other outerwear, which employs almost 250 people overall. This is mainly filled up with specialist clothing design shops that employ a moderate amount of people (around 10-20 people each). However, the key strength in the textiles cluster is the retail sale of clothing, which employs nearly 1,400 people. There are some moderately large branches that operate within this SIC, such as Matalan (80 people), Burton (30 people). A Levy & Sons Ltd. or Blue Inc as they are now known) with 419 employees, also have their headquarters within the borough in Blackhorse Lane, so this is a key employer for the cluster.
5.3. Low Carbon economy

Low Carbon economic activity has a low representation in Waltham Forest but does have a relatively strong number of environmental services firms. The borough has a relatively good performance in CO2 emissions – due to relatively lower levels of industrial and transport emissions small industrial base.

Fig 4.3.1: Number of firms/employment in environmental/low carbon/renewable sector (2009)

![Bar chart showing number of firms/employment in environmental/low carbon/renewable sector for different boroughs in London, including Enfield, Greenwich, Hackney, Haringey, Newham, Redbridge, Tower Hamlets, Waltham Forest, Olympic Borough, and North East London.

Source: TCR 2009

Firms in the Low Carbon economy can be subdivided into three industries:

- Environmental
- Low carbon
- Renewable

The majority of Low Carbon economy firms and employment in Waltham Forest are classified as belonging to the Environmental industry which makes up 76% of Low Carbon economy businesses in the borough. In all three sectors, the vast majority of borough firms in the sector are independent companies, which is true of all neighbouring and host boroughs with the exception of Tower Hamlets. Most of these Environmental industry firms are engaged in the collection and treatment of waste, of which the largest of these firms is GBN Services Ltd, employing over 100 people.

Businesses involved in the Renewables industry in Waltham Forest include solar businesses, bio-energy and recycling, so there is some presence in the borough of energy efficiency business activity. In the Renewables and Low Carbon industries there are no key employers, and businesses are small generally employing fewer than 10 people.

None of the boroughs Low Carbon economy companies are foreign owned, in contrast to 17% of Tower Hamlets companies, and 9% of businesses across London in the sector, although the borough does have the same proportion of UK-owned firms (9%) as the London average. The absence of foreign-owned firms (and the over-concentration of independent firms) in Waltham Forest and

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1 Recycling (in terms of waste to energy and the reuse of materials) is included in the Renewables sector for the purposes of this report.
neighbouring boroughs (except Tower Hamlets) indicates that the boroughs are not benefitting from inward investment in this sector.

Fig 4.3.2: Percentage of firms in environmental/low carbon/renewable (2009)

Source: TCR 2009

In employment terms, these sectors are not very significant. A total of 36 Low Carbon economy firms were identified in the borough. These 36 firms employ a total of 191 people. The borough is not particularly strong in terms of Low Carbon economy firms and employment. The average London Borough contains 526 employees across 39 businesses within the sector. While some boroughs in London (Lambeth and Westminster) have a presence in this sector, 15 London boroughs with fewer Low Carbon economy businesses than Waltham Forest and 10 London boroughs with fewer people employed in the Low Carbon economy than Waltham Forest. These include Wandsworth, Harrow and Barking and Dagenham.

Fig 4.3.3: Breakdown of Low Carbon economy employment (% of overall employment) (2009)

Source: TCR 2009

The low carbon economy has been designated a strategic priority for East London by the LDA – which is proposing the creation of a Green Enterprise District focused around the Thames Gateway.
(see section 4.6 – Inward Investment). The sector is generally forecast to grow significantly over the coming years (reflecting the increasing need to tackle climate change), so this could become a particular growth sector for the sub-region.

**Household waste:**

London Borough of Waltham Forest is a partner in the North London Waste Authority with Haringey, Hackney, Islington, Barnet, Camden and Enfield. Household waste data is therefore not disaggregated to the borough level.

The North London Waste disposal contract – which covers the boroughs listed above – is the largest in the UK, and is due for renewal in 2011. The new contract is likely to require new waste disposal facilities and may, therefore, provide opportunities for business investment and new employment in the borough (which will have strong potential links to the Green Enterprise District referred to above).

### 5.4. Enterprise and Innovation

#### Business Ownership

The profile of gender of ownership for businesses in Waltham Forest shows a significant predominance of all-male leadership. This trend is more pronounced in Waltham Forest than in the rest of London, which shows proportionately more female leadership against all of the variables shown in the figure below.

**Fig 4.4.1: Leadership by gender comparison (2009)**

![Graph showing leadership by gender comparison]

Source: TCR/SME 2009

Females are proportionately better represented in the ownership profiles of firms in the business services, health and social care, and other/personal services sectors. Those sub-sectors where women are more likely to be leaders include hairdressing, health activities, letting, business consultancy and legal activities.
In terms of ethnicity of leadership, there is a clear predominance of wholly white-owned (around 80%) businesses in Waltham Forest, although ethnic minority-led businesses are marginally more common in the borough than across London (18% compared with 17%). Given the proportion of ethnic minorities in the borough, improved levels of entrepreneurship among ethnic minorities could make a significant difference to the borough.

Analysis of the sub-sector profiles, however, shows that ethnic minority-led businesses operate across all the key sectors in the borough. There are, therefore, ethnic minority-led businesses in Waltham Forest in retail, manufacturing, construction and business services.

Mixed ethnicity ownership only tends to occur in some niche financial services sub-sectors, and in manufacturing or repair businesses related to electronics.

**Fig 4.4.2: Leadership of Waltham Forest firms by ethnicity (2009)**

The recession has had a critical impact on the numbers of businesses starting and failing in Waltham Forest, as it has nationally, and across comparator areas.

As the figure below shows both comparator boroughs and Waltham Forest had a higher business birth rate than death rate in 2004. In the period since, from 2004 to 2008, all comparators have seen a significant drop in the numbers of business births and large increases in the rate of business deaths.

Waltham Forest has seen a decrease of 6% in the number of births, and a 4% increase in the number of deaths over the time period. This is in line with trend – the performance of Waltham Forest has been worse that the London average in terms of business births, but better for business deaths.
are some significantly worse performers, however, among neighbouring boroughs – Newham has seen an 11% increase in business deaths between 2004 and 2008.

Fig 4.4.3: Business Births and Deaths comparison (2004 -2008)

In terms of impact on employment, new VAT registrations were responsible for creating 11,796 jobs in Waltham Forest between 2004 and 2008. However, due to VAT de-registrations over the same period, 10,111 jobs were lost giving a net gain of 1,685 jobs to the borough.

The figure below shows the sectors that the jobs were created in, which follows the pattern of major employment sectors in Waltham Forest. Nearly two-thirds (61%) of these company births were for micro-sized companies.

Fig 4.4.4: Proportion of employment gained through company births (2004-2008)

Source: TCR/VAT 2009
Analysis of the sector pattern for company deaths over the same period shows several differences, including a higher number of deaths over births for manufacturing, hotels & restaurants, transport and public administration/other. The sectors where there were more births than deaths were construction and business services.

**Fig 4.4.5: Proportion of employment lost through company deaths (2004-2008)**

The number of VAT registrations provides a comparative rate of entrepreneurship across the sectors (as shown in the figure below). This shows a greater degree of enterprise in Waltham Forest in manufacturing, construction, retail and hotels/restaurants. Of those sectors, however, only construction showed a positive rate of births over deaths in 2004-2008 period.

**Fig 4.4.6: VAT registrations per 10,000 population (2008)**

The Waltham Forest economy was worth £1.46bn in 2009, which was a decrease of £198.7m, or -12% since 2006. The borough economy is the smallest of all the London boroughs, although it contracted at a slower rate than any of its comparators during the recession. The likely explanation for
this is the overall growth in jobs in the borough, and the rate of growth shown in certain clusters (medical, security, food, etc).

**Key point:** The borough contracted at a slower rate than any of its comparators in the recession

**Fig 4.5.1: GVA decrease 2006-2009 Comparison (2009)**

![Graph showing GVA decrease comparison]

Source: TCR/ABI 2009

While the overall economy contracted at a slower rate than neighbouring comparators, at an average of £23,100 per worker, the productivity of the borough remains considerably below any of its comparator areas, including Newham. In fact, it is over a fifth less productive than the other poorly performing boroughs in London – Kensington and Chelsea (£28,500 per worker), Haringey (£29,000) and Lewisham (£29,000 per worker).

**Key Issue:** Waltham Forest has the smallest overall production and is the least productive borough in London

**Fig 4.5.2: Productivity (GVA per worker) comparison (£,000s) (2009)**
Analysis of the performance of firms by sector in the borough shows that there is only one sector – construction (£51,000) – that has a level of productivity per head above the overall corresponding London average (£34,300). It is a significant issue for the borough that the next most productive sector in the borough is Public Administration, which is both relatively under-represented in the borough, and likely to be subject to significant funding cuts in the coming years.

Fig 4.5.3: Productivity (GVA per worker) by sector in Waltham Forest (£,000) (2009)

The productivity of the borough is a critical issue to understand, and analysis of the productivity of the clusters outlined above shows up several key points for the borough:

- The productivity of the key clusters is below the borough average, and below the productivity of the non-cluster sectors (which make up around a third of total employment in Waltham Forest).
- Of the higher value-added clusters – logistics, professional services and office machinery are growth clusters.
- Several of the important clusters – food, textiles and consumer goods – have a productivity level below the borough average.
• The clusters around the public sector are generally less productive (apart from Public Administration, which has far less employment than health/social care and education).

**Key Issue:** Does the borough prioritise the development of more productive clusters?

**Fig 4.5.4: Productivity (GVA per worker) of key clusters (£,000s) 2009**

Comparative analysis of the most productive clusters with most significant clusters in terms of numbers of firms and total employment shows that only one of the important clusters in employment terms – construction – is a productive cluster. In terms of firms, however, there are four clusters with large numbers of businesses in the borough that are in productive sectors – construction, professional services, creative and printing/books/newspapers.

**Key Point:** Construction is the most important sector in Waltham Forest (on the basis of productivity, number of firms and jobs in the sector).

**Table 4.5.5: Top cluster comparison (firms, employment and productivity) 2009**

<table>
<thead>
<tr>
<th>Overall Firms</th>
<th>Overall Employment</th>
<th>Productivity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical</td>
<td>Security</td>
<td>Logistics</td>
</tr>
<tr>
<td>Food</td>
<td>Food</td>
<td>Digital and ICT</td>
</tr>
<tr>
<td>Public</td>
<td>Medical</td>
<td>Creative</td>
</tr>
<tr>
<td>Construction</td>
<td>Construction</td>
<td>Professional Services</td>
</tr>
<tr>
<td>Textiles</td>
<td>Public</td>
<td>Office Machinery</td>
</tr>
<tr>
<td>Health &amp; Beauty</td>
<td>Care</td>
<td>Construction</td>
</tr>
<tr>
<td>Professional Services</td>
<td>Sport</td>
<td>Soap and Perfumes</td>
</tr>
<tr>
<td>Care</td>
<td>Health and Beauty</td>
<td>Printing/Books/Newspaper</td>
</tr>
<tr>
<td>Creative</td>
<td>Textiles</td>
<td>Power</td>
</tr>
<tr>
<td>Printing/Books/Newspapers</td>
<td>Consumer Goods</td>
<td>Jewellery</td>
</tr>
</tbody>
</table>

Source: TCR/SME 2009
The performance of Waltham Forest in terms of innovation in recent years is relatively poor. In both 2006 and 2007, less than 1% of patents registered across London came from the borough, and in 2008, the borough recorded no patent registrations at all. 2008 was, however, a very poor year for patent registrations with only 6 registered within the Host Boroughs.

In 2006 and 2007, Waltham Forest did produce 8 patents a year. Of these, 5 patents were in the ‘Human Necessities’ category. In 2007, this was more than any of the neighbouring or host boroughs in this category.

The boroughs record in applying for and receiving innovation grants is equally poor – the borough only received one innovation grant during 2006 and 2007 – although this is a common pattern for neighbouring and host boroughs also.

### 5.6. Inward Investment

There are a number of core components to an effective inward investment offer, which include:

- Access to the necessary markets (the priority for near market functions)
- Access to appropriately skilled labour
- Appropriate accommodation and commercial premises
- Sufficient transport connections (public transport and road links)
- Attractive environment and positive image
- Access to necessary local amenities
- Personal considerations such as suitable housing for executives (and access to good schools).

A number of these fundamental inward investment concerns (access to markets, a labour pool, public transport connections, personal considerations) are unlikely to apply in London as the capital’s travel to work area has significant provision in each of those areas.

Of the remaining factors, some potentially fall within the influence of the Council. Planning policy can influence provision of suitable commercial space, road linkages, and provision of local amenities. The Council can also influence the local environment and the image of the local area, as well as how the area can promote itself.

Generally, large scale inward investment projects are becoming scarcer, due to a number of factors including the global economic downturn, the lack of local incentives and the growing trend towards smaller business units.

There are two types of inward investment analysed as part of this assessment. They are:

- Inward investors - Companies (still trading) set up by a foreign parent company (excluding branches)
- Firms (still trading) started in 2004 (or before) that have migrated to the borough
- Branch investment

Of the current business stock in Waltham Forest, there are 197 firms that are Inward Investors (companies that have moved to the borough from overseas). Waltham Forest has the second lowest number of these businesses of any London borough (only Barking and Dagenham has less). The borough’s proportion of inward investors is 0.5% of the London total, 6.3% of the neighbouring borough’s total and 5.8% of the total inward investors in the Host Boroughs.

**Fig 4.6.1: Number of inward investors (still trading) by borough (2009)**
34% of the borough's total 'Inward Investors' have moved into the borough since 2001, which is about the average across London. The proportion of inward investors has actually improved, however, since 2008, with Waltham Forest seeing the second highest number of inward investors (17) among the neighbouring and host boroughs. These make up around a quarter of inward investors in the Host Boroughs during that time.

The borough is proportionately better represented among inward investors in the manufacturing, construction, retail and health/social care sectors. While the single biggest sector among inward investors in the borough is business services, this proportionate representation of this sector is less than for the comparators. It should also be noted – although unsurprising – that the representation of finance inward investors is very low in the borough.

Fig 4.6.2: Proportion of inward investors by sector comparison (2009)

Source: TCR 2009

Inward investment is also important between domestic companies (companies registered in the elsewhere in the UK). To measure this, it is possible to monitor migration of companies active in the borough by looking at records of previous addresses. On average, 3.4% of the borough’s current
business stock (alive since 2004 or before) in each sector moved to the borough between 2004 and 2008. This compares poorly to an average of 5.5% across London, and among the Host Boroughs.

**Fig 4.6.3: Proportion of current businesses by sector moving Waltham Forest since 2004 (2009)**

![Bar chart showing the proportion of current businesses by sector moving to Waltham Forest since 2004.](chart)

Source: TCR 2009

This pattern of inward migration has to be balanced out by analysing the current businesses that have moved out of the borough over the same time period. The figure below shows the net migration figure across each of the sectors. It should be noted that, overall, the borough saw a net migration from current businesses of -1% between 2004 and 2008, which was the largest net decrease among comparator boroughs – other than Hackney.

There are a number of core components to an effective inward investment offer, including: access to markets, access to appropriately skilled labour, appropriate accommodation, transport connections, attractive environment and local amenities, and suitable housing for executives (and access to good schools). A number of these fundamental inward investment concerns would not apply in London as it has sufficient provision of each. The under-performance this analysis indicates would suggest that Waltham Forest perhaps does not provide the attractive environment – in terms of suitable accommodation, appropriate road and transport links, and local amenities that firms considering moving to the area would expect.
Fig 4.6.4: Net migration by sector for current business since 2004

Source: TCR 2009

**Branch inward investment**

Of the current business stock, 959 companies are branches of companies that are based elsewhere. This includes branches of foreign and UK-owned companies, and 96 of those businesses are branches of foreign-owned parent companies.

The most significant sector is wholesale/retail, which has nearly a third (295) of those branch businesses.

**5.7. Earnings**

Waltham Forest residents have the second lowest average weekly wage among any of the comparator areas (only Newham has a lower wage rate).

**Key Point:** Waltham Forest has the second lowest average weekly resident earnings in the Host Boroughs. The rate is also over a fifth less than the London average.
The residential rate includes average wages earned by those working outside of the borough, and is therefore higher than the corresponding workplace average, which is around 10% lower (as shown in the figure below). Given the predominance of low value-added employment in Waltham Forest – the considerable wage lag between the borough and the London and Host Borough averages is unsurprising (given the inclusion of Canary Wharf wages in the Host Borough figures).

An important point for policy consideration, however, is that despite lower wages, in 2009 Waltham Forest residents worked longer average hours than residents in any of the comparator areas. This increase in working time could provide an explanation for the lower rate of productivity decline and employment increases in recent years.

**Key Issue:** Despite relatively low wages, in 2009, Waltham Forest residents worked longer than any of its comparator areas.
5.8. Where are the jobs?

Macro-economic factors

Recent work for the GLA by Oxford Economics suggested that London will see growth in business services, personal services and hotels and restaurants – three areas that Waltham Forest has seen some growth in over the past year or two. Additionally, the Government has stated its commitment to supporting a resurgence of manufacturing as a key pillar of the country trading its way back to sustainable growth. Again, manufacturing is a sector where the borough is well represented, as it is in the linked area of logistics.

Fundamentally, however, the borough is reliant on the London economy, both in terms of providing jobs within the travel-to-work-area, and through generating the markets to which many local businesses supply.

Travel to work patterns

Headline points:

- In 2008, 61.2% of jobs in the borough were taken by borough residents. This is a higher proportion than all neighbouring boroughs – except Enfield and Redbridge.

- Around half of borough residents in employment currently work outside of the borough, and The City and Westminster provides around 20,000 jobs for Waltham Forest residents

- Extra-borough employment destinations for Waltham Forest residents are spread across central and neighbouring boroughs as illustrated in the map below.
Analysis of the type of jobs that Waltham Forest residents out-commute to access shows several patterns:

- There are manufacturing jobs provided in all but one neighbouring borough (Newham).
- Business services jobs (including real estate) are available in inner London boroughs.
- Waltham Forest residents are relatively reliant upon public sector jobs in neighbouring boroughs.

### Occupational profiles

In terms of occupations, the following key points to describe the role of the Waltham Forest workforce:

- 53% of the London workforce is in managerial and senior official, professional and associate professional and technical occupations.
- With the corresponding profile at 36%, Waltham Forest residents are far less likely to hold these positions.
- Waltham Forest residents are more likely to be in skilled trades or administrative roles.
- Administrative roles are more likely to be performed by borough residents working outside of the borough, in contrast to skilled trades.

A clear contrast can be drawn between the profile of the occupations in central London, and those jobs accessed by Waltham Forest residents in neighbouring boroughs:

- The numbers of senior and professional occupations are far greater for central London employers, as would be expected.
- The figures on occupations such as Sales and Customer service are, however, more significant in outer London – which suggests that (despite some clear exceptions) Waltham Forest residents do not tend to commute to central London for lower paid jobs.

As for jobs within the borough, the following are stand-out points:

- The occupational profile of those working in the borough shows nearly twice the London average of personal service occupations (12.5%) This is usually associated with self-employment.
• Senior level occupations are significantly below (around half) the London average
• As expected, the borough shows a prevalence of jobs in skilled, trades, customer services, and plant operations.
• However, elementary level jobs are less prevalent in the borough that the London average, which – considering the relatively low skills base means that borough residents need to travel to other boroughs for elementary level jobs (as shown in the travel-to-work patterns above).

### 5.9. Comparative assessment

#### Table 4.9.1: Business and Economy assessment summary

<table>
<thead>
<tr>
<th>Identified factor</th>
<th>Summary Assessment</th>
<th>Likely outcome for the borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Predominance of small businesses (uniquely providing the largest proportion of jobs in the borough)</td>
<td>Waltham Forest has proportionately more small businesses than any of its comparator areas. It can legitimately claim to be a 'small business borough'. There is a clear trend nationally for businesses to become smaller (driven by factors such as the internet, out-sourcing, home-working etc), and it is possible for the borough to promote its location, affordability and development opportunities to cater for the small- and micro-business market. The borough could also adapt policies to support and encourage enterprise from within its community.</td>
<td>Waltham Forest has the means and opportunity to promote small business growth in the area. The scale of growth will be dependent upon how coherent and successful future policies are. Overall, the trend would suggest that small business growth is likely within Waltham Forest.</td>
</tr>
<tr>
<td>Relatively low numbers of large employers.</td>
<td>Large firms (employing 200+) are usually the major drivers of productivity in a local area. While Waltham Forest has a number of large regeneration sites, and strategic industrial locations that could locate new inward businesses coming to the area, the potential for such inward investment is viewed by partners are unlikely. The Inward Investment market – particularly for Foreign Direct Investment is risk adverse, and companies will not take a chance on locating to an area without a strong track record as a business location.</td>
<td>Significant job opportunities being generated from new large employers coming to Waltham Forest is very unlikely. However, over the long term, if Stratford City can prove itself as a viable business location, then Waltham Forest may benefit from the close proximity of Stratford. The Borough has, however, seen very large job increases in some business services activity, from firms within the borough (particularly the security industry). Indigenous job growth is therefore a possibility.</td>
</tr>
<tr>
<td>Jobs within Waltham Forest are fairly evenly spread</td>
<td>Generally, employment 'hotspots' are clustered around major town centres. The absence of modern</td>
<td>Dependent upon the Council’s new regeneration strategy, and the state of the development market in the coming</td>
</tr>
<tr>
<td>Identified factor</td>
<td>Summary Assessment</td>
<td>Likely outcome for the borough</td>
</tr>
<tr>
<td>-------------------</td>
<td>--------------------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>Throughout the borough. The borough has no identifiable employment ‘hotspot’.</td>
<td>Office buildings in the borough’s town centres (and the dispersed nature of offices of public amenities) is a factor in this. If the Borough can facilitate development of offices as part of its major regeneration plans (potentially to be targeted at the small business market), this may change.</td>
<td>Years.</td>
</tr>
<tr>
<td>Ethnic minorities are less likely to run businesses in the borough.</td>
<td>Despite a large and diverse ethnic minority population, there is a relative lack of entrepreneurialism – particularly among the Pakistani community.</td>
<td>This analysis offers the opportunity to promote enterprise among certain communities – which could have community cohesion as well as economic benefits.</td>
</tr>
<tr>
<td>Relative productivity and size of the economy</td>
<td>Waltham Forest is starting from a relatively low base, in a time of economic uncertainty. Some higher value activities exist (and are growing) in the borough. Business and professional services are also forecast to grow in Waltham Forest. While there is uncertainty around the national economy and the success of policies to ‘move London eastwards’, a significant change in the economic conditions in the borough is unlikely.</td>
<td>Incremental growth in some higher value-added areas. Much is dependent upon the strategy and success of the regeneration programme (where opportunities do exist). The borough should keep working closely with East London (mainly Host Borough) partners, as a macro-economic change in East London is most likely to happen through the success of Stratford/the Olympic Park.</td>
</tr>
</tbody>
</table>
6. BUSINESS NEEDS

6.1. Employment Forecasts

This analysis makes use of two separate scenarios to assess future employment in the borough. These are:

- Continuation projection (based on analysis of current trend performance in the borough)
- GLA return to growth scenario for London

As a headline, there is a slight difference between the overall projection estimates for total workplace employment for Waltham Forest, the continuation projection being more marginally optimistic for numbers of jobs in Waltham Forest. It should be noted that the current employment estimates indicated in Figure 4.5.1 show an underestimate of jobs from the key clusters in the borough.

**Fig 5.1.1: Employment Growth forecast combination to 2020**

<table>
<thead>
<tr>
<th>Year</th>
<th>Continuation Projection</th>
<th>GLA Projection</th>
</tr>
</thead>
<tbody>
<tr>
<td>2010</td>
<td>58,773</td>
<td>58,477</td>
</tr>
<tr>
<td>2015</td>
<td>57,145</td>
<td>56,874</td>
</tr>
<tr>
<td>2020</td>
<td>55,518</td>
<td>55,275</td>
</tr>
</tbody>
</table>

Source GLA/TCR 2009

Within these projections, there are variations in projected sector performance, with increases anticipated for certain sectors – business services and personal services. There are also decreases forecast for a number of key employment sectors for the borough – including retail and health and social care.
6.2 Demand for employment space

Using the continuation scenario, the projected change in land use in the borough is expected to increase in ‘softer’ less space intensive sectors such as finance, business services and personal services. There is also projected to be less demand for land in manufacturing, utilities, construction and education.

Fig 5.2.1: Projected Land Use Change by Sector to 2019 (Continuation Scenario)
Using the GLA employment projections, the projections for land use change are broadly similar, but contain some notable differences. The decrease in land use for manufacturing, utilities, construction, and the increased need for business services and personal services land uses show strong similarity. The areas of key difference are in retail, hotels and restaurants and education.

**Fig 5.2.2: Projected Land Use change by Sector to 2019 (GLA Projection)**

By combining trend business data with trend for land use data, analysis shows gaps between the current demand and levels of supply of commercial space in the borough. There is a clear indication for the need to supply smaller business units going forward, which is consistent with the trend in the business demographic towards smaller business sizes.

Source: GLA 2009
It should be noted that this trend towards increasing demand for smaller units shows a very similar pattern across all neighbouring boroughs). It also supports some of the key messages emerging from the consultation process.

### 6.3. Business Survey

**Introduction**

The Business Survey for the Waltham Forest Local Economic Assessment was conducted in two parts:

- A quantitative business survey
- A qualitative set of interviews

The business survey was conducted online during July and August 2010. The methodology employed was as follows:

Develop a dataset combining Dunn & Bradstreet business records for the borough and LB Waltham Forest National Non-Domestic Rates database records where an electronic contact (email) was held. Combined, this produced a dataset of over 3,000 business contacts. Businesses were conducted by email intermittently and referred to the survey questionnaire hosted at [www.surveymonkey.com/LBWFBusinessSurvey2010](http://www.surveymonkey.com/LBWFBusinessSurvey2010). The survey could also be accessed via [www.walthamforest.gov.uk](http://www.walthamforest.gov.uk).

The survey dataset was supplemented by an email sent to the North London Business database of businesses in the borough (an estimated 1,500). The survey was also promoted via the consultation
exercise and through the local press. It was also supplemented by some cold-calling from a telephone bank.

Through a combination of these approaches, it is estimated that the survey reached at least 4,500 businesses.

**Survey results**

Responses to the survey were received from 151 local businesses, and a full copy of the Survey Monkey report is included in the Evidence Base appendix.

The responses were gathered from a cross-section of local business sectors, sizes, and turnover bands. The single largest response sample came from the wholesale/retail sector, which is reflective of the relative size of that sector in the local economy.

The headline messages that emerge from the survey results include the following:

- Businesses were almost equally divided over views on prospects for the coming year’s trading. 36% thought business would remain steady, 33% thought it would increase and 31% forecast a decrease in trade. 81% of businesses had not made any redundancies in the previous 12 months, despite 74% reporting a decrease in trade.

- 41% of respondents were in rented accommodation, although 71% thought their current premises were suitable for their needs. However, 22% of respondents stated that their current premises were too small.

- 20 companies stated that they would be looking to relocate to premises outside of Waltham Forest. The availability of suitable premises was identified as the most common reason for seeking relocation outside the borough.

- A slight majority of respondents (either owners/senior managers) – 52.5% lived outside of the borough. On average, an estimated 61% of staff live outside of the borough.

- 80% of the respondents were white – which closely corresponds with the estimated proportion of ethnic minority business ownership in the borough shown in the LEA data.

- The significant majority (68%) of respondents said that their business had no skills gaps.

- The Council emerged as an important local customer, with 44% of respondents listed as suppliers.

- Suppliers to businesses were listed as being spread around London, Essex and the rest of the country.

- Customers, however, tended to be more local – which is too be expected given the larger number of respondents in the retail sector. Customers outside of London were also listed as relatively common.

- By far the biggest issue listed among respondents (65.4%) was parking for customers and staff, and local roads/congestion were the next most common concerns.

- A good number of respondents – 43% stated that their business would be looking to invest in the next 12 months. However, just over half of those respondents said that their plans to invest were restricted by access to private sector finance.

- Generally, the view of respondents was that around half (49%) were ambivalent about Waltham Forest as a business location. Around 25% were satisfied with it, but 16% were unsatisfied.
Qualitative Responses

A total of 30 ‘depth’ interviews were conducted as part of this exercise. The one-to-one interviews were conducted during August and September 2010, and were targeted at the key clusters identified in the evidence base analysis. The summary comments from the qualitative interviews are included in the Evidence Base.

The interviews were conducted on an informal conversation basis, with topics covered including:

- Reasons for being located in Waltham Forest?
- If the borough is important for the sector?
- Where the activities of the business are conducted?
- What the prospects are for the sector in the future?
- What could be improved in the borough?

Headline themes that emerged from the interviews were as follows:

- The main reason that businesses are located in the borough is because of existing local ties.

- Waltham Forest is generally seen as a well-located place to do business (there is easy access to the City/London and M25/rest of the country). Supply chain patterns reflect this connectivity.

- The Mayor’s restrictions on HGV traffic (between 9pm and 7am) are, however, a major hindrance to the logistics sector.

- The most significant issue raised is the question of parking – particularly in the area of deliveries and works access. The Council received some criticism about its parking and traffic policies in general, and it was repeatedly expressed that parking restrictions (permits) had been implemented in a number of areas without consultation, and without due consideration of the effects on local businesses.

- There are a large and growing number of micro-sized businesses in the borough – many involved creative activities. These businesses are very highly motivated and are very willing the commit time and effort to projects that they enjoy and see the value off (the E17 arts trail was listed as an example of this, with over 1,000 people involved in the project).

- In the small business sector, there is a view that good businesses move to Enfield and Barnet. While there is a strong demand for small business space, there is a high failure/churn rate in many workspace units. The Business Rates system also received criticism as it can penalise micro-businesses as rateable values for business space increases when units are subdivided.

- For retail, there is strong positivity for the prospects for the borough to maintain its position as a key secondary shopping destination. The prospect of Westfield opening at Stratford is seen as a short term issue, but the focus on higher end retail at Westfield means it is unlikely to dilute the Waltham Forest secondary level retail market.

- A common issue among all businesses spoken to in town centres was the lack of enforcement and the large numbers of fast food, gambling and health and beauty shops that have been appearing in town centres. Of particular concern was where traders set up in empty shops having not obtained the correct licences. The combination of these factors was seen as a major problem for the image of town centres, and something that the Council should address as a matter of urgency.
Aside from one business, none of the businesses interviewed had seen or expect to see any trade generated by the Olympics. Many had spent time going through all the processes encouraged by local business support agencies, but there had been no success stories. The only business to receive work was as a result of being a supplier to a large construction firm that had received an Olympic contract.

### 6.4. Comparative assessment

**Table: 5.4.1 Business Needs Comparative Assessment**

<table>
<thead>
<tr>
<th>Identified factor</th>
<th>Summary Assessment</th>
<th>Likely outcome for the borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Business needs have identified that there is a over-demand and under-supply of small commercial units.</td>
<td>Links to the small business opportunities listed above.</td>
<td>If the Borough is to position itself as a 'small business borough', priority should be given to tackling some of the issues that have emerged from the consultation.</td>
</tr>
<tr>
<td>The issue of car parking within the borough was most commonly raised in all elements of the consultation.</td>
<td>There is an overall viewpoint from the cross-section of businesses that (a) the council's parking policy is restrictive in many respects to local businesses, that (b) the consultation processes do not provide adequate opportunity for businesses to respond (giving priority to the views of residents).</td>
<td>Given that businesses are fairly evenly spread throughout the borough, the Council should seek to ensure that all of its car parking policies are not prejudicial to local businesses. Effective engagement through businesses forums (already in evidences in some areas) could provide a template approach for this.</td>
</tr>
<tr>
<td>The presence of illegal, unlicensed and other activities deemed detrimental to the local business environment in borough business areas and town centres.</td>
<td>Among Town Centre and business areas, the issue of inconsistent application of enforcement procedures is common.</td>
<td>For the borough to encourage new business development and relocation, enhanced application of multi-agency enforcement would be a visible and effective course of action.</td>
</tr>
</tbody>
</table>
7. WORKLESSNESS ASSESSMENT

7.1. Borough demographics

After a period of marginal depopulation at the end of the 1990s and stagnation in the early part of the last decade, Waltham Forest saw some population growth between 2004 and 2009. The population in 2009 was estimated at around 225,000, and the ONS/GLA forecasts that this will increase incrementally over the next 15 years.

Fig 6.1.1: Population timeline for Waltham Forest (GLA forecasts)

![Population timeline graph]

Source: ONS/GLA 2009

The Mayhew report (2009), however estimated the population of the borough at around 243,000 on the basis that official population estimates have underestimated the impact of immigration in Waltham Forest – as in many London boroughs.

The figure below shows the estimated breakdown of population by ethnicity in the borough, which shows the White British as the largest grouping with around 34% of the borough population (although around 24% of the estimated population are unidentifiable by ethnic grouping). The Mayhew report forecast that the population growth in the borough will include steady growth among all the ethnic groupings, so that the proportion of ethnicity will be broadly similar in 2024 as in 2009.
**Age Profile of Waltham Forest**

The age profile of Waltham Forest is relatively young, and relatively old in comparison to the East London and the rest of London. The age group where the borough is most under-represented is between 20 and 29, which is likely to be a result of the absence of a university in the borough and the prevalence of owner-occupied terraced housing.

**Fig 6.1.3: Proportion of population by age (2009)**

Source: GLA 2009
The ethnic profile of working age people (16-64) in Waltham Forest is very similar to the rest of the host boroughs, which mainly differs from the London average in terms of the proportion of White (65% in London to 54% in Waltham Forest), and the numbers of Asian or Asian British, who are 50% more likely to be living in Waltham Forest and the Host boroughs than across London.

**Fig 6.1.4: Ethnicity of Working Age people comparison (2008)**

![Ethnicity of Working Age people comparison (2008)](chart)

Source: APS 2008

### 7.2. Worklessness Profile

Waltham Forest is part of the sub-region of London where problems with worklessness are most prominent. It is one of the five Olympic Host Boroughs, where the most significant problems of worklessness are concentrated. In response to this, the Host Boroughs have collectively prioritised addressing worklessness as one of the three main issues to be tackled as part of the Olympic legacy. The strategy of the sub-region is that the performance of the host boroughs against key socio-economic indicators should ‘converge’ with the London average over the coming years.
7.3. Economically Active

There are an estimated 155,000 people of working age in Waltham Forest (ONS 2008), with an economically active population of 111,500, which is 74% of the working age population. The activity rate has remained relatively stable since 2006.

**Key Issue:** The borough’s economic activity rate (at 74% of the working age population) is less than the London and national average, but above the rate of the other Host Boroughs.

Economic activity in the borough is split 81% men and 63% women. Both these measures are above the Host Borough average, but men in Waltham Forest are marginally more likely to be economically active than in the rest of London.

In terms of ethnicity, the white population is the largest group: they are more likely among borough residents to be economically active, but underperform slightly compared to the London average for this ethnic group (by 1.5%). Around 60% of Asian people in Waltham Forest are economically active, (12% less likely than the borough average), and underperform the London average for their ethnicity (68%) by 8%. Their profile is closer to a Host Borough average for Asian economic activity. The black population in Waltham Forest, however, are significantly more likely to be economically active (77%) than both the Host Borough (69%), and London averages (71%).

**Key Issue:** The borough underperforms the regional (London) and national averages on all elements of the headline working age profile. It has a smaller proportion of its working age population in employment, more in unemployment, less economically inactive ‘wanting a job’ and more economically inactive ‘not wanting a job’.

2 References for the borough profile come from several sources: JSA (ONS 2010), IB (DWP May 2010), and ONS APS Apr 2009-Mar 2010 for the remaining statistics. Please note that IB data refers to ESA and all incapacity benefits. IB claimants are listed as ‘not wanting a job’ but workless estimate assumes 40% of those are ‘hidden unemployed’. All percentages refer to working age population (16-64), except for the working age population estimate, which refers to total borough population.
The boroughs profile, however, compares relatively favourably to comparator boroughs, including the other Host Boroughs, with proportionately more economically active people than Tower Hamlets and Newham, but slightly less than Greenwich and Hackney.

Fig 6.3.1: Headline Host Borough profile (April 2009-Oct 2010)\(^3\)

7.4. Employment

From 2006 to 2008, the borough performed poorly in employment terms but – again – not as poorly as some neighbouring boroughs. It did, however, lag behind the London and national averages.

Key Issue: In September 2009, unemployment in Waltham Forest was estimated to be 9,200 (6.1%), which is a 1.2% increase since 2005. This was above the London average of 5.2%, but below the Host Borough average (6.3%).

Looking at the residential employment rate in greater detail, it is apparent that there has been increases in both the total, and proportion of employment among white UK and white non-UK nationals in the borough between 2005 and 2009. Both, however, remain slightly below the respective national and regional averages.

For ethnic minority UK and non-UK nationals, the downward changes in both total and proportionate employment performance are again noticeable between 2005 and 2009. The gap relative to both national and London averages is widening, and it is striking to note that the proportion of ethnic minority non-UK nationals of working age in employment has gone from significantly out-performing both the national and London averages, to lagging behind both indicators after the 4 year period. While it is difficult to pinpoint the exact drivers behind these statistical developments, we can infer that employment among recent non-UK national ethnic minority immigrants, younger UK-national ethnic minorities and Asian – particularly Pakistani - UK-nationals has decreased in recent years.

\(^3\) Using the same calculation processes as for Fig 6.2.1 above.
7.5. Unemployment

In September 2009, the estimated unemployment rate for Waltham Forest was 6.1%, which is above the London average (5.2%), but below the Host Borough average of 6.3%.

Key Issue: The unemployment rate of men in Waltham Forest (8.6%) is more than twice the unemployment rate of women (3.4%) in the borough. The differential between the two rates (5.2%) is easily the largest among neighbouring boroughs, and is over twice the rate of difference (2.5%) in the unemployment rate between men and women in the Host Boroughs.

Review of the age profile of unemployed in the borough shows a relatively high proportion of unemployed aged 20-24 (13.2%), which is significantly above the Host Borough (9.6%) and London (8.8%) averages. The proportion is also considerably higher than for any other age group (7.9% for the 44 to 49 age bracket being the next nearest. The figure is more than twice the unemployment rate of the 25 to 29 age group (6%). The age profiles of many of the wards in the South of the borough – including Grove Green, Cathall, Cann Hall, and Leyton – show a higher proportion of young males, and greater concentrations of ethnic minorities (primarily Asian), which correlates with the data that shows a greater propensity towards unemployment among Asian males, and suggests a particular issue among the younger age-group of this section of the local population.

Key Issue: Analysis of the rates of unemployment by ethnic breakdown show that the total number and proportion of unemployed working age white and ethnic minority UK nationals have moved in opposite directions.

Fig 6.5.1: Changing unemployment rate comparison among UK nationals (2005-2009)

![Graph showing changing unemployment rates](image)

Source: APS 2010

This difference in changing unemployment occurred over a period when all groupings saw a (very marginal) increase in population (Mayhew Population Projections 2009), so the change cannot be attributed to population change. Instead, the strong suggestion is that there are particular issues relating to the increase in unemployment among the Asian population in the borough.

7.6. Jobseekers Allowance (JSA)

On the latest figures (June 2010), the JSA claimant count stood at 8,342 people in Waltham Forest, or 5.7% of the working age population. This figure is above the London (4.2%) and national (3.8%) averages.

Key Issue: Numbers of JSA claimants have increased by 35% over the past year. This increase has been noticeably slower than the London average rate of increase (43%), but it has been above the Host Borough average (32%) – outstripping all boroughs apart from Hackney.
The pattern of JSA increases across London show more dramatic increases in more affluent areas. This reflected at ward level in Waltham Forest, where the biggest proportionate increases in JSA claims over the past 2 years have been in more affluent wards in the north of the borough. As there has been no corresponding decrease in local employment, this suggests that JSA claimant increases were due to increased job losses elsewhere in London. Despite these increases, the largest clusters of JSA claimants in the borough, remain in the South of the borough.

**Age Profile:** The general profile of JSA claimants in the borough is mostly male (67%), and in the age range 25-49 (61.3%). In common with the national profile, around a quarter of JSA claimants in Waltham Forest are young people aged 16-24. There are some wards in the North of the borough, Endlebury and Larkswood, where the proportion is over 30%, which – given the relatively good access to employment markets in the borough suggests as relatively poor skills match to available jobs in the borough and across London.

Key Issue: 44% of JSA claimants in the borough were previously employed in elementary or customer service occupations.

Managers and professionals are least likely to be claiming, together only accounting for 8% of JSA claims in Waltham Forest. The distribution of the usual occupations of JSA claimants in Waltham Forest is similar to that of its neighbouring boroughs, but is indicative of the effect of recession on lower skilled occupations – such as plant operative or customer service occupations. Nearly half of borough JSA claimants come from the lower skilled occupations which are most vulnerable in times of recession.

7.7. Economic Inactivity

In 2010, over a quarter (28%) of those of working age in the borough are economically inactive, which is considerably higher than the national average (21.1%), and above the London average (24.2%). The profile among neighbouring boroughs is that inner London boroughs display a higher level of inactivity (except Greenwich) than outer London boroughs, but – interestingly – this gap has narrowed since 2005, with Hackney, Haringey and Tower Hamlets all recording decreases in economic inactivity. In contrast, Waltham Forest (and other outer London boroughs) saw an increase in economic inactivity since 2005 – a pattern consistent across all ethnic groupings over the same time period. White economic inactivity in the borough is slightly above average (21%), but has increased in recent years – mainly due to increases among white non-UK nationals in the borough - 2,100 (15.6%) in 2005 to 5,100 (22.4%) in 2009.

In 2008, the proportionate split of economic inactivity among ethnic grouping in Waltham Forest showed a clear difference in inactivity rates between whites and Asians (the second largest ethnic grouping), as shown in the figure below.
Fig 6.7.1: Rates of economic inactivity by ethnic grouping (2008)

Through looking in more detail at the proportion of economic inactivity among ethnic groupings, a number of patterns become apparent. These are:

- A large increase (by 3,900 or 25%) in overall numbers of white economically inactive in Waltham Forest – almost entirely male (as white female economic inactivity has decreased since 2005).

- Economic inactivity among ethnic minority females (53%) is far higher than among ethnic minority males (and white females) and has increased by 7.5% within the borough since 2005. This proportion is higher than the national and London averages, which have – in contrast – decreased over the same time period (-1.6% nationally, and -1% across London).

- Economic inactivity is particularly prevalent among Pakistani/Bangladeshi minority communities (53.5%), and has increased by 3.9% since 2005. This figure is in stark contrast to a decreasing national trend (-5.4%), and London trend (-5.8%) over the period. This is very significant for the borough as the Pakistani/Bangladeshi community are the single largest ethnic minority group in the borough.

Key Issue: A member of an ethnic minority is around twice as likely to be economically inactive than a white person in the borough. Economic inactivity among ethnic minorities is also over 50% more prevalent in women than men.

7.8. Workless Estimate

The term ‘workless’ is widely misinterpreted, and there are a number of complexities and variations arising from how figures are calculated. For the purposes of clarity, this assessment sets a clear definition for the total number of people that can accurately be described as ‘workless’ in Waltham Forest.
It should be noted that the estimation process below is based upon an assumption used by Sheffield Hallam University for ‘hidden unemployed’. As different figure to estimate the number of recipients of incapacity benefits could equally be applied to the formula. For example, it has been recently reported the 87% of IB/ESA claimants in the areas piloting the Government reforms (Aberdeen and Burnley) have been discontinued, so it could be argued that a higher figure than 40% could be used to estimate ‘hidden unemployed’ currently on incapacity benefits. It should also be noted that the figures below a drawn from datasets with differing timeframes.

**Fig 6.8.1: How the number of workless estimation is calculated**

<table>
<thead>
<tr>
<th>There are three component indicators:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Unemployed by ILO definition (including JSA claimant count)</td>
</tr>
<tr>
<td>• Economically inactive ‘wanting a job’</td>
</tr>
<tr>
<td>• Economically inactive ‘not wanting a job’, but in receipt of IB (using the Sheffield Hallam University ‘hidden unemployed’ estimate of 40% IB claimants ‘reasonably expected to have been in work’ if jobs were available).</td>
</tr>
</tbody>
</table>

The calculation to define workless in Waltham Forest will therefore be as shown in the formula below.

\[
\begin{align*}
\text{(ILO Unemployed} & \quad \text{Economically inactive ‘wanting a job’} \quad \text{40% of IB claimants} \\
11,000 & \quad 6,600 & \quad 4,000 \\
\end{align*}
\]

\[
\text{Workless Estimate} = 21,600
\]

**7.9. Incapacity Benefits (IB)**

In 2009, there were 8,440 IB claimants in the borough. This figure is not comparatively high as it is less than each of the other Host Boroughs, both numerically and as a proportion of the local population (3.8%). It is, however, above the London average (3.4%).

The age profile for Waltham Forest IB claimants is similar to comparator boroughs, with its profile almost exactly matching the London profile, and contrasting with the national profile – given the prevalence of middle aged claimants. The profile differs, however, from the national average with less younger and older claimants than across the country. As with the rest of London, the majority of claimants are middle age. This differential could be reflective of the propensity towards service-orientated work in London.
Medical Conditions

Key Issue: 41% of the boroughs IB claimants are making a claim on the basis of a mental health condition – which is broadly in line with the London IB claimant profile.

Mental health is by a considerable margin the most common condition for IB claimants in the borough. This point is consistent across London, so the borough is by no means a special case. The large number of IB claims based on mental health issues – there are 3,480 IB such claimants in Waltham Forest – could be reflective of the nature of service-based employment in the capital.

The second critical point from the evidence is in the second most common IB claim condition. This area is known as ‘Symptoms, signs and abnormal clinical and laboratory findings, not elsewhere classified’, but it includes conditions such as diabetes and – importantly – drug addictions. The only other category of note is the third most common reason for IB claims in the borough, which are muscular issues (around 15%).

Key Issue: This category of IB claims makes up 16% of total claims in the borough, which is higher than any of the comparator areas. A possible explanation for this is that the borough has a proportionately large amount of drug addicts currently on IB

As with current claimants on mental health grounds, many of these claimants are likely to be transferred to JSA in the next few years under the new rules.

Length of claim

The profile of the boroughs IB claimants by length of claim shows that a significant majority of claimants (63%) have been in receipt of IB for 5 years or more. Nearly a quarter of Waltham Forest claimants (24%) have claimed for 2-5 years, with only 11% of claimants being in receipt of IB for less than 2 years. As shown below, this profile is almost identical to neighbouring boroughs and the London profile.
Fig 6.9.2: Length of IB claim comparison (2009)

There is, however, a major difference in the profile of Waltham Forest to the national profile. Whereas the long term (5 years and more) claims are the norm in the borough, over half of IB claims nationally are less than 2 years old. Indeed, 29% of national claims are less than 6 months old. This points to a very different set of issues to be understood in London, which will certainly require a different set of remedial actions as support and reintegration requirements for those long term IB claimants transferred onto JSA will be greater than for usual JSA claimants. As each claimant will be required to be assessed for the validity of claim, the likelihood that Waltham Forest will see large numbers of new JSA claimants that have been out of the job market for over 5 years is very high.

7.10. Skills

Skills levels in Waltham Forest are very low, as in most of East London, and the borough ranks 377th out of 408 local areas in Great Britain on overall skills and qualifications scores. The skills base in the borough is – to an extent - polarised: 26.2% of the working age populations are qualified to NVQ Level 4 or over, whereas 21.5% of the working age population (the next highest proportion) has no recognised qualifications.

Comparatively, the number of people without qualifications is nearly twice the London average (11.8%), although it should be noted that a large number of immigrants in the borough hold qualifications that are either unreported or not recognised. The level of higher qualifications is also significantly below the London average (39.8%).
Overall, there are an estimated 51,100 people in Waltham Forest with either no qualifications or NVQ at Level 1. The proportion of trade apprentices living in the borough is low at only 1.5% of the working age population, although this figure is very close to the London average of 1.6%.

Residents of Waltham Forest with an NVQ are more likely than comparator areas to be economically active. This strongly suggests that rates of economic inactivity in the borough are therefore associated with lower skills levels.
Fig 6.10.2: Economic activity rates by Qualifications (2008)

The figure below shows how the level of skills in employment is reflected in jobs in the borough and across comparator areas. Waltham Forest is similar to comparator areas for the small amount of jobs with people at National Qualifications Framework (NQF) 1 level skills. It has more employment at NQF levels 2 and 3 than local comparisons, but has less jobs requiring NQF level 5+ skills.

Fig 6.10.3: Percentage of employment by Borough of workplace and highest NQF qualification held in 2008

Source: APS 2008
While the borough has a similar amount of employment requiring ‘other’ qualifications (generally associated with skilled trades), the proportion of jobs in the borough requiring no qualifications is noticeably (5%) above the London average.

Around 54% of jobs in Waltham Forest require skills at NQF Level 3 or below (including those jobs that require no qualifications), which is at odds with projected employment skills profiles in coming years, which will increasingly require higher end skills.

Figure 6.10.4 below shows the change in the demand for skills within employment in the borough. The point made in the paragraph above is supported by increases in jobs requiring NQF Level 7 and 8 in all comparator areas shown below. It is noticeable that the proportion of jobs requiring this level of skill decreased in the borough, which may reflect the net out-migration of certain business sectors in the borough (see section x – Inward investment). This analysis does show an increase in jobs requiring NQF Level 3 skills, which is consistent with the large increases in security employment shown above.

**Fig 6.10.4: Percentage change in employment by Borough of workplace and highest NQF qualification held between 2006 and 2008**

The skills profile of residents in employment in the borough is also changing. The high proportionate increase in the NQF 6 (degree level) in residents in the borough may be reflective of more young professionals moving into the borough taking advantage of relatively cheap house prices.
These changes in qualifications among employed are mirrored when looking at the more simplified NVQ framework. The figure below again shows significant growth at NVQ 3 in Waltham Forest, as well as extremely rapid proportionate growth in jobs requiring NVQ1 in the Host boroughs.

Source: APS 2008
The figure below suggested that—overall—the number of jobs requiring any NVQ skills increased in Waltham Forest between 2006 and 2008. This improvement forms part of a similar pattern across East London, slightly outstripping the London average change, but well above the national average. Waltham Forest actually saw a small decrease in 2007-2008 in contrast to the rest of East London and London.

**Fig 6.10.7: Change in NVQ employment (2006-2008).**

As with workplace employment, Waltham Forest residents are more likely to be qualified to NVQ Level 3 than comparator areas, which may be reflective of the skills levels of some sections of immigrants to the borough. Residents of the borough are again under-represented in higher level qualifications, when may present a potential barrier to entry to London’s jobs market.

**Fig 6.10.8: Percentage of NVQ employment by Borough of residence and highest NVQ level held in 2008**

Source: APS 2008
Schools and attainment

Local education critical to sustainability because of the link between skills and future employment, and its corollary – lack of skills and unemployment, and the knock-on effect for local social issues.

The borough has seen relatively high population growth over recent years, and the capacity of local schools is becoming stretched as a consequence. Class sizes in secondary schools in Waltham Forest are noticeably larger than any of the comparator areas, although there has been a slight reduction in the average figure since 2005.

**Fig 6.10.9: Average class sizes in Secondary Schools comparison (2009)**

Source: DCSF (2009)

Analysis of DCSF data suggests that the over-crowding in secondary schools could be having an impact on pupil attainment levels. As shown in the figure below, over the past four years, performance of Waltham Forest pupils in primary schools in English has been at or above the average of host and neighbouring boroughs.

**Fig 6.10.10: % KS2 (Age 11) Achieving > Level 4 in English (2009)**

Source: DCSF 2009

However, corresponding performance in GCSEs show that, despite an improvement in grades since 2005, Waltham Forest underperforms all its comparator areas. These results have a direct impact on
the employment market in the borough, as over a third of 16 year-olds in Waltham Forest are not achieving a national standard set of qualifications.

**Fig 6.10.11: GCSE % gaining 5+ A*-C (2009)**

![Chart showing GCSE % gaining 5+ A*-C (2009)](image)

Source: DCSF 2009

A further contributory factor behind this underperformance could be the level of funding received per pupil in Waltham Forest. The borough has consistently received less funding per pupil than any of the London comparators, and it has received approximately 15% less funding per pupil than the other Host Boroughs since 2005.

**Fig 6.10.12 Funding per pupil Aged 3-19 (2009)**

![Chart showing Funding per pupil Aged 3-19 (2009)](image)

Source: DCSF 2009
### 7.11. Comparative Assessment

#### Table 6.11.1: Worklessness assessment summary

<table>
<thead>
<tr>
<th>Identified factor</th>
<th>Summary Assessment</th>
<th>Likely outcome for the borough</th>
</tr>
</thead>
<tbody>
<tr>
<td>Large scale worklessness – likely to increase</td>
<td>The large scale of worklessness in the borough (estimated at 21,600 people) is greater than previously understood. At a time of spending cuts, these figures are likely to increase. It is imperative that the Council works closely with key partners to maximise resources used for tackling worklessness.</td>
<td>New policy changes may place a greater strain on a number of Council services at a time when resources will be extremely stretched.</td>
</tr>
<tr>
<td>Clear cultural and gender differences within workless in borough.</td>
<td>Males are more likely to be unemployed, and females are more likely to be economically inactive. Ethnic minorities are more likely to be effected by worklessness.</td>
<td>The borough should look at implementing specific programmes aimed at addressing these issues.</td>
</tr>
<tr>
<td>Large numbers of incapacity benefit claimants will be moved on to JSA</td>
<td>Up to 90% of claimants in pilot areas have had their claims discontinued or been moved to JSA. A similar scenario in Waltham Forest could seen several thousand extra job seekers in the borough.</td>
<td>A higher demand for support and training assistance.</td>
</tr>
<tr>
<td>Concentrations of worklessness in South of the Borough</td>
<td>The concentrations map to areas with the highest levels of ethnic minority communities. The areas are – conversely – where the most jobs are in the borough and the regeneration opportunity areas.</td>
<td>A critical outcome of a successful regeneration strategy will be to open up new job opportunities to local people.</td>
</tr>
</tbody>
</table>
8. COMMUNITIES

8.1. Economic Exclusion

According to the Index of Multiple Deprivation (IMD) 2007, Waltham Forest is the 27th most deprived borough in England and Wales. This index provides an overview of the overall instances of deprivation in the locality, bringing together performance over a broad range of indicators available at borough, and sub-borough level. While the figure below shows that the borough is less deprived than its Host Borough neighbours, it should be noted that the host boroughs include two of the top six most deprived boroughs in the country (Tower Hamlets and Newham). The IMD figure should also be noted with a degree of caution as they pre-date the recession.

Fig 7.1.1: Deprivation score from 2004 and 2007

Source: IMD 2007

Of the component domains that form the IMD, Waltham Forest fared particularly poorly against the housing and living environment indicator sets, and recorded increases in deprivation scores against most indicator sets (income, employment, education and skills, housing, and living environments) from 2004 to 2007. Of the seven deprivation sub-domains, only scores against health and crime deprivation decreased (or improved) for Waltham Forest over that period.

8.2. Environment

The borough has relatively low levels of overall CO₂ emissions (as shown in Fig 7.2.1 below), although domestic emissions are above the Host Boroughs and North East London average – a fact that is likely to be explained by the large number of houses (particularly older terraced houses) in the Waltham Forest. Overall per capita CO₂ emissions in the borough have also reduced since 2005, during a time of population increase.
Reasons for the relatively low per capita CO2 emissions in the borough are due to the following:

- Domestic emissions are in average for London
- Transport emissions are lower than average for London as very little commuter traffic flows through the borough
- Industrial emissions are low due to the lack of large industry in the borough and the high number of SME’s

**Key Issue:** The borough has low (and decreasing) per capita CO₂ emissions, although domestic, transport and industrial emissions all present opportunities for further reduction.

**Fig 7.2.1: Per Capita CO₂ emissions comparison (2006-08)**

The figure below shows that in line the relatively good performance in CO₂ emissions, the borough is above both local comparators in how much wealth it produces per kiloton of CO₂ (£340,000). This figure is twice the London average of £170,000.

**Fig 7.2.2: Kilotons of CO₂ per £m of GVA (2009)**

Sources: DECC 2010/TCR 2010
In contrast, the borough performs relatively poorly in its Mean air quality index score as shown below. The propensity towards short driving distances could be a key contributory factor behind this.

**Fig 7.2.3: Mean air quality index score by London borough in 2007**

![Bar chart showing Mean air quality index scores for various London boroughs, with Waltham Forest having a score of 1.09.]

Source: DCLG/IMD 2007

### 8.3. Health

As stated above, the health deprivation profile of Waltham Forest has shown a slight improvement since 2004. The figure below shows, however, that while its health profile is better than the other host boroughs and Haringey, it is still considerably above the London average, and above the profile of neighbouring outer London boroughs (Enfield and Redbridge).

**Fig 7.3.1: IMD Health score 2007**

![Bar chart showing IMD Health scores for various London boroughs, with Enfield having a score of 0.31, Greater London having a score of 0.72, and Waltham Forest having a score of 0.31.]

Source: IMD 2007

Given the significant presence of health facilities in the borough - While the overall health of people in the borough can impact upon the labour market and the competitiveness of the area, the health profile
of borough residents in work is directly linked to business performance in the borough. The figure below shows that over a quarter (28%) of borough residents in work has on-going health problems. This is far larger – nearly 50% above – the London and Host boroughs average, and nearly three times the average of North East London boroughs.

**Fig 7.3.2: % of workers with health problem (2008)**

![Bar chart showing health problems among workers in Waltham Forest compared to other boroughs](image)

Source: APS 2008

### 8.4. Crime

Waltham Forest has a crime density profile which is above the average for North East London, neighbouring boroughs and the London average. It has, however, the lowest crime rate of any of the Host Boroughs.

**Fig 7.4.1: Total Crime density per 1,000 population comparison (2009)**

![Bar chart comparing crime density in various boroughs](image)
The breakdown trend of crimes recorded in the borough shows that violent crime is the most common crime in the borough, which showed a small rise in 2008/09 after consecutive annual decreases. Other points of note from the analysis below are burglary saw a small rise in 2008/09, but that drug offences have seen a continuous rise since 2004/05.

Fig 7.4.2: Total Crime trend in Waltham Forest (2009)

Analysis of household occupancy in Waltham Forest shows a number of interesting facts regarding the borough, which may be important to understanding how the borough works economically. While the proportion of single person households (13%) is in line with comparator averages, the proportion of households made up of non-family adults sharing in Waltham Forest is extremely low in comparison to neighbouring boroughs and regional/national averages. Young adults sharing rented accommodation is a normal part of the function of a modern economy for a number of reasons, including assisting flexible labour markets, and enabling students to study in certain localities. The data, however, suggests that this only occurs on a very low level in Waltham Forest, while being proportionately seven times more common in neighbouring Hackney.
Also unusual for Waltham Forest is the proportion of married or non-married couples with no children living in the borough, which, again, is noticeably low (10%) in comparison to the London average (16%), and less than half of the national average rate of 23%.

In 2008, there were a significant number of people – 56,041 – living in Lone parent households in Waltham Forest. This means a quarter of the borough’s population live in Lone parent households, which is the highest proportion in London, and nearly twice the national average, and nearly 50% more than the London average. Within this, 40,476 live in households where all the children are dependent on the parent, which is potentially a significant issue for the borough as – nationally – an average of 4% of those households have a parent in employment. In addition, 22,363 people in the borough live in households with one adult and two or more children.
There are 99,385 housing units in Waltham Forest, which has increased by 5.6% since 2005. This is consistent with the small population growth that the borough has seen over the latter part of the last decade.

The profile of tenures in Waltham Forest are that 78% of housing stock in the borough is private sector owned, which is the highest rate among the Host Boroughs, and closer to the proportion of private ownership seen in Enfield (83%), and above the rate of private ownership in Newham (70%), which is the highest of the other Host Boroughs. The proportion of housing managed by RSLs in Waltham Forest (11%) is at a similar level to that seen in Greenwich, Haringey and Newham, and the proportion of Council-owned stock in Waltham Forest (11%) is lower than these areas.
Despite the poor productivity of the local economy, and the low average wages in the borough, there is an issue of housing affordability in the borough. The figure below shows that houses were valued in 2009 at 639% of median earnings in the borough.

The trend in housing affordability in the borough fell below the London average in 2009 for the first time in five years. The trend analysis shows that the decline in prices following the financial crisis and ensuing recession was more pronounced in Waltham Forest than in London and nationally, which suggests that the prices were over-inflated in the credit boom, relative to the underlying value which will more strongly linked to local factors over the longer term.
Fig 7.5.7: Ratio of median house prices to median earnings comparison between 1997 and 2009

Source: DCLG (2009)
9. THE SUB-BOROUGH PROFILE

9.1. Regeneration Areas

London Borough of Waltham Forest Local Development Framework has designated four areas of the borough as regeneration areas. These are Blackhorse Lane, Northern Olympic Fringe, Walthamstow Town Centre, and Wood Street, and are all found in the South of the borough.

Map 8.1.1: Waltham Forest Regeneration Areas

Collectively, these areas – as defined by the wards where they are located – have a population of 127,062 people, which is 52.2% of the population of the borough. Of those residents, 89,878 are of working age, which is equivalent to 50.9% of the working age population of the borough.

This slightly lower proportion of people of working age is explained by the age profile of the regeneration areas which is generally lower than the borough profile. The figure below shows the marked difference between the proportionate ages in the borough, with residents in regeneration areas being significantly younger in proportion to the remainder of the borough until the mid-40’s age bracket. The exception to this is the 15-19 age bracket, but this is consistent with large numbers of families with young children moving to the borough.
There is also a tendency for minority ethnic groups to be more commonly represented in the regeneration areas than elsewhere in the borough. The Fig below shows that each minority grouping has a higher proportion of residents in the regeneration areas than is found in the rest of the borough. Nearly two thirds (65.3%) of the Black (non-Caribbean) community, and 60.5% of the Black Caribbean community of Waltham Forest live in the regeneration areas, as do 63.5% of the Asian population of the borough.

Source: APS 2008

Fig 8.1.3: Proportion of distribution of population by ethnicity between Regeneration and Non-Regeneration areas in Waltham Forest (2008)

Source: APS 2008
The figure below shows the proportionate representations of each ethnic grouping within the borough, which shows – for example – that Asians are typically most likely to be resident around Walthamstow Town Centre, and Black (non-Caribbean) residents are more strongly represented around the Northern Olympic Fringe.

**Fig 8.1.4: Proportion of ethnic groupings in Waltham Forest and regeneration area (2008)**

[ Diagram showing ethnic proportions across different areas.]

In terms of economic activity, against a backdrop of employment increases in Waltham Forest, there has been a slight shift in employment from the regeneration areas to other parts of the borough. Blackhorse Lane in particular has seen a significant decrease in overall employment since 2006.

**Fig 8.1.5: Employment change in Regeneration areas between 2006 and 2009**

[ Diagram showing employment change percentages.]

As we have seen in section x above, the increase in employment in the borough occurred despite a small decrease in business numbers in recent years. As we can see below, this is broadly consistent with the reduction in overall numbers of VAT registered businesses since 2006. Again, Blackhorse
Lane fared worst with a 20% reduction in the stock of VAT businesses in the area. However, the Northern Olympic Fringe area saw a small increase in VAT registered businesses over this time.

**Fig 8.1.6: Change in VAT registered businesses between 2006 and 2009**

![Change in VAT registered businesses between 2006 and 2009](image)

Source: TCR 2009

Generally, the comparative profile of the regeneration areas is of the main commercial and industrial areas of Waltham Forest. From the profile in the figure below, there is a greater representation in companies in most sectors in the regeneration areas. The exceptions to this are in construction – in which sector companies are generally home-based – and in health and social care, which is driven by the hospital Whipps Cross (in Forest ward) and care facilities which are scattered around the borough.

**Fig 8.1.7: Profile of distribution of firms across Waltham Forest (2008)**

![Profile of distribution of firms across Waltham Forest (2008)](image)

Source: APS 2008
The corresponding employment profile showing the comparison of where jobs are in the borough is broadly similar to the firms profile, although it is clear that public sector employment is much more prevalent outside the regeneration areas.

**Fig 8.1.8: Profile of distribution of employment by sector across Waltham Forest (2008)**

![Graph showing distribution of employment by sector]

Source: APS 2008

### 9.2. Blackhorse Lane

The total population of Blackhorse Lane and its immediate surrounding area (Higham Hill and Williams Morris wards) is 24,498, which is approximately 10.1% of the total population of Waltham Forest. This includes 17,490 people of working age, which is 9.9% of the working age population.

The proportion according to gender in the area is 50.7% female and 49.3% male, compared to the overall borough profile of 51% female and 49% male. As with the overall profile for regeneration areas in the borough, minority ethnic groups more commonly represented than the borough area.

**Key Point** Higham Hill – This ward has the largest representation of the Black Caribbean community in the borough, and one of the most significant concentrations of mixed race. It also has the highest proportion of under-16s in Waltham Forest.
The profile of firm representation in Blackhorse Lane shows that no single sector has a grouping of companies which is over-representative in terms of the population of the area, although Business Services companies are slightly under-represented in Blackhorse Lane.

**Key Point:** In William Morris, three quarters of the JSA claimants in this ward are male, which is the highest proportion in the borough.

However, by looking at the amount of employment in each sector as a proportion of overall employment in the borough, we can see that Blackhorse Lane has 16.7% of wholesale/retail jobs and 18.8% of manufacturing employment. The smaller proportion of firms in these sectors suggests the presence of larger employers.
The reduction in employment in Blackhorse Lane is reflected in the maps below which show where the employers in key sectors in the area are currently located in comparison with 2006.

9.3. Northern Olympic Fringe

The total population of the Northern Olympic Fringe and its immediate surrounding area (Cathall, Leyton, Grove Green and Lea Bridge wards) is 51,658, which is around 21.2% of the total population of Waltham Forest. This includes 36,409 people of working age, which is 20.6% of the borough’s working age population.

The proportion according to gender in the area is 50.5% female and 49.5% male, which is slightly closer to parity than the borough profile (51% female).
As with the general pattern of ethnicity in the regeneration areas, the Northern Olympic Fringe sees an over-representation in ethnic minority residents. The most prominent ethnic grouping in this area are Asians, who make up 30% of the local population.

**Fig 8.3.1: Ethnic profile of Northern Olympic Fringe**

![Graph showing ethnic profile of Northern Olympic Fringe](image)

Source: APS 2008

Key characteristics of the Northern Olympic Fringe are as follows:

- Leyton – This ward has the largest concentration of IB claimants in the borough, and the highest number of JSA claimants. Of the 690 IB claimants, 53.7% are female. The ethnic profile of the ward is notable for showing an under-representation of white people, and a relatively large number of Black Africans. Asians are the biggest group in the ward.

- Cathall – This ward has a relatively large number of IB claimants (625), and 12.1% of the wards population are Black African which is the largest concentration of that ethnic minority in the borough.

- Grove Green – this ward has a relatively small number of IB claimants, but has the highest proportion of male claimants.

The Northern Olympic Fringe in the most significant part of the borough for commercial and industrial activity. All sectors excepting public sector are represented in the numbers of firms in the area at or above the level expected as a proportion of population. Both wholesale/retail (26%) and manufacturing (33%) are over-represented in the area.
The level of employment associated with the headline sectors in the Northern Olympic Fringe is significant with over a fifth of borough jobs found in the area. Stand out sectors in employment terms are manufacturing with nearly half the manufacturing jobs in the borough (around 2,500) and Hotels and Restaurants, with 36.4% of jobs in that sector found in this area.

The maps in below indicate changes in employment sites among the key sectors in the area.

Source: TCR 2010
Maps 8.3.4: Comparison of change firms in key sectors in Northern Olympic Fringe (2006 to 2009)

Source: TCR 2010

**Opportunities:** Across the Northern Olympic Fringe regeneration area, there are over 17,000 active jobs – with important clusters in manufacturing, construction, repairs, education, and business services. The south of the area also borders Stratford and New Town ward, which will be one of the biggest drivers for employment in London in the coming years.

**Key Point:** The ward is not isolated from employment opportunities, which exist within it and in neighbouring boroughs. There are also a number of large firms locally, which should provide opportunities for partnering.

**9.4. Walthamstow Town Centre**

The total population of the Walthamstow Town Centre and its immediate surrounding area (High St and Markhouse wards) is 25,701, which is around 10.6% of the total population of Waltham Forest.

The proportion according to gender in the area is 50.1% female and 49.9% male, which is more even than the borough profile (51% female).

The ethnic profile of Walthamstow Town Centre differs slightly to the other regeneration areas in that the profiles of all ethnic groupings apart from White (other) and Asians is below the proportionate representation across the borough. This is principally due to the large Asian population across these wards, making up around 35% of the local population.
Key characteristics of the Walthamstow Town Centre regeneration area include:

- **High Street** – 68.5% of JSA claimants in this ward are aged 25-49, which is the highest proportion in the borough.

- **Lea Bridge** - There are 590 IB claimants resident in Lea Bridge ward, split almost equally between men and women. It also has a large proportion of Asian residents (26.4%).

- **Markhouse** – This ward has one of the most significant Asian communities in the borough, and has a fairly high proportion of young IB claimants.

The businesses in Walthamstow Town Centre are more reflective of town centre activities, with public administration, hotels and restaurants and retail all prominent activities.
The proportion of jobs in the area is, however, lower than the proportion of businesses in all sectors other than transport and communications. This indicates a prevalence of small businesses in the area.

**Fig 8.4.3: Jobs by sector in Walthamstow Town Centre as a proportion of Waltham Forest employment (2009)**

Source: TCR 2010
Opportunities: The two most significant sectors in the area are wholesale/retail and business services. Of these sectors, business services are forecast to grow over the coming years (and there is a suggestion that there are a number of companies in the business services sector that are home-based in this area). Retailers in Walthamstow Town Centre also expect the town centre to retain its local/sub-regional position as a key secondary retail destination.

The opportunities for Walthamstow Town Centre are around the potential for development. Key factors behind this are its excellent transport links and the landholders of the Council in the area.

Maps 8.4.4: Comparison of change firms in key sectors in Walthamstow Town Centre (2006 to 2009)

9.5. Wood Street

The total population of the Wood Street and its immediate surrounding area (Hoe St and Wood St wards) is 25,292, which is around 10.4% of the total population of Waltham Forest.

The proportion according to gender in the area is 50.8% female and 49.2% male, which is closer to the borough profile (51% female) than the other regeneration areas.

The ethnic profile of the Wood Street area is closer to the borough average than the remainder of the regeneration areas. This is perhaps reflective of the less post industrial character of this area in comparison to the other regeneration areas.
Key characteristics of the Wood Street regeneration area include:

- Hoe Street ward has the highest proportion of males (aged 30-44) in the borough
- Wood Street ward the highest proportion (63.3%) of IB claimants aged 25-49 in the borough.

The profile of firms in this area is more reflective of public and private sector service industries, with strong representation in education, public administration and business services.
The most significant sectors in terms of jobs provision in the borough is business services and other/personal services (which includes hair and beauty salons, gambling establishments and the creative industries).

**Fig 8.5.3: Jobs by sector in Wood Street as a proportion of Waltham Forest employment (2009)**

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>16.0%</td>
</tr>
<tr>
<td>Health &amp; Social Work</td>
<td>8.9%</td>
</tr>
<tr>
<td>Education</td>
<td>10.2%</td>
</tr>
<tr>
<td>Public Admin</td>
<td>2.4%</td>
</tr>
<tr>
<td>Business Services</td>
<td>17.7%</td>
</tr>
<tr>
<td>Finance</td>
<td>18.6%</td>
</tr>
<tr>
<td>Transport</td>
<td>10.0%</td>
</tr>
<tr>
<td>Hotels &amp; Restaurants</td>
<td>10.4%</td>
</tr>
<tr>
<td>Wholesale/Retail</td>
<td>5.6%</td>
</tr>
<tr>
<td>Construction</td>
<td>8.6%</td>
</tr>
<tr>
<td>Manufacturing</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

*Source: TCR 2010*

**Maps 8.5.4: Comparison of change firms in key sectors in Wood Street (2006 to 2009)**

*Source: TCR 2010*
10. POLICY DEVELOPMENTS

This section looks at the development of key areas of policy of relevance to the LEA process emerging from the Coalition Government.


The Coalition Government has indicated that reform of the Welfare system in the UK will be an important component of its activities throughout the lifetime of this Parliament. The pillars and anticipated impacts of this reform are as follows:

- The creation of a single welfare to work programme is likely to simplify the process, but make it more difficult for partners to get involved in contract delivery.

- The shortening of timings for referrals to the Work Programme is likely to confuse the dividing line between the responsibility of Jobcentre Plus and other delivery partners.

- The realignment of contracts with welfare to work service providers will narrow the market for potential contractors, as ‘prime contractors’ are likely to pass on the cashflow responsibilities /risks involved with each project to subcontractors.

- The strengthening of the conditionality assessment is very likely to increase the numbers of people actively seeking employment assistance.

**Key Issue:** The new welfare reform proposals will impact upon local delivery of schemes to tackle worklessness. In the absence of clear guidance, delivery plans need to consider the potential effects of the policy, whilst retaining flexibility of response.

These proposals essentially envisage the ending of all current welfare to work programmes funded by central government in order to introduce the new programme. A key point to understand here is that this does not mean that spending on welfare to work programmes with private and third sector providers will fall over the lifetime of this Parliament. The actual likelihood is that Work Programme spending will rise and the Secretary of State has been careful not to present any of the welfare reform proposals in terms of cost cutting so far.

**Implementation**

While the Coalition Government commitment to welfare reform and a single work programme is clear, the full details are yet to emerge and there are many key questions which still need to be addressed, which include:

- What will be the role of Jobcentre Plus (JCP) in the new programme? The programme appears to envisage reducing the time claimants spend with JCP before being referred to external providers, with claimants facing “the most significant barriers to work” being referred immediately and all claimants under 25 being referred after a maximum of six months. However DWP will be concerned that this risks making it too easy for providers to find work for some who would have found work on their own. Against that providers will have to keep people in work for much longer – perhaps up to two years – before they get paid.

- How will other public sector contracts fit into the process? The government has said that all central government funded programmes will have to adhere to the Work Programme framework, but it is unclear how publicly funded local programmes – such as Worknet - will fit into the process.
Timetable

The Secretary of State has said that the Work Programme will begin to be introduced in full from summer 2011. DWP sought Expressions of Interest from organisations interested in becoming prime contractors by 30th July 2010. This process is open to private, public and third sector providers, although prime contractors should be prepared to:

- Operate contracts on a regional basis
- Carry the operating cost for the contract until outcomes are achieved (which will trigger payment)

The DWP is planning to hold information sessions with interested parties beginning in August, before setting up the framework for tenders in the Autumn 2010.

Implications of policy

**Key Issue:** It is very likely that the changes will benefit larger private sector providers with the capacity and cash flow/capital to carry the risk of programmes where a much higher proportion of payment is deferred and/or linked to job outcomes.

The industry is therefore likely to consolidate around there or four very large prime contractors in each region (or Lot). There was a recent statement that the government hoped to attract big UK public services companies such as Capita, Cap Gemini, Vertex, G4S and VT into the welfare-to-work market.

The Government maintains that there will be opportunities for sub-contracting to prime contractors for the private, public and third sectors. The Government is insisting that all prime contractors are able to take on contracts at a regional level, but how these will be separated out (either thematically or by geographical area) is unclear. It is possible that the market will become very difficult for smaller and medium-sized (and third sector) providers, who won’t be able to compete with larger providers (with prime contractors pushing for the best rates/transfer of risk), and will be reliant upon the larger providers sub-contracting to prime contractors for opportunities.

Given the likelihood of the increasing difficulty of achieving outcomes (driven by longer employment terms for clients, and the very difficult jobs market), there may be opportunities for specialist providers. The Work Programme will extend and reinforce the notion of tailored support to the needs of individuals. Opportunities for localised and appropriately targeted but time/resource intensive interventions are possible, particularly given that prime-contractors/sub-contractors are likely to be reliant on public sector agencies for information.

What is also unclear is the specific implications of policy change for London, which will be a different case because of the regional governance structure (see Local Enterprise Partnerships section below).

10.2. Benefits Cuts

The Coalition Government has targeted welfare expenditure with cuts totalling £18 billion over the next three years. The changes were announced in the Emergency Budget on 22 June 2010 and Spending Review on 20 October 2010, but will require new legislation to be implemented, so the exact detail is not yet available.

However, benefits and welfare spending cuts that have been announced include the following:

- The abolition of the Health in Pregnancy Grant, a universal payment of £190 for pregnant women who are 25 weeks pregnant and have received health advice from a medical professional
• A three-year freeze in the value of Child Benefit, in addition to the withdrawal of Child Benefit from women living in a household where one adult is a higher rate taxpayer

• The abolition of the Baby Element of Tax Credits (worth a maximum of £545 to eligible families) and a reversal of previous Government's commitment to introduce a Toddler Tax Credit (worth a maximum of £208 for eligible families)

• A cut in the proportion of childcare costs that are covered for families eligible for Working Tax Credit, from 80 per cent of costs to 70 per cent of costs

• A three-year freeze in the value of Working Tax Credit

• Significant cuts to Housing Benefit, which the Department for Work and Pension's own assessment has indicated will hit families the hardest

• A cap on the total amount of out of work benefit that a family will be entitled to, which will mean that large families experience greater losses

**Payment for Childcare**

The cut to the childcare element is a loss of up to £30 a week in help with childcare. Even when the increases to Child Tax Credit are factored in (promising above-indexation increases in 2011 and 2012), this is still a loss of around £20 a week for a family with two or more children.

Although families already in work will notice the change less (because of the increases in Child Tax Credit), the loss will increase over time when the freeze in other elements of Working Tax Credit is included. The overall impact of the changes to tax credits is to decrease work incentives for those in work or moving into work. Families on Working Tax Credit will get less help on top of their earnings than they would have done without these changes.

The Treasury’s own policy costing document for the CSR states that one of the impacts of this change will be to increase ‘the incentive for families to take on childcare themselves, or rely on extended family members’. This is likely to be a major disincentive to work. Many families will not be in a position to use family members; others will feel, even more than they already do, that it is not worth their while to work, for example, when a mother finishes maternity leave and checks out the cost of childcare.

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**10.3. Welfare Reform**

**Employment Support Allowance (ESA)**

ESA has introduced a tougher medical assessment, although failing to qualify for ESA doesn’t mean that a claimant is completely fit. IB claims always had to be ratified by doctors working for DWP, but claimants did not have to prove they were incapable of all work in all circumstances. Instead, they had to demonstrate a sufficient degree of ill-health or disability to be not required to look for work. That still remains the case, but in effect the medical bar has been raised. In the new system, many men and women with lesser health problems will therefore be pushed onto JSA instead, or out of the benefits system altogether if they are denied income-based JSA because of other household income.

ESA has been in operation for all new claimants since October 2008, but because most of these have recent work experience they stand a fighting chance, if fit, of returning to the labour market. Existing IB claimants have begun to be called in for the new medical test from autumn 2010 onwards, with the intention of calling in all of them by 2013.
Universal Credit

The Coalition Government Published a White Paper in November 2010 outlining its plans to introduce a Universal Credit to replace the existing complex system of benefits and tax credits. The aim is to improve work incentives, by ensuring that work always pays more than benefits, and to simplify the benefits system. The Credit will consist of a basic amount with additional payments for disability, children, housing and caring responsibilities. Details of the proposals include:

- The Universal Credit is to have a taper rate of 65%, meaning that someone on a low income will lose 65p for every extra £1 they earn – this is lower than the combined rate that many people on low incomes currently face.

- Some families will have a more generous ‘earnings disregard’ – the amount they can earn before any of their benefits start to be withdrawn – which should help some people take jobs of only a few hours.

- The White Paper also contains plans to enable advisers to compel jobseekers to undertake four weeks of full-time unpaid work if they think it would help their chances of finding a job, based on the US ‘workfare’ schemes. If jobseekers do not comply with this Mandatory Work Activity requirement, they risk losing their Jobseekers Allowance for three months, or for six months for a second offence and three years for a third offence.

- The Coalition believes that 2.5 million households will receive more benefits under the new system and that the number of workless households will fall by around 300,000. The plans are projected to lift 350,000 children out of poverty.

There has, however, been early criticism of the Coalition Government’s White Paper. Critics say that the Credit will not be able to address the real cost of work because it cannot be adjusted to take into account local differences in childcare and transport costs, which could undermine the assertion that people will always be better-off in work.

10.4. Local Enterprise Partnerships

Background

A core component of the Coalition’s Economic Development policy is the introduction of Local Enterprise Partnerships (LEPs). These bodies will bridge the gap left by the phasing out of RDAs and the government’s commitment to localism, although it is not yet clear how powerful a role LEPs will play in the areas for which they will have responsibility.

The central funding available to LEPs is a share of the £1bn Regional Growth Fund, which will be prioritised for the North and Midlands. This funding will also be spread over two years starting in April 2011.

There is a lack of clarity about administrative costs, but given the prevailing view that the RDAs allocated too much resource to administration, it is very likely that the administrative costs for LEPs will fall to local authorities (as per the AGMA model in Greater Manchester).

The role of LEPs

This is likely to focus on strategic leadership in their areas to set out local economic priorities, developing and directing a clear vision of local economic renewal to send consistent messages to the
private sector, developers and government. The Coalition Government is determined to rebalance the economy towards the private sector, and LEPs are likely to have a key role in this process.

The focus of activity of LEPs is likely to be on creating the right environment for business and growth in their areas. There will be a core coordination role for the LEP, enabling closer collaboration with key partners.

**Size**

While the government intends that LEPs better reflect functional economic areas and travel to work areas, there is an understanding that BiS would like the LEP numbers to be kept to a minimum for ease of administration.

LEPs should be sufficiently strategic, and the expectation is that they would be established among groups of upper tier authorities.

**Timetable**

The government set out in the Budget the intention to publish a White Paper on Sub-National Growth later in 2010. It also committed to introduce legislation to abolish RDAs and enable LEPs in the Queen’s speech (both are expected to be introduced to Parliament in the autumn).

Currently the government are seeking outline proposals from partnerships of local authorities and businesses that respond to the outline LEP agenda. The deadline for these proposals is 6 September.

**London**

The communication from government on LEPs has stated that separate arrangements will apply in London. The understanding is that discussions are currently underway between BiS/CLG and the Mayor of London on how powers can be decentralised, particularly in the context of the abolition of the Government Office for London.

**Key Issue:** Local Enterprise Partnerships offer an opportunity for local authorities to develop innovative proposals with partners – potentially to include the private sector – that best serve local priorities.

The prospects for sub-regional LEPs in London are, therefore, currently unclear, as is the potential scope for LEP functions in the capital. If there is a possibility of sub-regional LEPs being introduced, the Host Boroughs sub-region would be a strong contender to put together a model.

10.5. Five Host Boroughs

One of the three key priorities of the five Host Borough unit is the tackling worklessness and skills deficits in the sub-region. This is exemplified by the commitment to achieving convergence between the Host Borough average and the London average on a number of key worklessness and skills indicators. The indicators most relevant to this assessment are:

- To close the gap between the proportion of employed in Host Boroughs and the London average.
- To close the gap between the number of adults in Host Boroughs with no qualifications and the London average.

The overall approach of the Host Boroughs unit to achieving this aim was set out in the Strategic Regeneration Framework in 2009, and was to be taken forward through the MAA in 2010.

**Key Issue:** Convergence – this can provide the outcome framework for new partnership and delivery approaches.
The change in government and other factors including uncertainty around the government policies described above has led to a delay in the publication of the Host Borough unit plan on employment and skills – probably to the end of 2010.

In the absence of the official plan, the work of the unit can be summarised by three approaches:

- Developing and delivering interventions on a sub-regional level
- Developing and delivering interventions on a partnership basis beneath the sub-regional level
- Working with partners on developing interventions within individual boroughs

To drive this process, the Host Borough unit is maintaining contact with partners to monitor progress of the Worklessness Assessments (and the subsequent Work and Skills Plans) for each of the five boroughs. Following development of these plans, the Host Borough unit will be better placed to produce a Work and Skills plan for the sub-region that ‘sits on top of’ and complements individual borough plans.

The Host Borough unit envisages an over-arching strategic role in:

- Identifying key sectors for the travel to work area (hospitality, customer care/retail, construction and security). Transport may be added to this list.

- Brokering relationships with employers that are significant to the sub-region – examples include LOCOG and Westfield. A core part of this approach will be to identify sub-contracting opportunities, and through influencing supply-chain buying requirements

- Looking for opportunities to join up services

**Key Point:** There are significant potential overlaps with the work of the Host Borough unit and the outcomes of the emerging policies list above (Work Programme and LEPs).

### 10.6. Comparative Assessment

This summary has begun to identify the key characteristics of worklessness in the borough from review of the evidence, and the key emerging policy initiatives that will impact upon delivery in the borough.

#### Table 9.5.1: Comparative Policy Assessment

<table>
<thead>
<tr>
<th>Key Issue</th>
<th>Evidence</th>
<th>Challenge</th>
</tr>
</thead>
<tbody>
<tr>
<td>The new welfare reform proposals will impact upon local delivery of schemes to tackle worklessness.</td>
<td>DWP Policy announcements (2010)</td>
<td>In the absence of clear guidance, delivery plans need to consider the potential effects of the policy, whilst retaining flexibility of response</td>
</tr>
<tr>
<td>Welfare delivery is very likely to be placed in the hands of larger private sector providers with the capacity and cash flow/capital to carry the risk of programmes where a much higher proportion of payment is deferred and/or linked to job outcomes.</td>
<td>DWP Policy announcements (2010)</td>
<td>The Council should focus on establishing and maintaining strong local partnerships, relationships with employers, and with local deliverers, as sub-contractual opportunities may arise at the local level.</td>
</tr>
<tr>
<td>Key Issue</td>
<td>Evidence</td>
<td>Challenge</td>
</tr>
<tr>
<td>--------------------------------------------------------------------------</td>
<td>-----------</td>
<td>---------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Key benefit reductions for local residents</td>
<td>CSR 2010</td>
<td>Increased pressure on job and training support services, and childcare support services.</td>
</tr>
<tr>
<td>It is unclear how sub-regional economic development governance will be arranged in London.</td>
<td></td>
<td>Maintain lobby pressure to establish sub-regional LEPs according to most evident joint need.</td>
</tr>
</tbody>
</table>
11. GLOSSARY

Cluster
In this LEA, Cluster refers to a grouping of businesses. This grouping can occur within one or several subdivisions of economic activity. Usually, Cluster has a geographical connotation, which applies in this case as we are referring to groups of businesses within Waltham Forest or within London.

Economically Active
People who are either in employment or unemployed (and seeking employment)

Economic activity rate
People who are economically active, expressed as a percentage of all people.

Economically Inactive
People who are neither in employment nor unemployed.

Economically Inactive Wanting a job
People not in employment who want a job but are not classed as unemployed because they have either not sought work in the last four weeks or are not available to start work.

Economically Inactive Not wanting a job
People who are neither in employment nor unemployed and who do not want a job. This group includes, for example, all those who are retired.

Employees and self employed
The division between employees and self employed is based on survey respondents' own assessment of their employment status. The percentage level is as a proportion of all people aged 16-64. The sum of employees and self employed will not equal the in employment figure due to the inclusion in the employment figure of those on government-supported training and employment programmes, and those doing unpaid family work.

Employee Jobs
The number of jobs held by employees. Employee jobs excludes self-employed, government-supported trainees and HM Forces, so this count will be smaller than the total jobs figure, as used for example in relation to Jobs density calculation. The information comes from the Annual Business Inquiry (ABI) - an employer survey conducted in December of each year. The survey samples around 78,000 businesses. The ABI records a job at the location of an employee's workplace (rather than at the location of the business's main office).

Employed/In employment
People who did some paid work in the reference week (whether as an employee or self employed); those who had a job that they were temporarily away from (eg, on holiday); those on government-supported training and employment programmes; and those doing unpaid family work.

Employment rate
The number of people in employment expressed as a percentage of all people aged 16-64.

Ethnicity
Divided into ethnic groups as declared on the survey process referred to (eg. Annual Population Survey commissioned by the Office of National Statistics). This process can further differentiate between UK-nationals (ie. British Citizens) and Non UK-nationals.

Gross Value Added
Is a measure in economics of the value of goods and services produced
in an area, industry or sector of an economy. It can be measured in terms of profits made or through wages. Calculations in this report use or refer to GVA based on wages calculations.

**Jobs Density**
The numbers of jobs per resident aged 16-64. For example, a job density of 1.0 would mean that there is one job for every resident aged 16-64. The total number of jobs is a workplace-based measure and comprises employee jobs, self-employed, government-supported trainees and HM Forces. The number of residents aged 16-64 figures used to calculate jobs densities are based on the relevant mid-year population estimates.

**Labour market classification**
The UK labour market is often described in terms of classificatory groups of people, as measured by the Labour Force Survey. The main three are the employed, the ILO unemployed and the economically inactive.

**Location Quotient**
LQ is a form of economic analysis that allows comparison of economic activity across a number of variables - including employment, numbers of firms, growth, productivity, etc - within an area against the position in a larger area, such as the country or the region, by looking at the relative proportion of representation. A LQ of 1 shows that the measure of economic activity is equal to that in the wider area; an LQ of less than 1 shows that the activity is under-represented in comparison, and an LQ above 1 shows a relative over-representation. For example, an LQ of 2 in relation to employment in a sector would show that the number of jobs relative to the 16-64 population in the subject area was twice that in the country as a whole.

**National Qualifications Framework (NQF)**
NQF is a framework of nine levels covering all levels of learning in secondary education, further education, vocational, and higher education. NQF Levels 1-3 are equivalent to NVQs. NQF levels 4 & 5 are equivalent to NVQ4, and NQF 6+ is equivalent to NVQ5+

**National Vocational Qualification (NVQ)**
NVQs are based on National Occupational Standards that describe the ‘competencies’ expected in any given job role. There are five levels of NVQ ranging from Level 1, which focuses on basic work activities, to Level 5 for senior management.

**Sector (and sub-sector)**
Refers to one of several subdivisions of economic activity (for purposes of analysis and classification). For example, manufacturing. (A sub-sector refers to a further level or levels of sub-division of the sectoral subdivision. For example, the manufacture of food is a sub-sector).

**Unemployed**
Refers to people without a job who were available to start work in the two weeks following their interview and who had either looked for work in the four weeks prior to interview or were waiting to start a job they had already obtained.

**Unemployment**
Defined by the International Labour Organisation (ILO) as when people are without jobs and they have actively looked for work within the past four weeks. The ILO definition is not restricted to the Jobseekers Allowance claimant rate (the Government’s official unemployment rate).

**Unemployment rate**
Is a measure of the prevalence of unemployment and is the number of unemployed individuals divided by all individuals currently in the labour
force, expressed as a percentage.

**Jobseeker's Allowance**  JSA is the basis of the Government’s official unemployment rate. It is payable to people under pensionable age who are available for, and actively seeking, work of at least 40 hours a week.
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