Brent Inclusive Growth Strategy (IGS): Economy

2019-2040

Contents

Executive Summary

Looking forward towards 2040, Brent's growing population creates demand for employment hubs, higher incomes and economic welfare. This report draws out and presents the baseline evidence that characterises the local economy of the area, considers past, present and anticipated future changes and suggests policies and solutions to address the challenges and seize the opportunities in the context of the profound structural changes that have taken place over recent decades, and those which are projected to take effect over the next two decades.

The baseline economic and demographic analysis for Brent reveals:

- Brent is one of the most diverse Local Authorities in the UK, with 330,800 people living in the borough. 45% of Brent residents were born outside of the UK and over 149 languages are spoken. Around 65% of residents are from Black, Asian and Minority Ethnic (BAME) backgrounds and Brent is home to 55,000 EU citizens.
- In 2018, approximately 222,400 people were aged between 16 and 64 years old, and 40,000 residents were over 65 years old; comparing these indicators for both the working age and elder population, Brent had the 7th largest such population amongst the London boroughs
- Brent has the second largest working age non-UK population in London at 138,000 people, and the third largest EU working age population in London at 42,000.
- In 2018, approximately 75.3% of Brent's working age population were economically active, a lower percentage than Outer London, London and the UK.
- 5.3% of Brent's working age population was unemployed, one of the lowest levels in the last decade. Brent's unemployment figure is still significantly higher than London (5%) and the UK (4.2%).
- In 2016, unemployment rates among youth population in Brent were below London and Outer London averages, as was the proportion of 16-18-year-olds currently not in education, employment, or training (NEET).
- In 2018, approximately 93.4% of the working age population held some form of qualification, however, a lower proportion of Brent's population (40.3%) held a degree or a higher qualification than the proportion across London
- Elementary occupations are overrepresented in Brent accounting for over 14% of the working population, compared with only 10% of the UK working population and just under 8.5% of the London working population
- In 2018, median gross weekly earnings for full-time employees in Brent was £575.5, up 3.3% from 2018. This is still well below the average for Outer London (£649.6) and London (£670).
- 62% of Brent's working age population work in professional services. However, analysing the overall working age population in both the construction and manufacturing sectors, Brent residents are over-represented compared with other London boroughs.
- The number of local jobs in Brent has increased at a slightly higher rate than the working age population in the last year, therefore the job density in Brent has risen to 0.71.
- 92% of the 15,030 enterprises in Brent are micro size, with no more than 9 employees.
- Brent has an active silver economy, which brings many economic benefits, and generates income of around £1.78 billion from those in Brent.
- Brent has a lower level of economic activity and higher share of unemployment compared to the rest of London. These factors are especially prevalent among women, who are much more likely than men to drop out of the labour market, and instead stay at home to take care of the house and family.
- Industries related to distribution, transportation, accommodation and food form an important part of Brent's local economy, as do production, wholesale and retail. Simultaneously, poverty, long-term unemployment and adult skills levels remain key

challenges for Brent. Brent has experienced an expansion of its business base that has been close to the growth rate across London, mainly driven by growth in micro-enterprise. Simultaneously, the borough struggles with low real wages, a higher business failure rate and difficulties in finding local skills.

Trends

Looking forward towards 2040, some of the key trends this report addresses include:

- The recent trend of pressure to release industrial land for housing. 16% of London's industrial land was lost over the period 2001-2015, and if that supply trend continues then the industrial land stock in London would fall by 33% by 2041.
- The circular economy is projected to grow, in addition to creating thousands of new jobs for Londoners, a circular economy in London could be worth at least £7 billion every year by 2036 in the built environment, food, textiles, electrical goods and plastics sectors alone.
- 5,000 new self-employed jobs are expected to be created in Brent by 2036. If these projections are confirmed, almost all additional net jobs in the borough will be created through self-employment. This is in line with general trends of a less secure labour market and the rise of the gig economy.
- Brent's town centres face unprecedented challenges, including the need to compete with increasing demand for on-line shopping and competition from other town centres in London, as well as place based concerns regarding the quality of the local public realm and infrastructure.
- Brent's employment is relatively higher in sectors more at risk of technological change and automation.
- Understanding and accounting for potential effects of Brexit on the London and Brent economies is essential when planning 20 years ahead. Of particular relevance is labour and freedom of movement, due to one quarter of the economically active population in Brent coming from the European Union.
- Ageing population and the value of the silver economy to Brent.

Responses

Key responses to the trends noted above include:

- Solutions to loss of industrial land and employment for housing could come in the form of intensification or closer co-location, including redevelopment of current industrial sites for higher density residential and commercial uses where less intrusive activities occur.
- The low carbon Circular Economy model is one major strategic approach promoted to reduce climate change and overconsumption, and to increase business opportunities. The circular economy could be further integrated into the planning for the Wembley Opportunity Area.
- New affordable workspaces for the growing number of self-employed, business start-ups, and smaller enterprises. Workspaces can be organised in clusters in appropriate locations, or as a unified platform or hub at a centralised and accessible area of Brent, to foster communication and collaboration among the resources already existing in the borough.
- If the town centre is to survive, then it must be more than just a place to shop but a community hub and destination where people can meet and socialise. A proactive and ongoing commitment to manage and invest in Brent's town centres is critical to their economic vitality and future.
- With the expected move towards Artificial Intelligence (AI) and automation of jobs between now and 2040, it is imperative that Brent's workforce is equipped with the skills

and training needed to facilitate such a move, and does not become a casualty of technology.

- Brexit uncertainty can encourage more specialisation and enable businesses to take advantage of cheaper exports caused by the depreciation of Sterling.
- Utilize the wealth of skills and resources available in the Silver Economy to help upskill the younger generations.

With slowing demand for office space, growing uncertainty, and anticipated growth in self-employment, this report concludes by recommending the council consider adopting a more flexible development strategy in key areas such as Wembley. In so doing, both office space, higher specialisation of industries, and the circular economy would be accommodated, along with the growing number of micro-enterprises, making the economy of Brent more robust and dynamic when entering a future of uncertainty, faster technological development, and automation.

Poverty, unemployment, and adult skill levels remain key challenges for Brent, as does the low participation of women in the labour market. Brent therefore faces the challenge of promoting growth in employment, especially high-skilled jobs.

Introduction

Situated in the heart of North West London, Brent is committed to playing an important role in the growth of the London economy over the next 20 years. The borough is home to London's largest industrial park at Park Royal and has key employment areas such as Wembley, Alperton, Staples Corner and Burnt Oak/Colindale, with some of these also identified as strategic growth areas that can support increased housing provision.

Brent is currently home to over 15,000 enterprises, who employ more than 130,000 people and generate a Gross Value Added (GVA) to the economy of more than £9 billion. With a diverse and resilient economy, Brent benefits from a broad spectrum of experience and knowledge.

Employment in industries related to distribution, transportation, accommodation and food, as well as in retail, form the largest part of the local economy in Brent. At the same time, poverty, long-term unemployment, and adult skill levels all remain key challenges for Brent, as does the low participation of women in the labour market.

The purpose of this report is to provide understanding on the local economy within the borough by studying the profound structural changes that continue to shape the borough. The report has been broken down into four sub-themes: Employment & Income, Sectors, Skills & Demand, and Business Performance, each of which is analysed in three sections.

- The first section details the Baseline scenario, highlighting the most important economic indicators. To provide an overview of past, present and anticipated future challenges.
- The second section outlines Trends, analysing the projections and trends currently taking place in the borough and the world around it. This section includes an account of potential challenges and opportunities related to Brexit and the referendum, as these events are identified as having the potential to profoundly affect each of the four sub-themes related to the local markets in London.
- The third section proposes Responses, suggesting interventions and policies to encourage economic growth moving forward and that could form part of the Inclusive Growth Strategy for Brent.

Although the four sub-themes are analysed separately, there is considerable overlap and interplay between them. For this reason, the final Responses section of suggested policies seeks to adopt a holistic approach, integrating the different constituent aspects of the local economy where possible.

Baseline – Current Economic Profile

Brent is one of the most diverse Local Authorities in the UK with 330,800 people living in the borough. 45% of Brent residents were born outside of the UK and over 149 languages are spoken in the borough. Around 65% of residents are from Black, Asian and Minority Ethnic (BAME) backgrounds and Brent is home to 55,000 EU citizens.

Figure 1: Demographic Overview

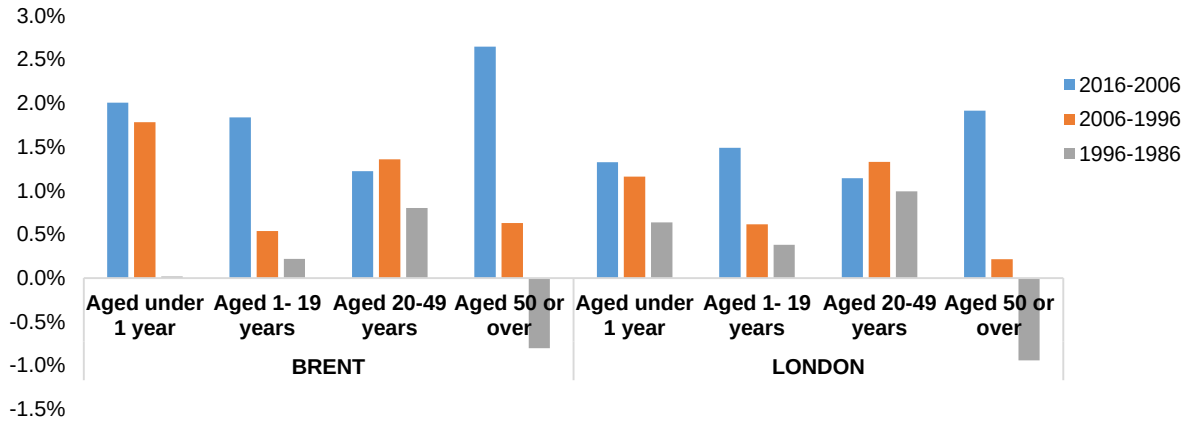
	Brent	Outer London	London
GLA Population Estimate 2018	330,800	5,307,900	8,908,100
GLA Household Estimate 2017	121,048	2,079,422	3,601,963
Inland Area (Hectares)	4,323	125,424	157,215
Population density (per hectare) 2019	79	43	58
Average Age, 2017	35.6	36.9	36
Proportion of population aged 0-15, 2018	21.3%	21.7%	20.6%
Proportion of population of working-age, 2018	66.6%	64.7%	67.5%
Proportion of population aged 65 and over, 2018	12.1%	13.6%	11.9%
Proportion of Non-British of working age, 2016	62%	42%	44%
Proportion of EU population of working age, 2016	19%	13%	14%
Net internal migration (2019)	-6,797	-44,178	-103,230
Net international migration (2015)	7,640	82,685	133,901

Source: GLA Datastore, ONS and Nomis.

Brent's total population has increased by 14% over the past 10 years to 330,800 and it has the 6th largest population amongst the London boroughs. In 2018, approximately 222,400 people were aged between 16 and 64 years old and 40,000 residents were aged over 65 years old. Brent had the 7th largest such population amongst the London boroughs.

Analysing historical population growth rates by age groups over the past 30 years, the population aged 50 years or over have shown the highest growth in the last decade. Comparing these numbers between London and Brent (Figure 2), the Borough has shown significant growth rates in this aged group, which is commonly categorized as the 'silver' or 'grey' economy.

Figure 2: Population growth rate by age groups in Brent and London



Source: NOMIS. Query: Population estimates-local authority based by five-year age band.

Brent has the second largest working age non-UK population in London, at 138,000 people, and the largest EU working age population in the city at 42,000 people. In Brent, around 20% of potential workers are from the EU, 27% from Asia countries and 20% from other countries [1].

In 2016, the main reason for immigration into the UK was for employment purposes particularly from EU citizens. The other main reason for immigration was to join a spouse or dependents, albeit there is no hard evidence that immigrants living in Brent had this reason. According to the last residents' attitude survey in 2018 of Brent's total working population, 37% worked in Brent[2].

Employment & Income

In 2018, approximately 75% of the working age population of Brent were economically active, a lower percentage than Outer London, London and the UK. Both economic activity, employment and self-employment are more common among men than among women in the borough (Figure 3). More women tend to work on a part-time basis.

Of Brent's economically active population, 5.3% were unemployed. This is one of the lowest levels in the last decade (Figure 4). Brent ranks 7th highest amongst all London boroughs for unemployment rate (Figure 5). The rate of both male and female unemployment is particularly high compared with the UK as a whole (Figure 3).

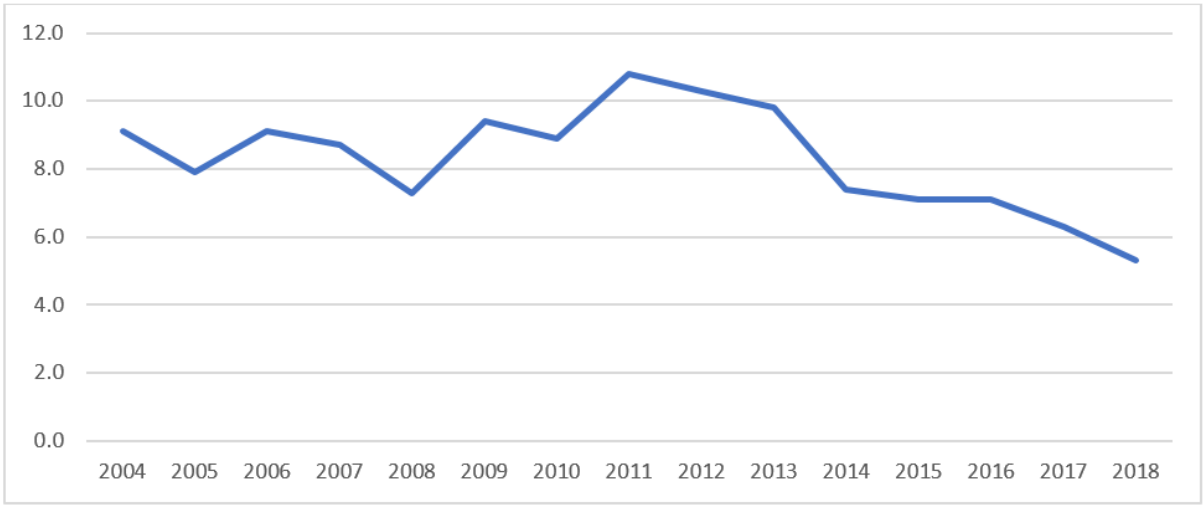
[1] ONS (2017) Population of the UK by country of birth and nationality January to December 2016. Table 1.2.
[2] Brent (2015) Resident's Attitude Survey 2014.

Figure 3: Employment and unemployment working age population 2018

	Brent	Brent	London	Great Britain
	(numbers)	(%)	(%)	(%)
All people				
Economically active†	169,200	75.3	78.2	78.5
In employment†	160,900	71.5	74.3	75.1
Employees†	120,800	54.1	60.6	64.3
Self-employed†	40,100	17.4	13.3	10.6
Unemployed (model-based)§	9,100	5.3	5	4.2
Males				
Economically active†	99,000	84.8	84.6	83.3
In employment†	93,100	79.6	80.5	79.7
Employees†	62,800	54.4	62.8	65.3
Self-employed†	30,300	25.2	17.4	14.1
Unemployed§	5,900	6	4.8	4.2
Females				
Economically active†	70,200	65	71.8	73.7
In employment†	67,800	62.8	68	70.6
Employees†	58,000	53.8	58.4	63.2
Self-employed†	9,800	9	9.3	7.1

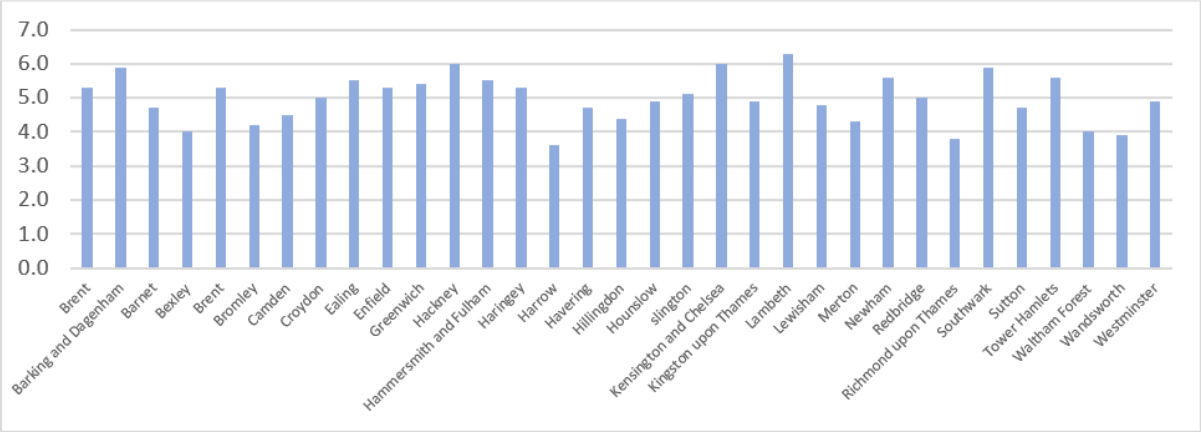
Survey estimates Jan 2018-Dec 2018. Source: ONS annual population survey.

Figure 4: Brent Unemployment Rate



Source: Nomis (2019) model-based estimates of unemployment

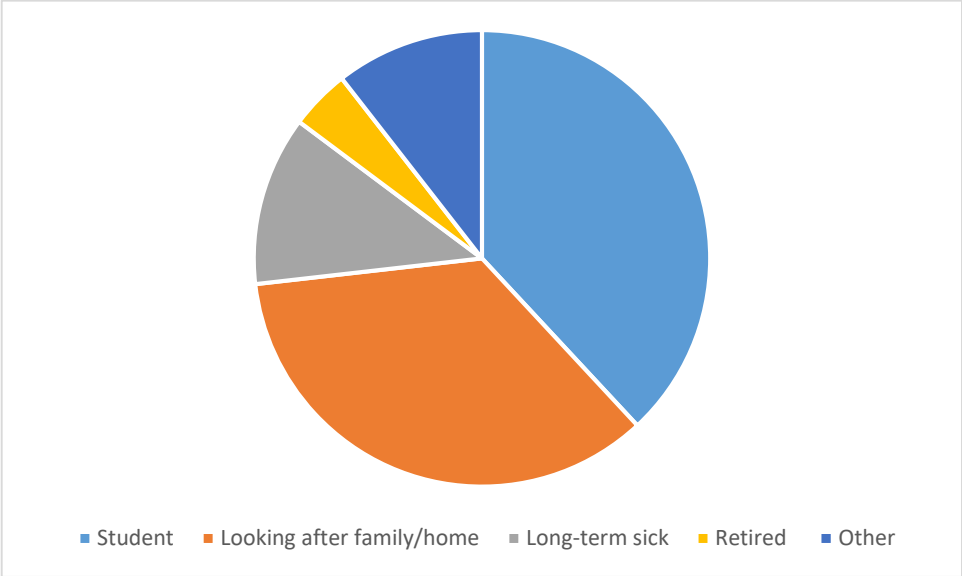
Figure 5: Unemployment rate - aged 16-64 in London, 2018



Source: ONS annual population survey

Economically inactive members of a household could be unavailable for work due to family commitments, retirement or study, or because they are unable to work through sickness or disability. The largest share of the economically inactive population of Brent is the 35% of people looking after family and home, accounting for 19,000 people aged between 16 and 64 (Figure 6).

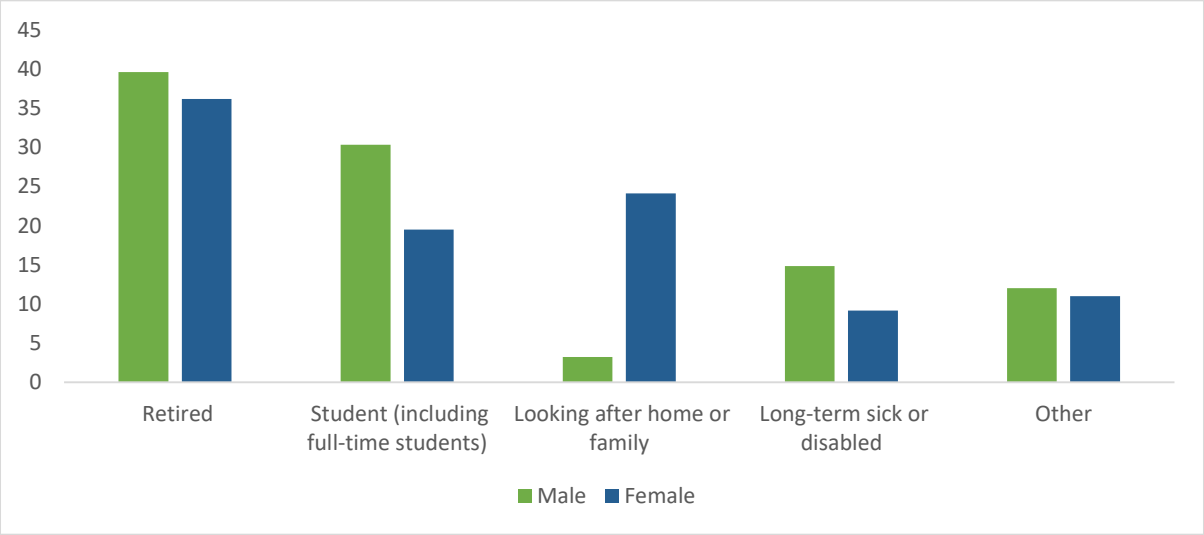
Figure 6: Economically inactive population by reason in Brent 2018



Source: ONS annual population survey 2018

Analysing the economic inactivity by gender in Brent, 14.8% of men are looking for a job compared with 13.4% of women. The reasons for this economic inactivity are quite different by gender, while women tend to not be working due to them staying at home to look after the house and family, men tend to be economically inactive mainly because they are studying (Figure 7).

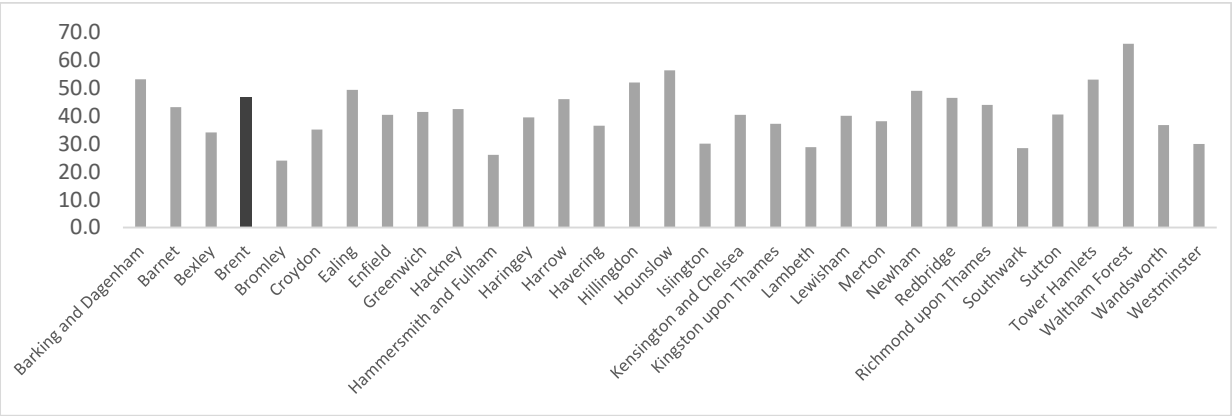
Figure 7: Reasons of economic inactivity by gender in Brent, 2018



Source: ONS annual population survey Jan 2017-Dec 2018.

Brent has the 8th highest percentage of the female population who are looking after the family and home rather than being economically active amongst the London boroughs, as shown in Figure 8. Some of the reasons for this high figure could be linked to the greater ethnic diversity in Brent, as well as factors such as access to affordable childcare, and the gender pay gap which, as Figure 11 shows, adversely affects women in work. These factors could be seen as potential barriers to females entering the workplace and encouraging a higher proportion of the female population to seek employment remains a challenge for the borough.

Figure 8: % of economically inactive female looking after family/home in London 2018



Source: ONS annual population survey 2018.

In 2018, unemployment rates among the youth population in Brent were below London and Outer London averages, as were the proportion of 16-18-year-olds currently not in education, employment, or training (NEET). In 2016, the proportion of the working-age population claiming out-of-work benefits was slightly higher in Brent than in London, but lower than the percentage in the UK. The percentage of the working-age population with a disability was lower in Brent than in both London and the UK (Figure 9).

Figure 9: Labour market indicators for youth and disabled people (%)

Indicator	Brent	Outer London	London	UK
Youth Unemployment (claimant) rate 18-24 (Dec-15)	2.8	3.2	3.3	3.1
Proportion of 16-17 year olds who are NEET (%) (2016)	4.0	5.1	5.3	6.0
Proportion of the working-age population who claim out-of-work benefits (%) (November-2016)	7.8	6.6	7.2	8.4
% working-age with a disability (2016)	15.4	16.6	16.1	19.7

Source: ONS Claimant count, Annual Population Survey; NOMIS; GLA Estimates.

Considering education levels, slightly less residents in Brent have qualifications compared with those in Outer London and London. In 2018, approximately 93% of the working age population held some form of qualification. A lower proportion of Brent's population (40.3%) held a degree or a higher qualification, compared with London as a whole (53.1%), but this is greater than the percentage of those across the UK (39.2%) (Figure 10).

Figure 10: Qualifications 2018

Indicator	Brent	Outer London	London	UK
Proportion of working age people with qualifications	93.4	93.4	93.2	92
Proportion of working age people with no qualifications (%)	6.6	6.6	6.6	8
Proportion of working age with degree or equivalent and above (%)	40.3	47.5	53.1	39.2

Source: ONS Annual Population Survey 2018

In 2018, median gross weekly earnings for full-time employees in Brent was £575.5, up 3.3% from 2017. Brent gross weekly pay is much lower compared with London and Outer London averages, around 10% lower than the Outer London average and around 16% lower than the London average (Figure 11).

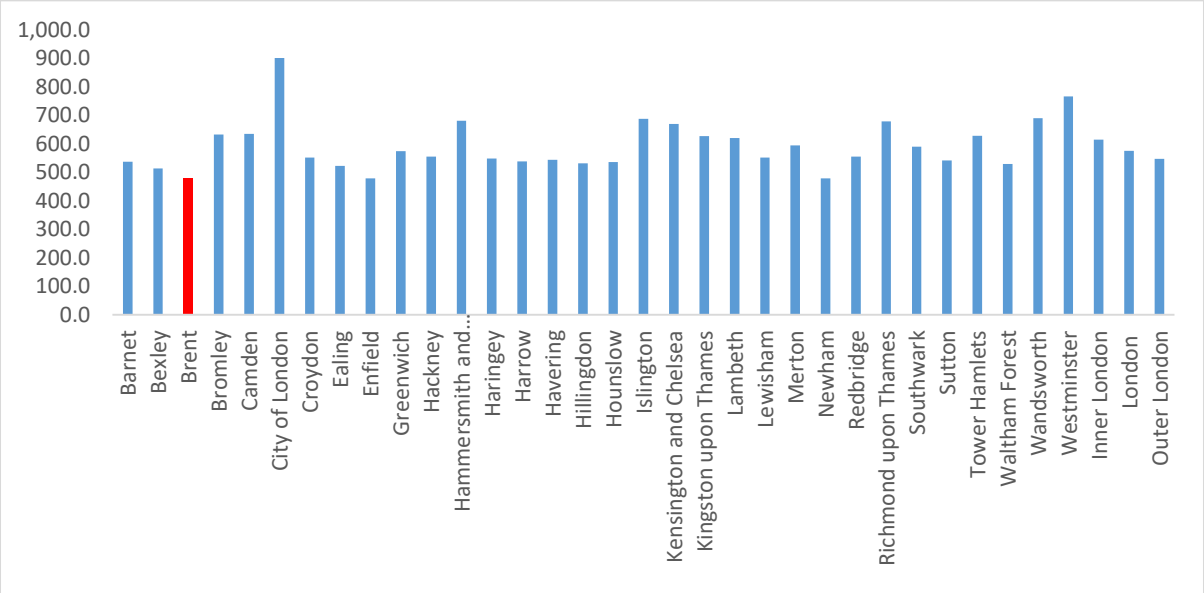
Figure 11: Median Gross Weekly earnings for Full-time employee 2018

	Brent		Outer London		London		UK	
	£	Annual % change	£	Annual % change	£	Annual % change	£	Annual % change
All	575.5	3.3	649.6	1	670.8	0.6	569	0.2
Male	601.5	4.9	696.3	1.5	719.7	1.1	609	0.3
Female	547.5	5.3	594.1	1.5	628.7	0.9	509.1	0.3

Source: ONS Annual Survey of Hours and Earnings

Comparing median gross weekly earnings for full time employees amongst London boroughs, Brent has the second lowest weekly earnings per resident in London, with Barking and Dagenham the lowest (Figure 12).

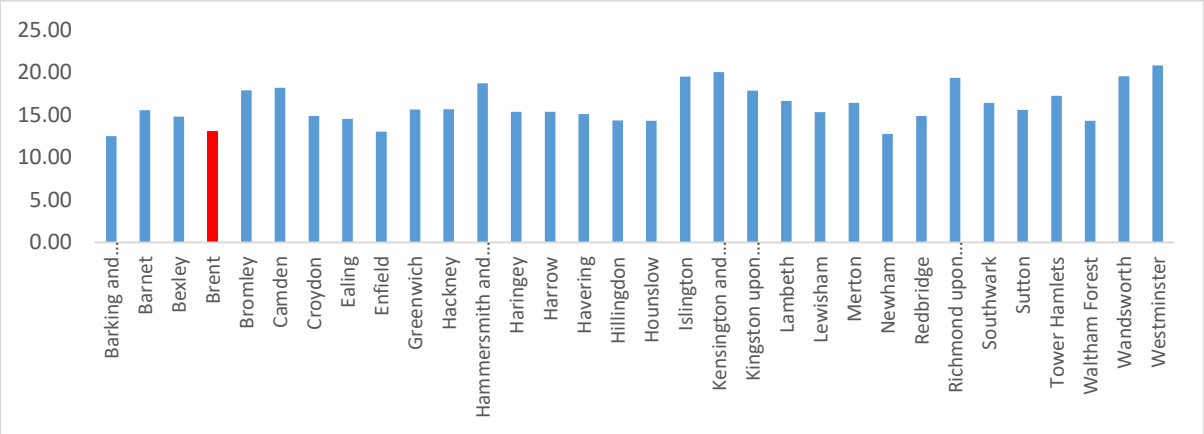
Figure 12: Average weekly pay - gross in London, 2018



Source: ONS Annual Survey of Hours and Earnings

Comparing hourly pay rates, Brent too has the second lowest hourly earnings per resident in London, with Barking and Dagenham again the lowest (Figure 13).

Figure 13: Average hourly pay - gross in London, 2018

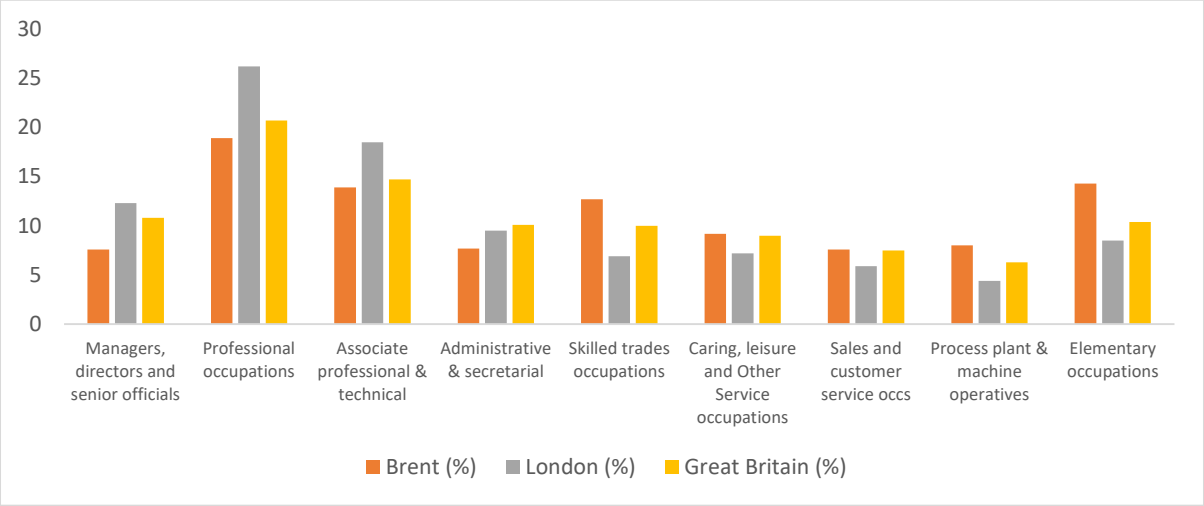


Source: GLA Datastore (2018) Gross earnings per head: by place of residence (ASHE)

Skills, Demand and Job Density

Looking at the professional profile of the residents of Brent, there seems to be an overrepresentation in elementary occupations, accounting for 14% of the working population. This compares with less than 8.5% in elementary occupations across London and under 10% in elementary occupations in Great Britain (Figure 14). At the same time, there is a lower proportion of highly professional occupations amongst Brent residents, especially compared to London. This could be partly explained due to the more industrial profile of employment in the borough, which will be further expanded on in later sections.

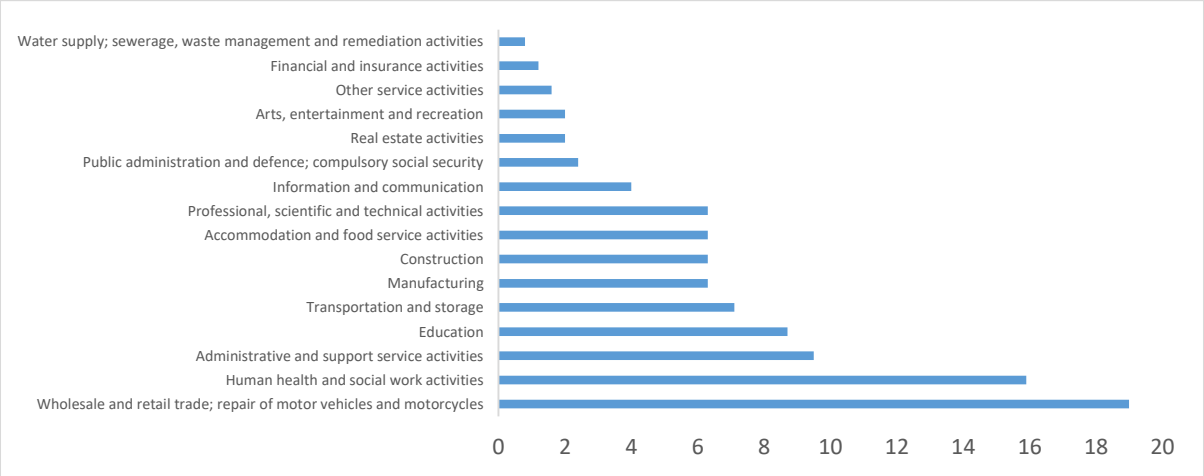
Figure 14: Employment by occupation (Jan – Dec 2018)



Source: ONS annual population survey.

Brent's working age population, who work in London or surrounding areas, work mainly in the service economy, with 62% working in financial services, health, education & public administration and distribution, hotels & restaurants. The proportion of people working in construction and manufacturing is lower (Figure 15) although we will see that both these industries still employ relatively more people compared to other London boroughs. Note that this data is influenced and reflects the general characteristic of the London economy, including the higher proportion of professional services linked to the global status of the city rather than production industries. The particular jobs offered within the specific location of the borough of Brent will differ to the broader London offer, and will be analysed in the further section.

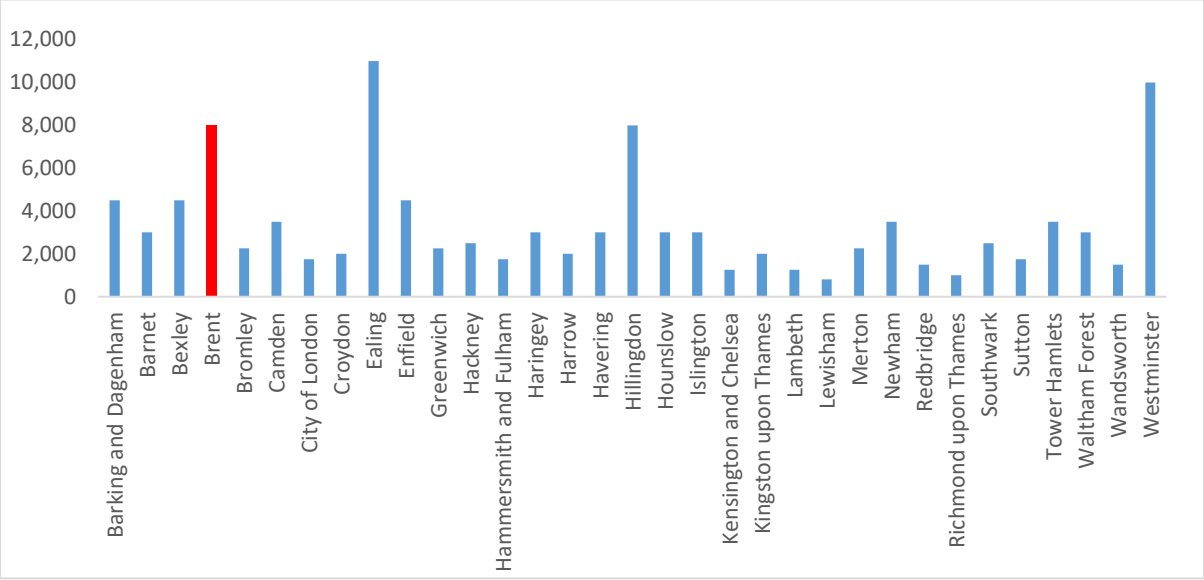
Figure 15: Brent Working Population, Employment by Industry, 2017



Source: Nomis Labour Market Profile – Brent 2018

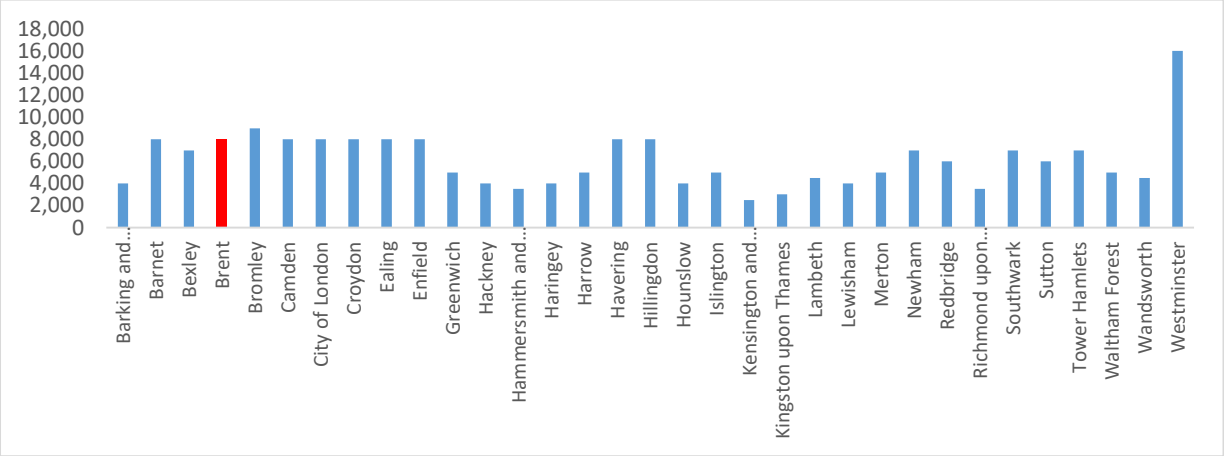
Analysing the percentage of people that work in construction, distribution and manufacturing in London as a whole, Brent has one of the largest population's working in these sectors. Over 22% of Brent's workforce are employed in distribution, hotel and restaurants, over 6.3% in the construction industry, and over 6.3% of employees work within the manufacturing sector (Figure 16, 17 and 18).[3] Due to the importance of the industrial character of Brent, compared with other boroughs, analysing the skills required for these industries is particularly important for Brent, as will be the trends that will be expected to impact them moving forward. This includes the skills and professions of workers living in Brent and the type of industries available in the borough that will be analysed further.

Figure 16: Population working in Manufacturing in London, 2018



Source: NOMIS (2018) Employee jobs - Area Comparison

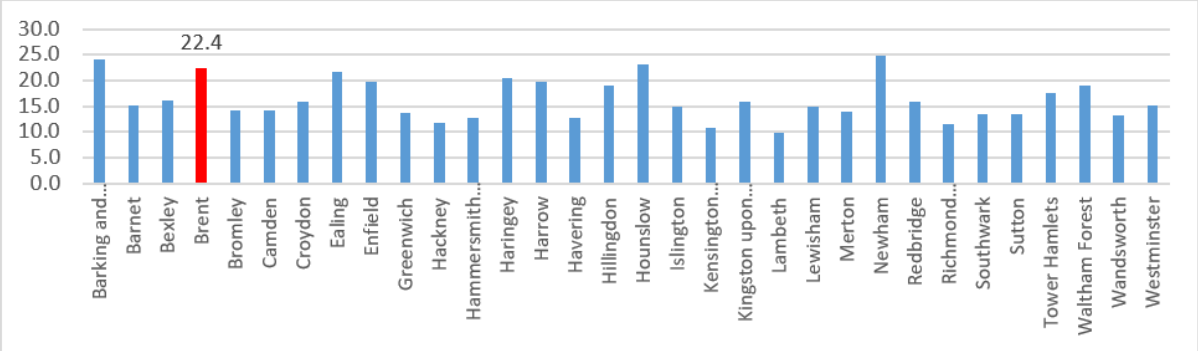
Figure 17: Population working in Construction in London, 2018



Source: NOMIS (2018) Employee jobs - Area Comparison

[3] ONS (2018) Annual Population Survey. % all in employment who work in.

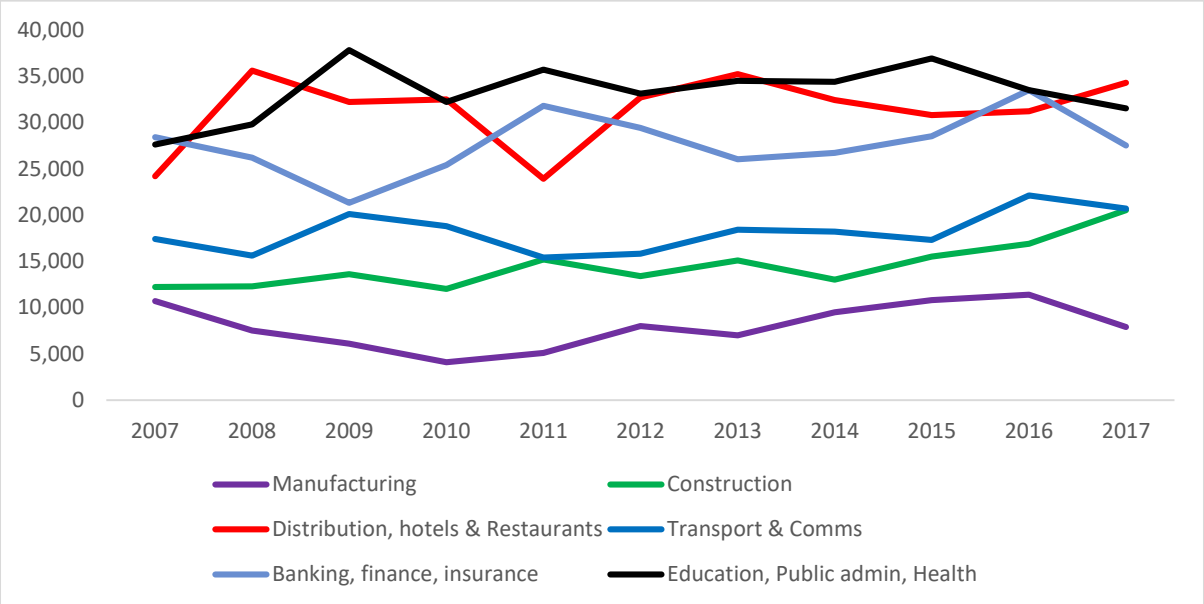
Figure 18: Population working in Distribution, hotels & restaurants in London, 2018



Source: ONS (2019) Annual Population Survey. % all in employment who work in.

Comparing historical data by sector, Brent's population working in distribution, hotels & restaurants, as well as construction, increased more than any other sector over the last 10 years, with both sectors increasing their share of the workforce by around 4% (Figure 19). Coupled with overrepresentation in these key sectors, this data demonstrates the relative importance of the industrial character of Brent to the local economy, compared with other boroughs.

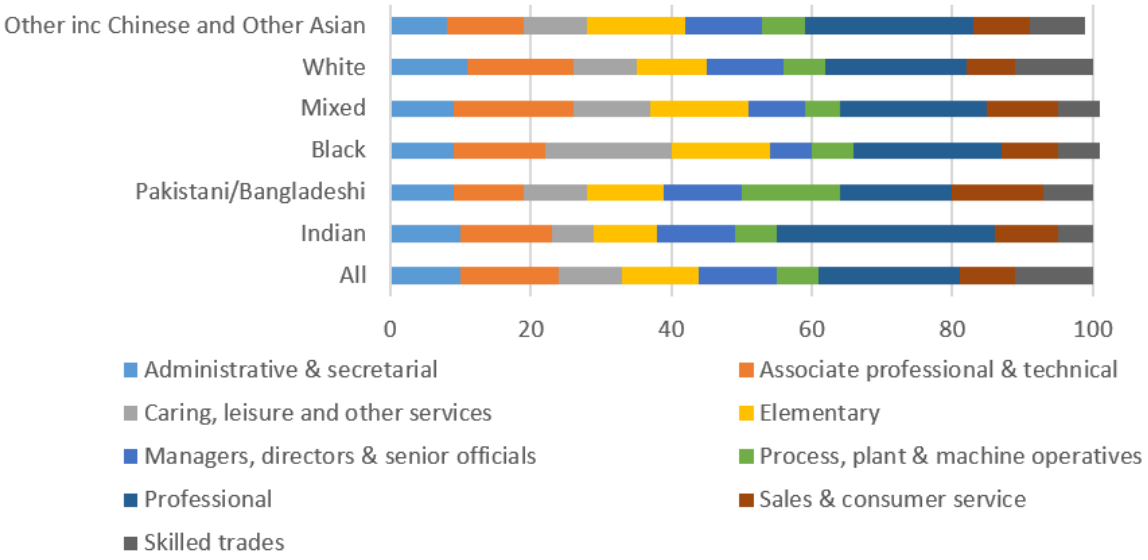
Figure 19: Brent's Employment Population by Sector, 2007-2017



Source: ONS Annual Population Survey 2018

Brent is one of the most diverse boroughs in the whole UK. Looking at the relative proportion of ethnic groups by occupation, 2018 data reveals some patterns. While white people are mostly represented in professional or skilled jobs, ethnic minority groups are mostly in a professional or elementary occupation and black groups are mainly in caring & leisure or professional occupations (Figure 20).

Figure 20; Ethnic group by occupation in Brent, 2018



Source: ONS Annual Population Survey.

After falling slightly between 2001 and 2011, the number of local jobs in Brent has picked up. In 2018, Brent reached the highest level of local employment in the last 15 years with 156,000 jobs (Figure 21)[4]. Also, comparing job density of the working age population, the job offer available in Brent is slightly above that of 15 years ago, with 0.71 jobs available for each working age person in 2018. As with the number of local jobs this figure has steadily increased since 2011 highlighting a population increase alongside local job creation. (Figure 22).

Figure 21: Local jobs in Brent

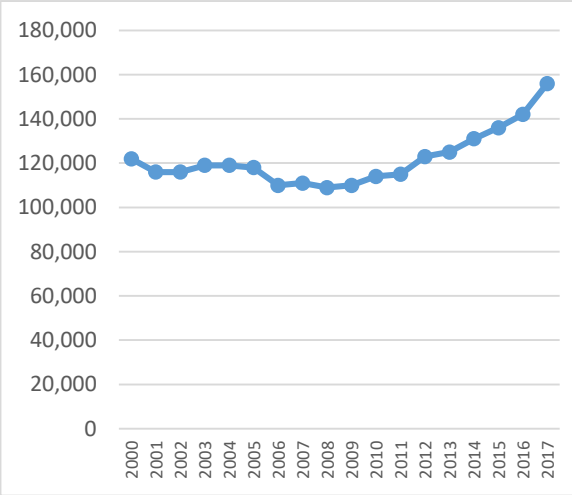
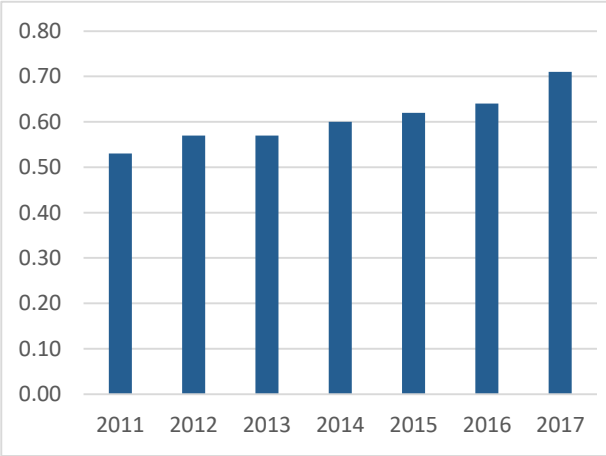


Figure 22: Job density- ratio of total jobs to population at working age

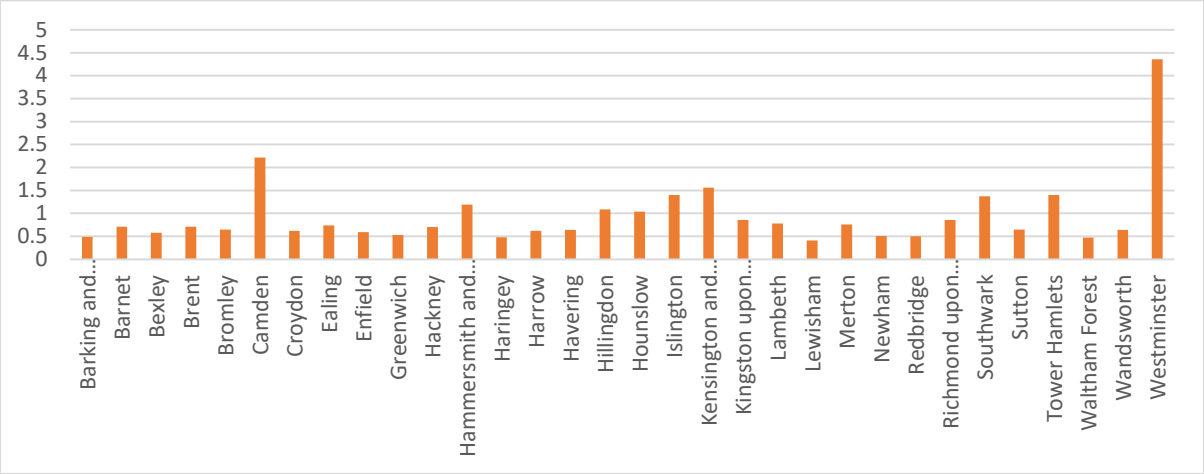


Source ONS Job Density 2018

Historically the job offer in London has been concentrated in Inner London and especially in Central Boroughs. In 2017, the job density average in Inner London was 1.48, excluding the City of London[5], while in Outer London the job density average was 0.69. Comparing the job density in Brent with Outer London boroughs with similar working age populations, the Brent figures are highly comparable to Ealing, Enfield and Barnet (Figure 23).

[4] Nomis (2016) Jobs Density
[5] Job density of City of London is excluded to make data comparable.

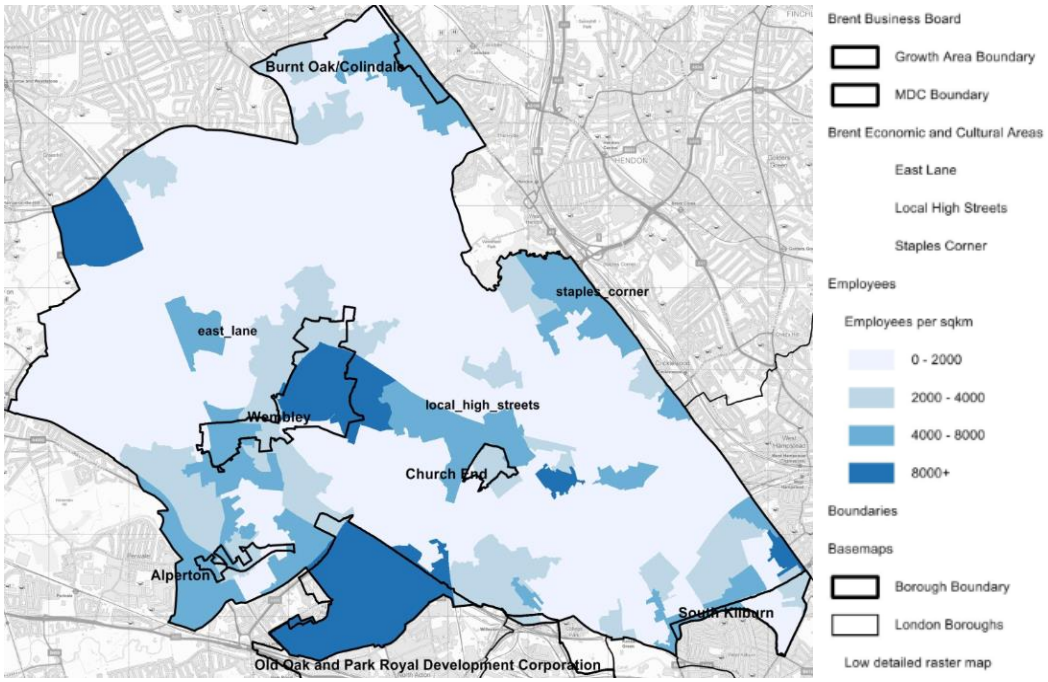
Figure 23: Job density- ratio of total jobs to population at working age



Source Nomis (2017) Jobs Density Jobs Density Area Comparison

Analysing the areas with higher concentrations of employees in Brent, Figure 24 shows the number of employees per sq. km in Brent in 2016. Park Royal, Wembley and the northern area of Northwick Park (where Northwick Park Hospital is located) are all areas with over 8000 employees. Alperton, Burnt Oak/Colindale, Staples Corner, Church End and South Kilburn are all areas with concentrations of between 4,000 and 8,000 employees. This data is analysed in the following sections, comparing sectors and type of business, to highlight which areas are important to protect for employment uses, as well as those areas which have the potential to intensify and attract more businesses, with the aim of generating more local employment opportunities and increasing the job density ratio.

Figure 24: Number of employees (per sq. km) in Brent, 2016



Source: Ordinance Survey

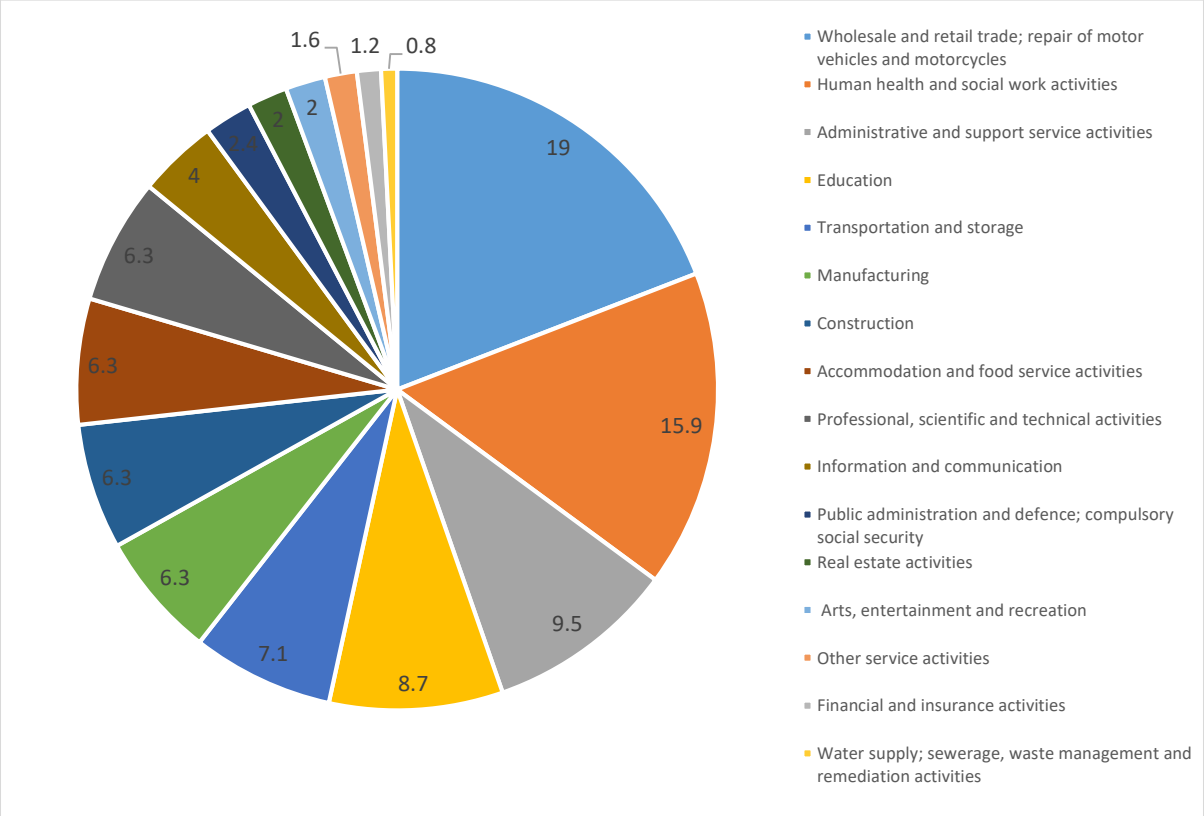
Sectors

Brent is home to over 15,000 enterprises. 92.4% are micro businesses with no more than 9 employees, 6.2% are small businesses with 10-49 employees, 1.1% medium businesses with 50-249 employees, and 0.3% are defined as large businesses with more than 250 employees.[6] These enterprises work in a diversity of industries, or sectors. By number of enterprises, jobs and turnovers in 2016/17, those in construction, retail, and business administration could be considered the most important in Brent.

Industries such as information and communication, wholesale, and production are also important for Brent.[7] These sectors can be seen as intrinsically linked to economic growth in the borough, particularly with the importance of Park Royal in Brent. Wholesalers play a fundamental role in the process of getting manufactured products into the hands of customers. Retailers rely upon wholesalers to purchase their stock in bulk to ensure profitably, and information and communication is used in the distribution and sale of those products.

Figures 25, 26 and 27 below show the contribution by industry of each type analysed, considering VAT and/or PAYE based enterprises.

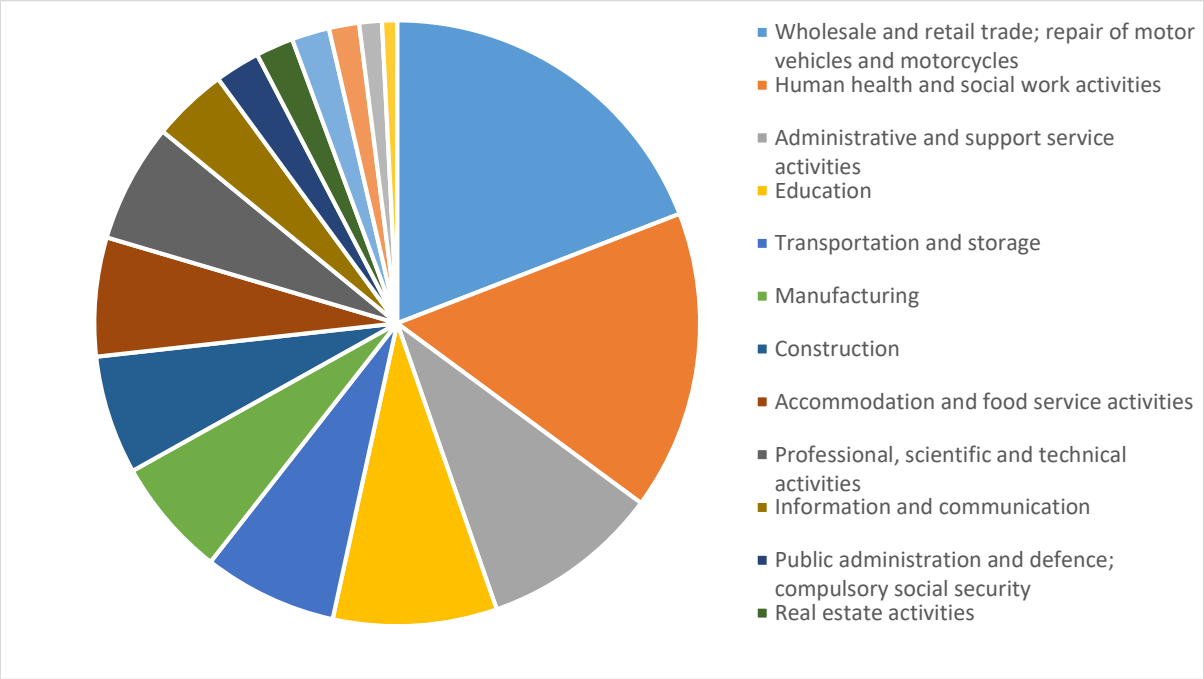
Figure 25: Count enterprises by industry in Brent March 2018



Source: ONS (2018) SME enterprises in Local Authority Districts by Broad Industry Group

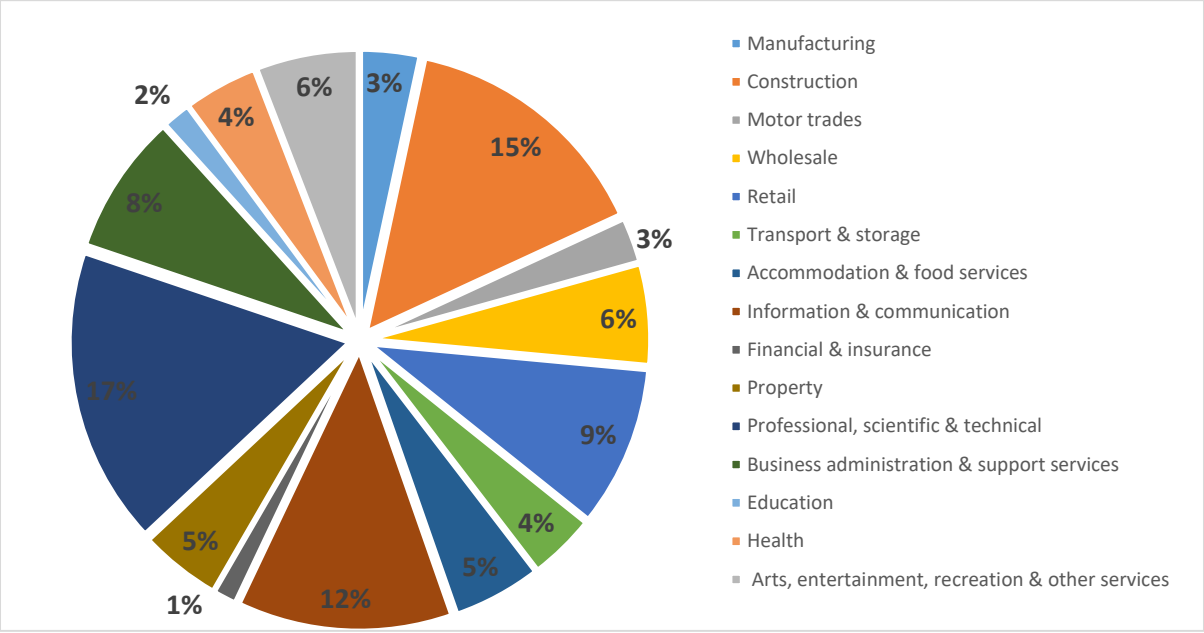
[6] NOMIS (2017) UK Business Counts - enterprises by industry and employment size band, 2016
[7] ONS (2017) SME enterprises in Local Authority Districts by Broad Industry Group. Analysis showing the count, employment, employees and turnover (£'000s) of VAT and/or PAYE based enterprises with 0-250 employees in Local Authority Districts of the United Kingdom by UK SIC 2007 Broad Industry Group.

Figure 26: Employment by industry in Brent 2018



Source: Nomis (2019) Employment by Broad Industrial Group

Figure 27: Turnover (£'000s) by industry in Brent 2018



Source: ONS (2019) SME enterprises in Local Authority Districts by Broad Industry Group

In 2018, Brent's total Gross Value Added (GVA) was over £9 billion, contributing 2% to London's total GVA and 6.5% to Outer London's total GVA, and ranking as the 18th largest GVA amongst the London boroughs and the 6th largest amongst the Outer London boroughs. GVA per capita was £26,371 in 2017[8]

[8] ONS (2017) Regional gross value added (balanced) by local authority in the UK.

Industries related to distribution, transportation, accommodation and food have the largest GVA proportion in Brent, with 24% GVA, contributing 3.5% GVA for that sector in London (Figure 28). These figures are due in large part to the proximity of Park Royal within Brent, as is the job density per sq. km (Figure 24) which shows a large concentration of employment in the South West area of the borough where Park Royal can be found. Construction and manufacturing are also important for Brent, despite having a lower contribution to GVA in the borough, due to both sectors representing an important part of GVA for that sector in London. Manufacturing in Brent contributes almost 7% GVA for that sector in London, ranking 4th amongst the boroughs, while construction in Brent contributes nearly 5% GVA for that sector in London. (Figure 29).

Figure 28: GVA by industry in Brent, 2016

Source: ONS (2017) Regional gross value added (balanced) by local authority in the UK.

Figure 29: Key sectors according contribution to London's GVA, 2017

Manufacturing	GVA Total	London %
Ealing	759	9.3
Barking and Dagenham	730	9.0
Hillingdon	683	8.4
Brent	517	6.4
London	8131	100.0

Construction	GVA Total	London %
Westminster	1872	9.32
City of London	1203	5.99
Hillingdon	1041	5.18
Brent	988	4.92
Lewisham	157	0.78
London	20095	100

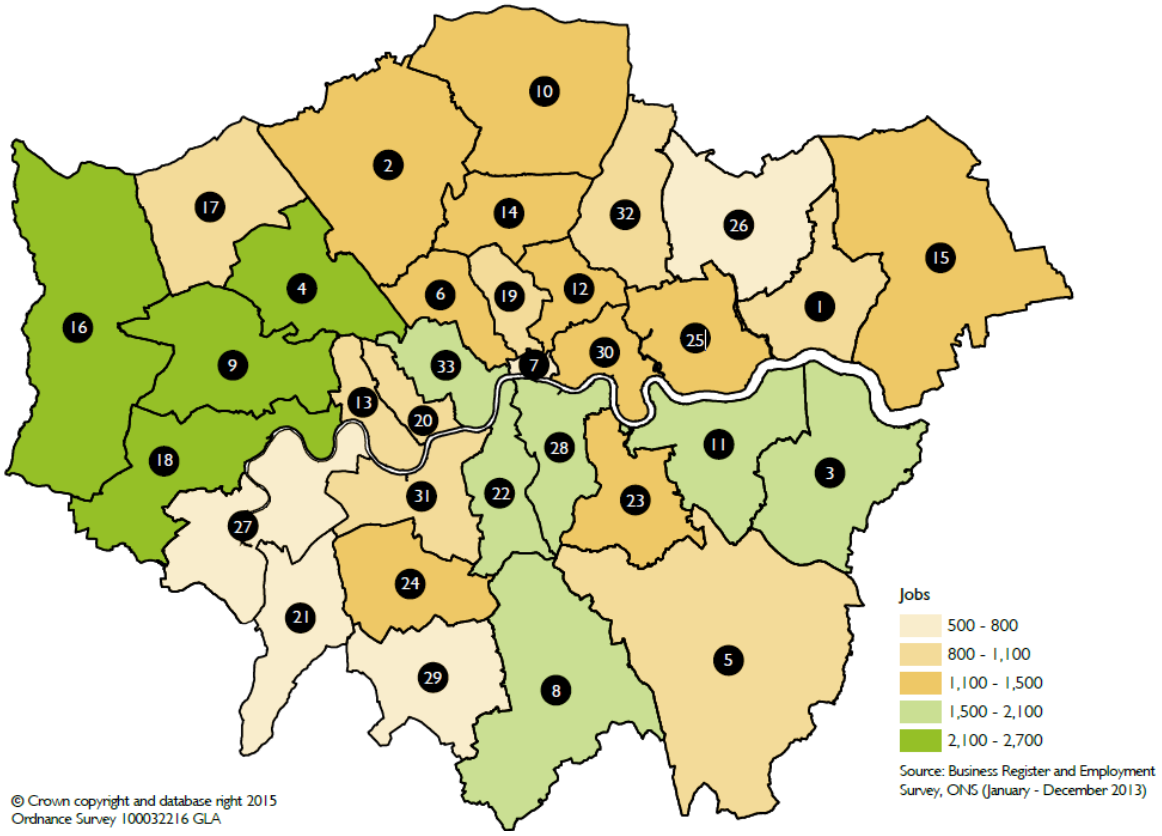
Source: ONS (2018) Regional gross value added (balanced) by local authority in the UK.

Circular Economy

The circular economy model ensures natural resources stay in the economy for as long as possible, minimising the extraction of natural resources, and re-using and recirculating goods to extract the maximum value from their original manufacture. This model reduces the environmental impact of waste generation, minimises the depletion of natural resources, reduces carbon emission, and importantly also creates new job opportunities and boosts economic activity.

An important study by The Waste and Resources Action Programme (WRAP) in 2015 in partnership with the GLA showed that in 2013 there were 46,700 jobs within the circular economy in London. WRAP identified the potential for employment in the circular economy to increase by over 40,000 jobs to 87,000 jobs by 2036[9]. The WRAP study identified that Brent and West London have the most jobs in London in the circular economy as below (Figure 30).

Figure 30: Jobs in the Circular Economy London



Source: WRAP (2015). Employment and the Circular Economy: Job creation through resource efficiency in London.

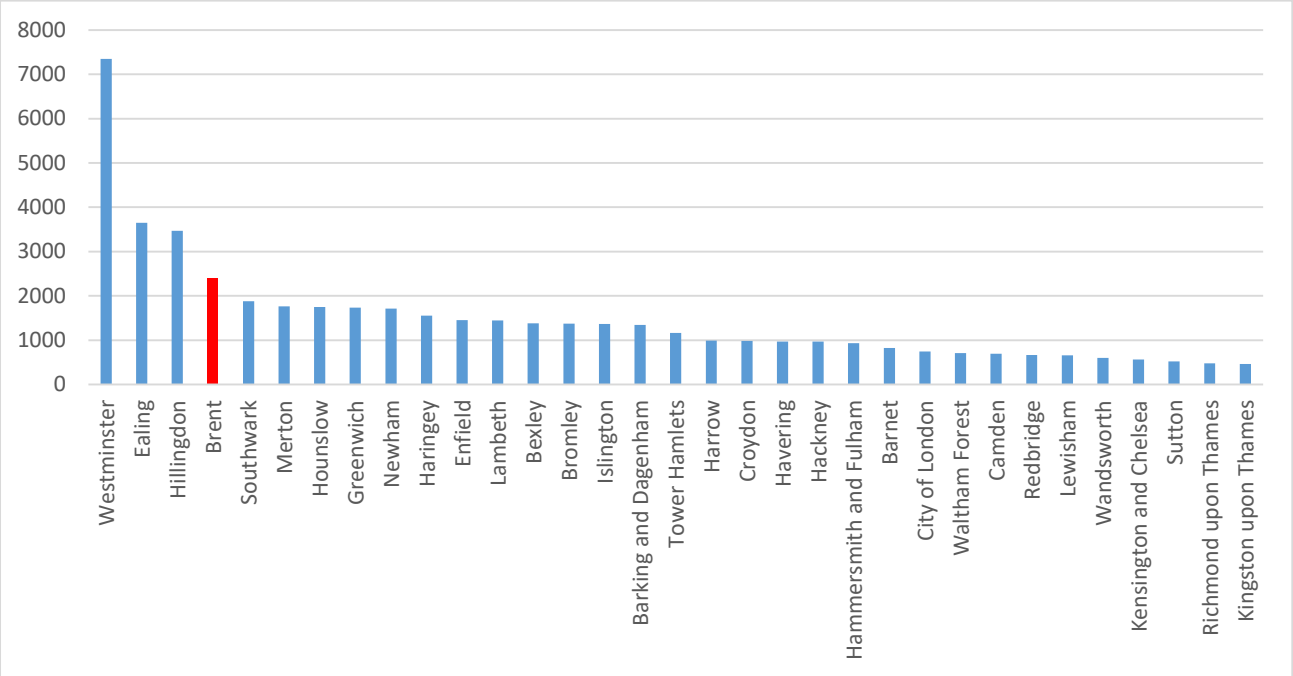
Updating to 2017, Brent had the 4th highest employment counts in the circular economy, compared with other Local Authorities in London at 2,415 jobs[10] (Figure 31). More than 70% of circular economy jobs in Brent are currently found in two distinct sectors, waste collection and processing, and transport. With potential to include more industries in this model, including

[9] WRAP (2015). Employment and the Circular Economy: Job creation through resource efficiency in London.
[10] NOMIS (2017) Business Register and Employment Survey

the key food manaufacturing sector in Brent, and projected growth in the circular economy in London, over 2,000 new jobs could be created in the circular economy in Brent by 2036.

As opposed to the linear economy, where material goods and resources are made, used and disposed of, the circular economy keeps products, components and raw materials at the highest and longest use possible. Both from an economic and environmental point of view, a developed circular economy is vital in growing urban areas, where a growing population increases the need for waste, reuse and recycling services. Moving towards a circular economy can also stimulate innovation and new business models in areas like product design, re-use, and remanufacturing facilities, as well as new forms of finance.

Figure 31: Number of Circular Economy Jobs 2017



Source: NOMIS Business Register and Employment Survey

Activities related with waste management are considered part of the circular economy. Recycle, reuse and compost are key elements of this and in 2018 Brent Council had 32% of waste in this category. [11]

Employment Centres and Workplace Zones

Brent has a diverse economic geography, with the following key employment hubs identified on the basis of the number of enterprises and jobs concentrated in particular areas[12].

- Park Royal: largest industrial site in London for food manufacturing, strategic media and logistics. With potential to meet demand for logistics and waste management
- Wembley: home to Wembley Stadium and Wembley Arena. Strategic retail, office and public sector hub. Leisure uses, with tourism services, culture and sports.
- Staples Corner: industrial location, suitable for general and light industry, and potential for intensification.
- Northern area of Northwick Park: location of Northwick Park Hospital and a concentration of health and education activities.

[11] DEFRA (2017) Local Authority Collected Waste Management Statistics.
[12] , [10] AECOM (2015) Brent Employment Land Demand Study.

The south east of Brent is characterized by concentrations of higher value business and employment activities, while the north is much more residential, with small industrial sites and town centres. [13]

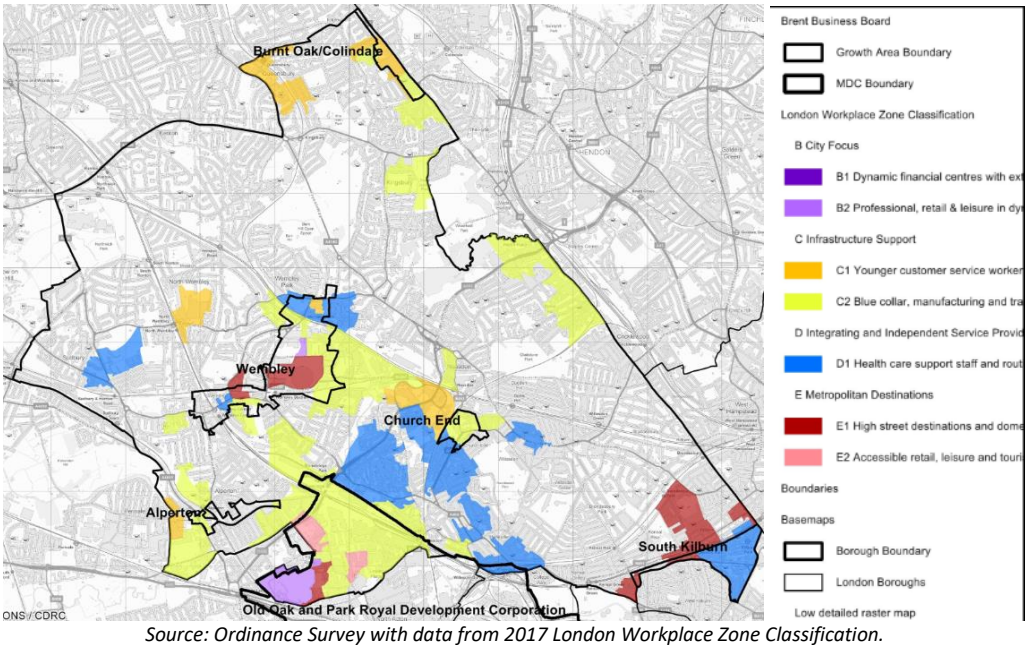
Employment hubs and Strategic Industrial Locations (SIL) with potential for mixed use intensification include:[14]

- Eastern Gateway at Willesden Junction
- Southern Gateway around North Acton station
- Western Gateway around the Diageo First Central site
- Northern Gateway centred around Northfields industrial estate.

Classifying areas by business and employment characteristics, and workplace zone classification in Figure 32 below, highlights the following industries and areas:

- B2. Professional retail & leisure activities are located in Wembley and Park Royal.
- C1. Wholesale and retail services are mainly in Burnt Oak/Colindale, close to Church End and Alperton areas,
- C2. Blue collar, manufacture and transport workplace zones are in Park Royal, Alperton ward, around Ealing Road and A5 corridor.
- E1. High street and domestic employers are mainly in the centre of Wembley and in the North boundary of South Kilburn.

Figure 32: Selected Workplace Zone Classification in Brent, 2017



Source: Ordinance Survey with data from 2017 London Workplace Zone Classification.

[13] Regeneris Consulting, We Made That and PRD (2017) Brent Workspace Study.

Business Performance

Business size provides a useful indication of the make-up of firms operating in LB Brent. Growth in the business base has been driven by smaller enterprises. Data from 2018 shows that small businesses contribute significantly to employment within the borough, with 13,885 businesses defined as 'micro' size (up to nine employees), comprising 92.4% of the stock of 15,030 companies registered within the Borough.[15] The percentage of small firms in Brent is similar to the average for Outer London but higher than London and Great Britain (Figure 33).

Figure 33: Business Performance Indicators

	Brent	Outer London	London	Great Britain
Number of total enterprises (2018)	15,030	240,050	506,180	2,596,320
% of SME enterprises (2018)	92	93	91	89
High Growth enterprises (2016)	55	780	2,640	12,875
Number of jobs (2017)	126,000	-	5,134,000	29,375,000
Jobs Density (2017)	0.7	0.7	1.0	0.9
Number of active businesses (2017)	17,505	284,445	607,870	2,864,990
Five-year business survival rates (started in 2014)	39	42	39	43
Three year business survival rates (started in 2014)	59	61	59	61
Two-year business survival rates (started in 2015)	72	73	68	71

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

Local business performance indicators are somewhat limited and calls by the Inclusive Growth Commission (IGC) for a new inclusive growth metric[16], which could be formed by measuring local productivity, local incomes, the distribution of earnings, pay changes for the lowest paid and levels of regional economic inactivity, would help to drill down at a local level to get a better picture of the current situation. If this new metric of economic performance was available, then it would tell us more about how the opportunities and benefits of growth are distributed across different spatial areas and social or income groups. It would further help to track structural economic change, the sustainability of growth, and the human impact of shifts in the labour market.

What data we do have, however, shows that high and growing levels of self-employment in Brent, above the London and national averages, could be evidence of an entrepreneurial culture in the Borough. However, comparing local job availability and unemployment rates in Brent, it is not clear whether self-employment stems from an entrepreneurial culture, or is rather the necessary consequence of a lack of job opportunities within Brent. To understand the entrepreneurial culture in Brent, we must therefore also analyse changes in the number of businesses.

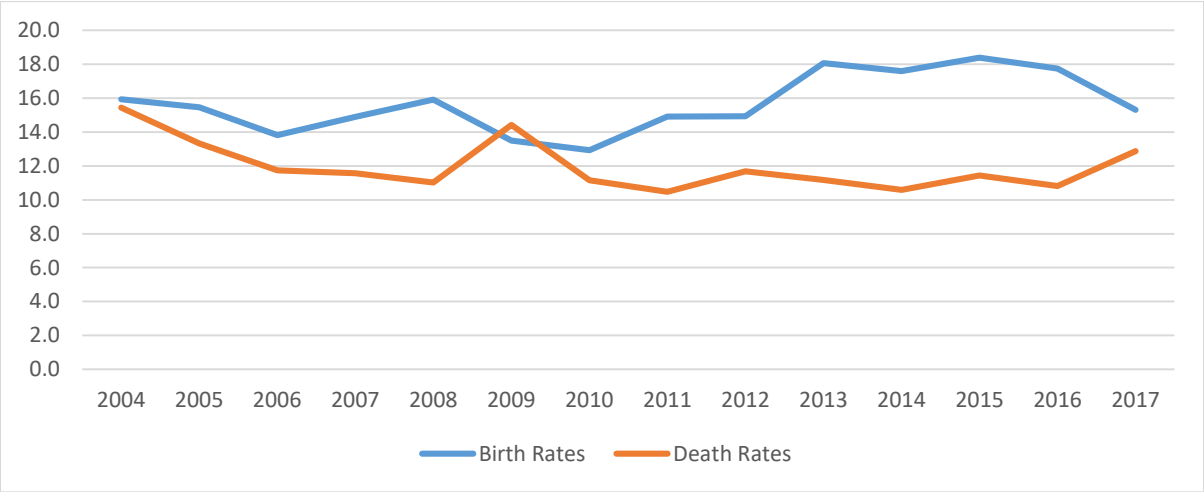
Apart from an apparent drop in 2009 and 2010, as result of the negative effects post the financial crash of 2008, business births have exceeded business deaths in Brent over the past

[15] ONS (2016); UK Business: Activity, Size and Location. Table UKBAD01

[16] Wallace. T, (2017). Telegraph Online; Available at: https://www.telegraph.co.uk/business/2017/03/07/gdp-not-enough-economists-businesses-demand-new-measure-inclusive/

decade, accounting for 3,020 new business in 2016. Brent business death rates have increased however, with 12.2% of businesses failing in 2016, compared with 11.7% in 2006. Figure 34 below shows the business birth and death rates, as a proportion of active businesses in Brent.[17] Some factors affecting business patterns in Brent, which are similar to both the UK and London, are the highly competitive business climate in the city, economic uncertainty following the UK's EU referendum result, higher inflation rates, and depreciation of sterling leading to higher raw material and import prices that discourage the birth of new business and increase business death rates.[18]

Figure 34: Business Birth and Death Rates, Brent



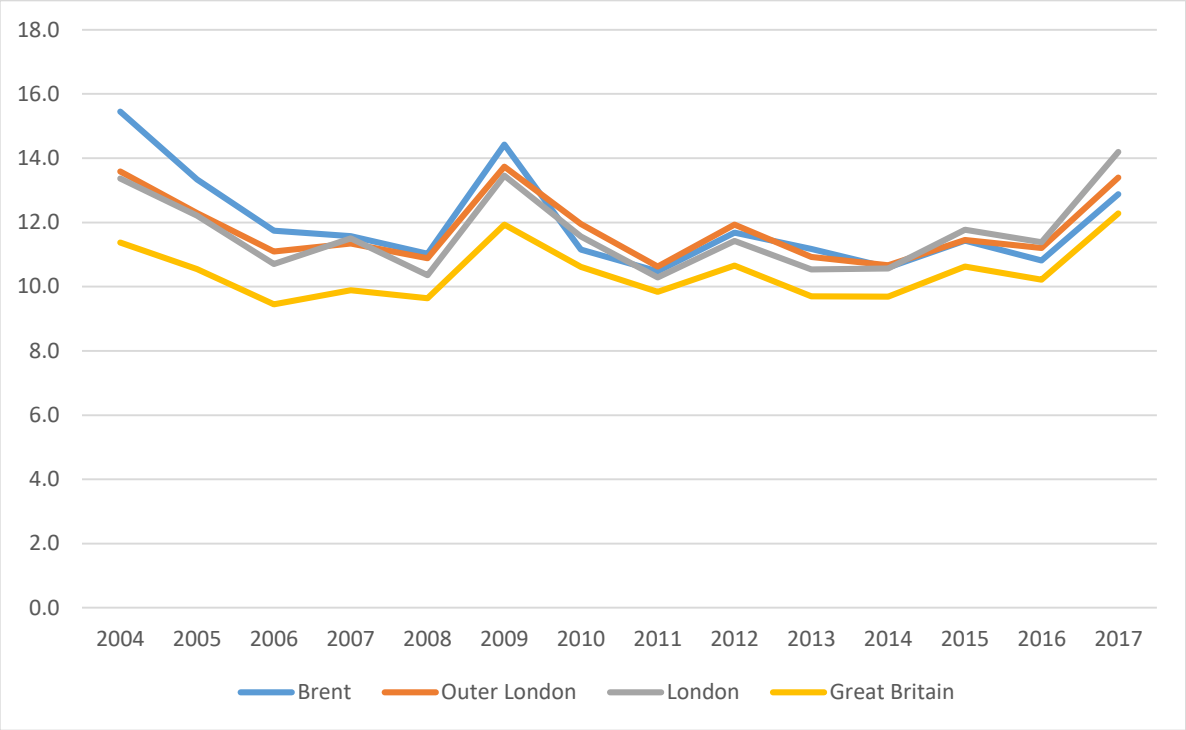
Source: ONS (2018) Business demographics. Enterprise Births, Enterprise Deaths, Active Enterprises and Survival Rates.

Brent, Outer London, London and the UK have higher net start-up rates, with approximately 90% of companies surviving 1 year, except London where the figure is 86%, but only around 50% of companies surviving 5 years or more. Analysing these survival rates the evidence is that overall, in all the regions, less companies now survive through the 1st year of operations than in previous years, but that the number of businesses that have survived for 5 years is increasing, although the latest 5-year survival statistics were published in 2012. It is important to highlight that comparing survival rates among regions, Brent has a similar 1-year business survival rate to Outer London and London, and a higher survival rate than the UK. However, the 5-year business survival rate in Brent is lower than those 3 other regions (Figure 36).

One of the reasons that explains why Brent business survival rates differs from other regions is the higher proportion of businesses related with construction, wholesale, retail, and food and beverage, and that those sectors had a lower survival rate over the period. [19]

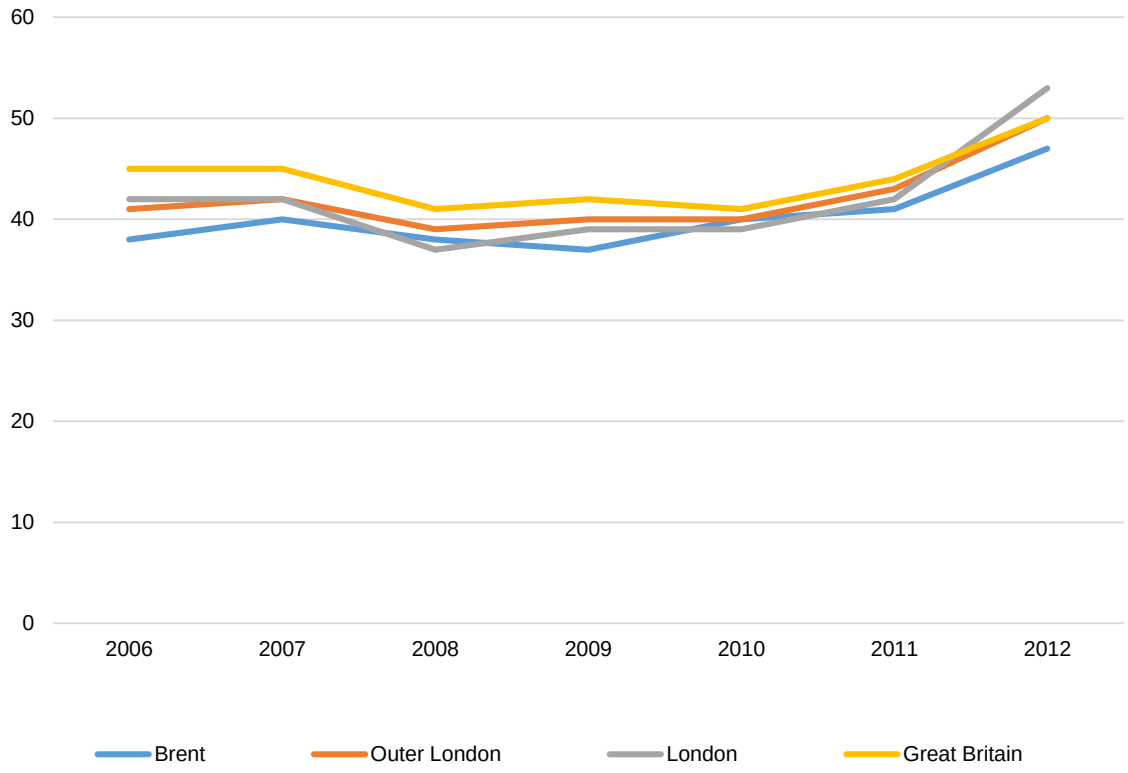
[17] ONS (2017) Business demographics. Enterprise Births, Enterprise Deaths, Active Enterprises and Survival Rates.
[18] ONS (2016) Statistical Bulletin. Business demography, UK: 2016 & GLA (2016) Economic Evidence Base. Chapter 5.
[19] Analysis considering ONS (2017) Business demography 2016 table 2.2 Count of deaths of enterprises for 2010 to 2016 by standard industrial classification (SIC2007) group by year & NOMIS (2012) Business Counts-enterprises by industry and employment size band.

Figure 35: Business Survival Rates 1 year



Source: ONS (2018) Business demographics. Enterprise Births, Enterprise Deaths, Active Enterprises and Survival Rates.

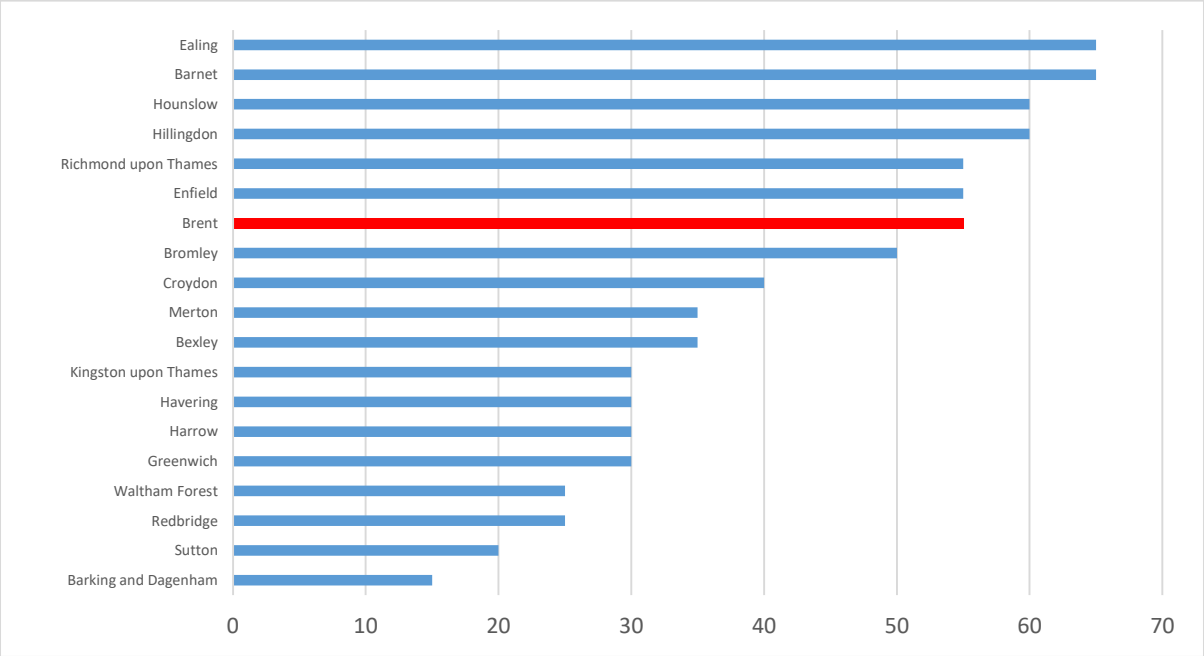
Figure 36: Business Survival Rates 5 years



Source: ONS (2017) Business demographics. Enterprise Births, Enterprise Deaths, Active Enterprises and Survival Rates.

Despite business survival rate differences in Brent compared with the other regions, in 2017 63% of Brent enterprises that grew had turnovers that increased up to 5%, and 23% had turnovers that increased by more than 20%[20]. High growth is defined as business with 10 or more employees and average annualised growth of 20% or more. These high growth enterprises are particularly important to the local economy and Brent had one of the largest amount of high growth enterprises in Outer London as shown in Figure 37.

Figure 37: High Growth Enterprises in Outer London, 2017



ONS (2019) Business Demography: High Growth Enterprises.

Town Centres

A LB Brent commissioned study by consultancy firm Regeneris benchmarks baseline data and tracks improvements against Brent's 19 town centres to understand their current economic, social and environmental performance. This has included analysing the 2 Major, 11 District and 4 Local Centres which vary in size, purpose and performance.

The study found Brent's town centres serve a wide range of needs. They are highly social, diverse and accessible places which support jobs, provide transport connections and are a place for communities to meet. However, town centres across London are undergoing change, with many facing challenges which threaten the value they offer those living and working in them. These include:

- Increased rates and complex regulations
- Housing development pressures on commercial space
- Affordability pressures linked to rising property values
- Increased online retail as a share of total retail spending
- National-level policy changes and cuts to public services.[21]

[20] ONS (2016) UK Business: Activity, size and location-2015. Table Analysis 4 2016.
[21] Brent Town Centres Health Check Assessment 2018, Regeneris, April 2018.

Brent town centres are an important source of employment in the borough with 3,376 units providing around 25,400 jobs which is over 20% of all employment. Of these jobs the vast majority (50%) are in Wembley Central (including LDO). Other prominent town centres for employment include Wembley Park 1,800 jobs, Kilburn 1,300 jobs and Harlesden 1,300 jobs.[22] Town centres are also an important generator of business rates for the council. In 2017 town centres across Brent contributed approximately £88m in business rates. Wembley Central paid the largest amount of business rates but also has the largest commercial floor space in the borough.[23]

Brent town centres have a vacancy rate (7%) broadly in line with that of the London average (6%). A 6-7% vacancy is considered normal and healthy, allowing for the efficient functioning of the market. There are however a number of town centres in the borough with relatively high vacancy rates including Church End (16%), Neasden (12%) and Willesden Green (11%) which is much more concerning and indicative of decline.[24]

The performance of Brent town centres in relation to each other and other London town centres can be seen in Figure 38. The performance seems to reflect the diversity of Brent town centres with no clear pattern emerging, although the Major centres do seem to be performing worse than their equivalent counterparts elsewhere in London, in particular Kilburn which has the lowest employment statistics of all 34 Major Centres in London.

Figure 38: Major Town Centre Performance

Major Town Centre Ranking *(Out of 34 Major Centres)*

Town Centre	Vacancy Rate *Lowest = 1st*	Employment *Highest = 1st*	Retail Floorspace *Highest = 1st*	% Convenience *Highest % = 1st*	% Betting Shops *Lowest % = 1st*
Wembley	26th	17th	31st	28th	30th
Kilburn	30th	34th	21st	15th	29th

District Town Centre Ranking *(Out of 151 District Centres)*

Town Centre	Vacancy Rate *Lowest = 1st*	Employment *Highest = 1st*	Retail Floorspace *Highest = 1st*	% Convenience *Highest % = 1st*	% Betting Shops *Lowest % = 1st*
Burnt Oak	26th	97th	20th	87th	90th
Colindale/ The Hyde	84th	127th	147th	93rd	144th
Cricklewood	63rd	88th	40th	111th	118th
Ealing Road	32nd	127th	123rd	129th	120th
Harlesden	90th	70th	18th	53rd	110th
Kenton	7th	114th	62nd	13th	2nd
Kingsbury	6th	127th	80th	16th	50th
Neasden	130th	127th	121st	20th	136th
Preston Road	15th	N/A	130th	72nd	83rd
Wembley Park	5th	3rd	60th	7th	65th
Willesden Green	125th	97th	75th	49th	92nd

Source: GLA London Town Centre Healthcheck, 2017
Note: Cells highlighted orange are in the top quarter of their classification, cells highlighted blue are in the bottom quarter

REGENERIS

[22] Ibid
[23] Ibid
[24] Ibid

Key Trends

Brent's economic perspectives are influenced by major economic events and political decisions that impact London and the UK. Expected population growth, including increased life expectancy rates, increased business attractiveness and job opportunities, reducing inequalities, and ensuring social well-being and economic welfare in the borough, are all challenges moving forward into the future. Therefore, this section analyses those main changes and trends that will shape Brent's economy looking forward to 2040.

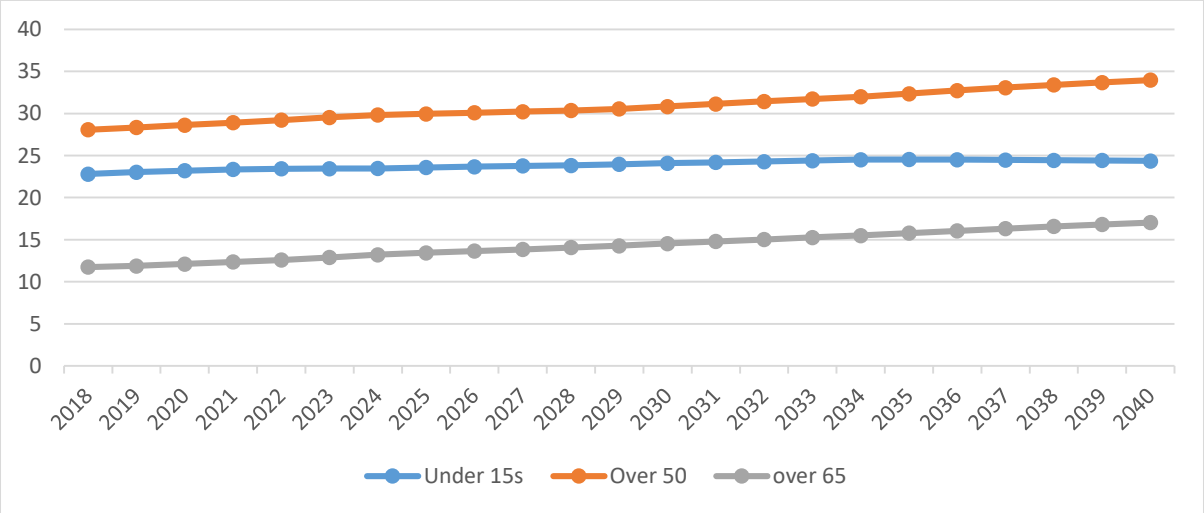
Trend 1: Increasing Older Population

An ageing population is now a dominant demographic trend in advanced economies as life expectancy has and continues to increase. People are living longer and this has a number of important economic impacts.

In the UK, current average life expectancy at 65 is 23.8 years for females and 21.6 years for males. Between 2018 and 2064 average life expectancy is projected to increase 5 additional years for both genders[25].

Brent's population is projected to increase 17% between 2019 and 2040. A major contribution to this growth is the increase in longevity. In 2018, Brent's population aged 50 years or over was over 28% of the total population, the highest percentage in the last 20 years. By 2040 Brent's population aged over 50 years or over is expected to grow to over 34% of the total population. At the same time the population aged under 15 years is expected to decline, falling from 20% of the total population in 2016 to 17% of the total population in 2040 (Figure 39).[26]

Figure 39: Brent's Population Projection % Total



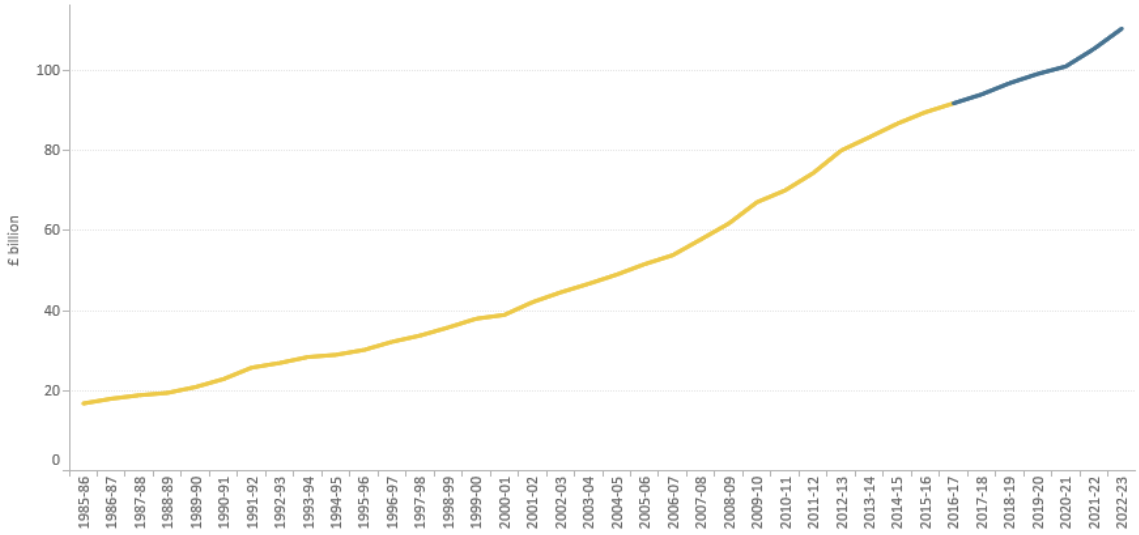
Source: ONS (2018) 2016-Based subnational population projections for Local Authorities in England: table 2.

The challenges related to an ageing population most commonly mentioned are the provision of pensions, healthcare and specialist housing.[27] The older population in the city is, however, not a homogeneous group, and whilst some require support, care services, and help to cope with financial pressures, others play a significant role starting new businesses after retirement age or represent potential consumers. [28] In order to reduce gaps among the older population it is important to increase economic access and opportunities for this group in Brent, and

[25] Fuller working lives: evidence base 2017.
[26] ONS (2016) 2014-Based subnational population projections for Local Authorities in England: table 2.
[27] Mayor's Design Advisory Group (2015) Ageing London
[28] Nesta (2009) The grey economy: How third age entrepreneurs are contributing to growth.

transfer their valuable skills, expertise and knowledge, to younger generations through work, training and academia. Active older citizens therefore have a key role to play in Brent's future prosperity.

Figure 40: State Pensions Costs 1985 - 2023

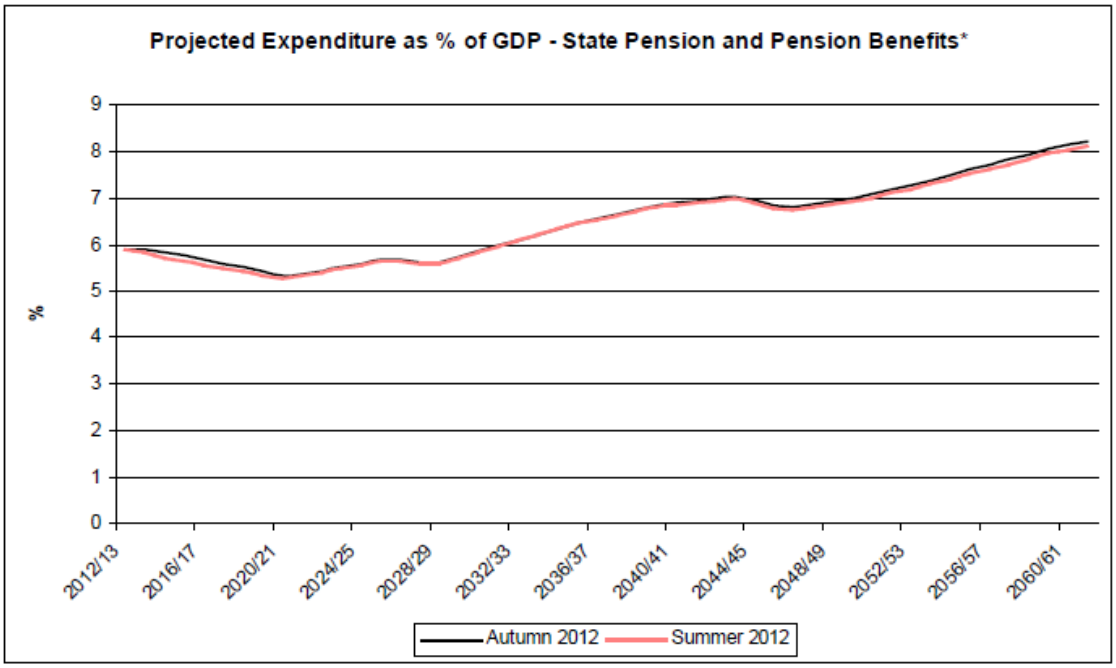


Source: Office of Budgetary Responsibility

Office of Budgetary Responsibility (OBR) forecasts are that state pension spending is set to rise by 14% between 2016-17 and 2021-22. As that is slightly less than OBR forecast for nominal GDP growth, this represents a fall of around 0.1% GDP. This fall is mostly driven by lower caseloads, as pressure from an ageing population is more than offset by ongoing rises in the state pension age, which is set to reach 66 for men and women by 2020. This is partly offset by awards rising faster than earnings at the start of the forecast due to the triple lock on uprating.

There is a significant increase in forecast spending between 2020-21 and 2021-22. Paragraphs 5.18 and 5.19 of the OBR November 2016 Economic and Fiscal Outlook explain how it is expected that the state pension caseload will rise more quickly from 2020-21 onwards, as the effects of ageing will not be offset by further rises in the state pension age until 2028.

Figure 41: State Pension & Pension Benefit Costs 2012 - 2061



* Excluding Housing Benefit, Disability Living Allowance, Personal Independence Payment and Attendance Allowance.

Source: Office of Budgetary Responsibility

Current employment rates for those aged 65 years or over are the highest in Brent in the last 10 years, and are expected to continue increasing into the future, due not least to the proposed state pension age increasing from 65-years to 68-years old.[29] Demand for adult training is therefore expected to increase, to improve qualifications and skills to ensure an ageing population maintains access to labour markets, either as employees, self-employed, or as entrepreneurs, and increasing the strength and benefits of the silver economy.

The silver economy is defined as that part of the economy that involves citizens aged 50 years or over. The silver economy brings important economic benefits to the UK, London and Brent, including over £47 billion income generated from Londoners aged 50 years or over, including around £1.78 billion from those in Brent. A further £6.3 billion contribution for earning and volunteering comes from those aged 65 years or over in London, including around £225 million from those in Brent's.[30] In the UK, 40% of consumer demand is from the older population, which spends £200 billion per year.[31] The silver economy, therefore, underpins sectors such as tourism, hospitality, health & wellbeing, restaurants, leisure goods and education.

Trend 2: Potential Economic and Demographic Impacts of EU Referendum and Brexit.

Following the UK referendum vote to leave the EU, and subsequent triggering of Article 50, the timetable for the UK to negotiate an exit deal has had a number of extensions. Understanding and accounting for possible effects of Brexit on UK, London and Brent economies is essential when drawing up future policy responses to 2040. Though many things remain uncertain about Brexit, the final deal and its potential consequences, it is indisputable that leaving the EU will have an impact on the economy in the short and long term. The

[29] Department for Work and Pensions (2017): Proposed new timetable for State Pension age increases.
[30] Brent's estimations based on Wise age (2017) Older people, employment & Economic Development in London.
[31] IPPR North (2014) Silver Cities: Realising the potential of our growing older population.

referendum consequences could be especially challenging for Brent in particular, which has the third largest EU population in London, representing 20% of Brent's working age population.

Notwithstanding Brexit negotiations are ongoing, before the EU referendum, national government's central estimate was that:

"Britain would be permanently poorer by the equivalent of £4,300 per household by 2030 and every year thereafter".[32]

Compared with pre-referendum forecasts, HM Treasury's summarised its own view of the short term impact of Brexit in the following words:

"The analysis shows that the economy would fall into recession with four quarters of negative growth. After two years, GDP would be around 3.6% lower…. the fall in the value of the pound would be around 12%, and unemployment would increase by around 500,000, with all regions experiencing a rise in the number of people out of work. The exchange-rate-driven increase in the price of imports would lead to a material increase in prices, with the CPI inflation rate higher by 2.3 percentage points after a year".[33]

This scenario could be better or worse depending on the negotiation achieved and market reaction. Figure 42 below shows the HM Treasury intermediate predictions by 2030, the "shock" scenario predicted according the minimum impact considered due to Brexit, and the "severe" scenario if Brexit negotiation and market reaction is higher.

Figure 42: Intermediate impact of a vote to leave the EU on the UK

	Shock scenario	Severe shock scenario
GDP	-3.6%	-6.0%
Inflation	+2.3%	+2.7%
Unemployment rate	+1.6%	+2.4%
Unemployment (level)	520,000	+820,000
Average real wages	-2.8%	-4.0%
Houses prices	-10.0%	-18.0%
Sterling exchange rate index	-12.0%	-15.0%
Public sector net borrowing (£ billion)	+£24 billion	+£39 billion

Source: HM Treasury Analysis (2016) HM Treasury analysis: the intermediate economic impact of the leaving of the EU & Centre for Business Research (2016) The macro economic impact of Brexit: using the CBR Macro-Economic model of the UK.

Similarly, notwithstanding final negotiations, the scenario considered for analysis as the closest to the government's current position is a "Hard" Brexit scenario, that assumes the UK government's tens of thousands migration target would be achieved and the UK will not remain in the Single Market and Customs Union. Under such a scenario it is projected that long-term the economy will continue growing, but at a slower rate than the expectations before Brexit. Considering the effects that Brexit could have on trade, investment and migration, a recent study by Cambridge Econometrics project that under the hardest Brexit scenario by 2030, London would lose 1.9% (£9.6bn) in GVA, 1.6% of employees (87,000 people), 0.3% in productivity and 4.2% in population. [34] Figure 43 below shows the economic loss with a hard Brexit scenario by 2030, compared with the expected economic situation without Brexit for UK, London and Outer London.

[32] HM Treasury Analysis (2016) HM Treasury analysis: the intermediate economic impact of the leaving of the EU.
[33] Centre for Business Research (2016) The macro economic impact of Brexit: using the CBR Macro-Economic model of the UK.
[34] Cambridge Econometrics (2018) Preparing for Brexit.

Figure 43: Economic impact with hard Brexit scenario by 2030.

Loss with Brexit	UK	London	Outer London
GVA (%)	-3.0	-1.9	-1.8
GVA (£bn)	39.5	9.6	3.0
Employment (%)	-1.4	-1.6	-1.2
Employment (000s)	385.0	84.0	26.0
Productivity (%)	-1.6	-0.3	-0.6
Productivity (£000)	0.8	0.3	0.4
Population (%)	-1.9	-4.2	-3.7
Population (000s)	1146	417	240

Source: Cambridge Econometrics (2018) Preparing for Brexit.

Analysis undertaken by Cambridge Econometrics (2018) also identifies the potential impact by broad sectors on employment and GVA, considering a soft Brexit scenario, and a hard Brexit scenario, with restrictions on free movement for people and trade. Figure 44 below shows these effects on the London and Brent economies by 2030.

Figure 44: Impact of Brexit by broad sectors for London and Brent by 2030

Broad industries	Differences in growth from soft to hard scenarios by 2030		London				Brent			
			Employment (000s)		GVA (£BN)		Employment (000s)		GVA (£BN)	
	Employment	GVA	Soft	Hard	Soft	Hard	Soft	Hard	Soft	Hard
Production	2.2	-0.4	31	32	2.9	2.9	1.29	1.33	0.06	0.06
Manufacturing	-3.7	-5.9	117	113	9.7	9.1	8.51	8.22	0.64	0.60
Construction	-1.9	-6.3	270	265	17.3	16.2	10.56	10.36	0.81	0.76
Distribution; transport; accommodation & food	-4.4	-5.5	1244	1226	72.5	70.9	42.33	41.71	2.55	2.50
Information and communication	-0.5	-1	401	398	61	60	5.00	4.96	0.87	0.86
Finance, Real state and professional services	-2.2	-1.7	1832	1792	292.3	287.4	23.65	23.14	4.29	4.21
Public administration; education; health	0.1	-0.3	1074	1076	44.9	44.8	30.06	30.11	1.14	1.14
Recreation, other services	-5.4	-3.2	302	286	9.9	9.6	5.76	5.46	0.19	0.19

Source: Cambridge Econometrics (2018) Preparing for Brexit, Brent estimations base on NOMIS (2016) Business Register and Employment Survey and ONS (2017 Gross Value Added by Local Authority.

Analyzing key sectors that would be hit hardest by Brexit due to a strong influence on the London economy, EU labour reliance, European funding, or sensitivity to future trading price increases; the research study identifies: financial & professional services, science and technology, creative and cultural, hospitality, food and drink manufacturing and construction. These last sectors of food and drink manufacturing and construction would have a higher impact in Brent due to the weight of both sectors on employment and GVA in the borough.

The construction industry tends to require less skilled labour and employ a larger proportion of EU migrants, with 25% of employees in the sector in London born in the EU. Considering a scenario where free movement of labour within the UK was restricted for EU nationals would likely present a skills shortage in the construction industry, as well as pressure on wages, causing construction firms to face higher project costs and reduce current turnovers, impacting the ability of firms to deliver the new houses and infrastructure projects required to accommodate and support a growing population.

Food and drink manufacturing will have the largest trade impacts across the sectors, as the EU is the main commercial partner for the sector, with expected increases in export and import prices. Similarly, food and drink manufacturing employs a large share of EU workers, making it exposed to supply-side constraints.

UK withdrawal from the EU would also be expected to affect sectors heavily dependent on international trade or transnational supply chains in London. The potential loss of London's tariff-free trade status with the other EU members would imply a disadvantage, as tariffs raise the cost of exports, making London-based companies higher-priced and less competitive compared to companies based in other European metropolitan areas such as Frankfurt which, together with New York, are poised to try and attract some of the financial activities currently taking place in the City. More than a third of the financial services surplus in London comes from trade within the EU.[35] The House of Lords European Committee however predicts that London, despite some clear adverse effects of Brexit, will retain its European dominance within financial services.[36]

New tariff agreements resulting from UK Brexit negotiations could also raise import prices which may lead to higher inflation and a lower standard of living for London residents. Furthermore, London companies could lose their right to bid on public contracts in any EU country, which, under current law, are only open to bidders in other EU member states.

A weaker sterling, however, could bring indirect benefits to local economies like Brent. A more favourable exchange rate boosted the tourism industry in 2017 as more international visitors were encouraged to visit and spend in the UK. According to the latest data from Forward Keys, which monitors flight bookings, international arrivals to the UK would be 9% higher for August to October 2017 compared to the same period of 2016.[37]

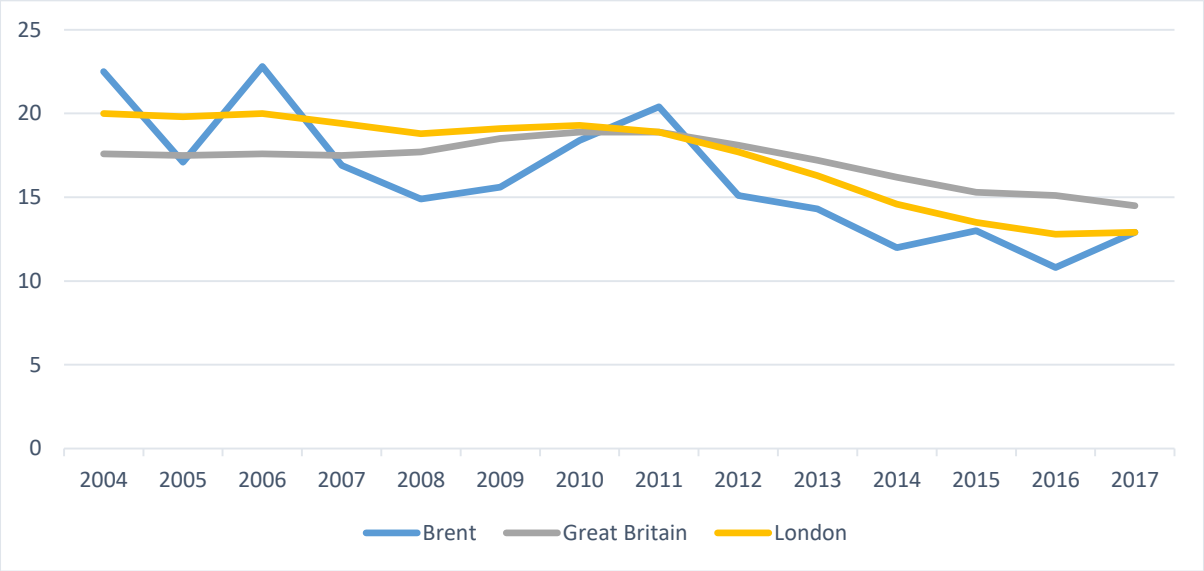
Further to this, the VisitBritain forecast for 2018 is for 41.7 million visits, an increase of 4.4% on 2017; and £26.9 billion in visitor spending, an increase of 6.8% on 2017.[38] The influx of tourists, who are also spending more than before, could positively impact the hospitality industries of Brent, which, according to GLA Economics, are anticipated to grow in the future.

Trend 3. Increasing Self-Employment

Although volatile, the general trend between 2005 and 2017 is that economic activity in Brent has risen slightly. Simultaneously, the number of households where no-one aged 16 years or over is in employment is decreasing, see Figure 45. Brent's smaller sample size causes more fluctuation in the data, but the overall trend has been a faster decline in workless households in the borough than in both London and the UK.

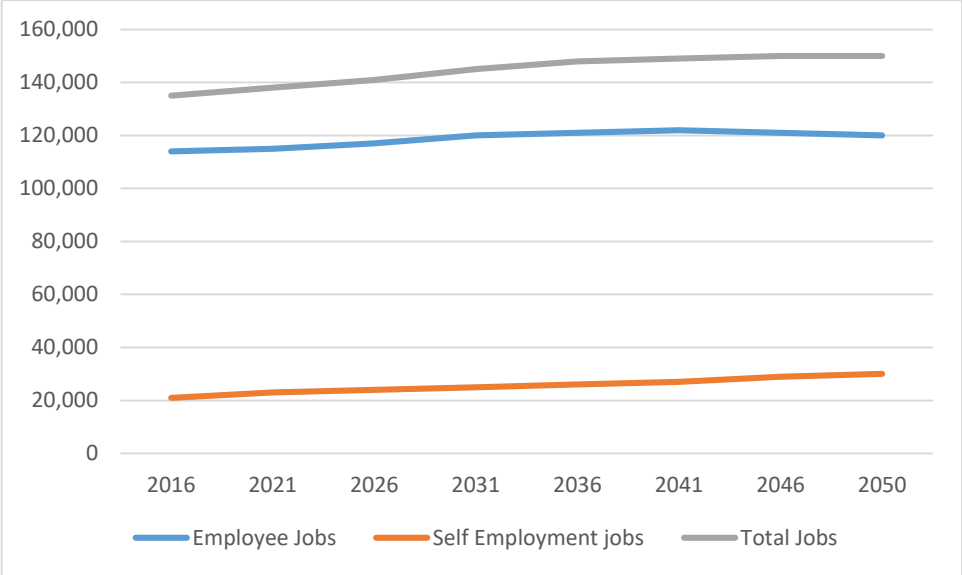
[35] BBA Europe 2016
[36] UK Parliament: Brexit: financial services inquiry.
[37] BBA Europe 2016: http://www.bbc.co.uk/news/business-40972840
[38] VisitBritain 2017: https://www.visitbritain.org/forecast

Figure 45: Workless Households Notes, % of total population.



Source: ONS annual population survey - households by combined economic activity status. Members of workless households may be either unemployed or economically inactive.

Figure 46: Expected employment growth in Brent 2016-2050



Source: GLA Labour Market Projections 2017.

The GLA has not produced updated projections of the labour force since the 2010 round. This is because the GLA's model for creating these projections relied on the results of ONS's national economic activity forecasts, which were discontinued in 2006. There are, however, estimates of employment growth in Brent until 2036, illustrated in Figure 46.

Between 2017 and 2036, 5,000 new self-employed jobs are projected in Brent, given an annual output growth in London of 2.5%. Employee jobs are anticipated to remain roughly flat until 2030, followed by a small decrease. If these projections hold true, most additional net jobs in the borough will be created through self-employment. This is in line with a general trend of a less secure labour market, which includes observed increased use of zero hours contracts and the rise of the gig economy.

Self-Employment vs. Entrepreneurship

Given the growing number of small businesses in Brent, it is important to make a distinction between self-employment and entrepreneurship. Making this distinction is essential in formulating policies and understanding demands for space, affordability, and possible odds both residents and business owners face. According to Baumol & Schilling, "[a]n entrepreneur is an individual who organizes, operates, and assumes the risk of creating new businesses".[39]

The same authors make a distinction between the *innovative* and *replicative* entrepreneur, where the former creates something new whereas the latter starts a business by copying existing products or services. Henrekson and Sanandaji describe entrepreneurship as growth-driven whereas self-employment simply denotes small-business ownership without a focus on innovation or growth.[40] This distinction is important, as the two definitions often correlate negatively, i.e. areas which, according to this definition, have a high share of entrepreneurs often see a lower proportion of self-employed and vice versa. Based on the demographic profile of Brent, it seems as if a large part of the borough's economically active small enterprises belongs to the second category. This can be evidenced by looking at the below average qualification level among the population of Brent (Figure 10), and the above average self-employment rate in the borough (Figure 3), thereby alluding that newest businesses are likely to be self-employed, perhaps due to a less secure labour market, rather than innovative entrepreneurs. This is, however, something that needs further research as the effectiveness of policies and interventions to boost entrepreneurship will heavily depend on the profile of the companies.

Several theories exist that seek to explain why self-employment may differ across different groups within a similar geographical area, such a Brent. The *disadvantage theory* suggests that some groups in society are "pushed" into self-employment because of experiencing disadvantages in the labour market. Discrimination or language barriers may, for example, lower the returns to employment for some groups and make them prefer self-employment.[41] According to the *enclave theory*, the geographical concentration of certain immigrant groups in a given area may facilitate the creation of strong entrepreneurial networks, which could, in turn, explain the difference in self-employment.[42] Both the disadvantage and the enclave theory could be used to describe the socio-economic situation in Brent.

Trend 4. Changing requirements for workplaces

Employment projections for greater London indicate a strong growth in the professional, real estate, scientific and technical sectors until 2036. Together, these sectors account for about 40% of the expected job increases in the city. Other growth areas include the administrative and support services, food service and accommodation, and information and communication sectors – accounting for half of the expected total London increase to 2036.[43]

In Brent, the construction industry is expected to lose some of its importance in the economic output of the borough.[44] Distribution, transport and accommodation and food industries will be a more important part of the business activity within Outer London, including in Brent, which

[39] Baumol, W. J., & Schilling, M. A. (2008). entrepreneurship. In *The New Palgrave Dictionary of Economics* (Second Edi).
[40] Henrekson, M., & Sanandaji, T. (2014). Small business activity does not measure entrepreneurship. *Proc Natl Acad Sci U S A*, *111*(5), 1760–1765.
[41] Fairlie, R. W., & Meyer, B. D. (1994). *The ethnic and racial character of self-employment*. *Working Paper 4791*. Cambridge: National Bureau of Economic Research.
[42] Borjas, G. J. (1986). The Self-Employment Experience of Immigrants. *Journal of Human Resources*, *21*(4), 485–506.
[43] GLA Economics, 2015. Working paper 67: Updated employment projections for London by sector and trend-based projections by borough.
[44] EEB 2016 p. 650

is the borough with the second highest share of these sectors, after LB Hillingdon.[45] Food sectors could also be boosted by weaker sterling, attracting tourists from overseas. In 2009, Brent received an estimated 2.75 million visitors, where the majority were daily visitors and about 10%, 296,000, overnight visitors.[46] Brent also has the opportunity to capitalise on other tourist attractions including a range of cultural festivals and leisure facilities linked to regeneration at Wembley. Potential growth sectors may also include business services and healthcare, although growth in each of these will be affected by the availability of suitable accommodation and sector-specific issues.

Transport and communications are not only large local employers – they are also essential to supporting both local enterprise in Brent and future economic and labour market growth across London. Future opportunities are linked to investment in local infrastructure – including transport access at Park Royal and continued development in the Wembley area, with the potential to capitalise on and link to other key transport projects in London, such as Crossrail and the proposed expansion at Heathrow. Baseline forecasts suggest that the sector could deliver a net in year increase of 1,000 jobs by 2020, and an increase of £170m GVA per annum.[47]

Circular Economy

According to analysis undertaken by GLA Economics for London Waste and Recycling Board, the movement towards a more circular economy could generate 12,000 net new jobs in London by 2030. Given the fact that Brent is one of the boroughs with the highest share of employment in the circular economy in London (around 5% of the total number of jobs, calculated from GLA Economics data) the number of net new jobs in this sector could be around 600 in Brent by 2030. Regeneration areas, particularly Wembley and Park Royal, offer a key opportunity to incorporate circular economy at the design and planning stage.

In the EU in 2015 repair positions accounted for 76% of all circular economy jobs, almost four times the number of jobs directly related to waste. The European Commission projects that 170,000 new jobs in these sectors will be created by 2030. Waste-related jobs should account for the majority of the growth in jobs.[48]

A WRAP led report published in 2015 found that in addition to creating thousands of new jobs for Londoners, a circular economy in London could be worth at least £7 billion every year by 2036 in the built environment, food, textiles, electrical goods and plastics sectors alone.[49] The built environment and food manufacturing are sectors in which Brent has particularly high employment figures and which it should look to strengthen.

With air pollution and climate change being key issues Brent has a responsibility and opportunity, along with the other London boroughs, to utilise the wider green economy, for job creation, and business growth, as a force for good. One example of this is a proposal for a CleanTech hub at Old Oak and Park Royal which would be expected to provide local employment opportunities. More generally, carbon reduction targets and moves towards a zero carbon city by 2050, and low carbon economy, will necessitate energy efficiency programmes, and expansion in renewable technologies, with the potential for a boost to local employment including local manufacturing.

[45] ibid. p. 40.
[46] CLES Consulting and Shared Intelligence 2010.
[47] Ibid.
[48] How to Win the War on Unrecyclable Plastic. Available at: https://www.politico.eu/article/circular-economy-jobs-waste-garbage-trash-recycling/
[49] Holder. M, (2015).Circular Economy Could Create 40,000 London Jobs by 2030. Available at: https://www.letsrecycle.com/news/latest-news/circular-economy-could-create-40000-london-jobs-by-2030/

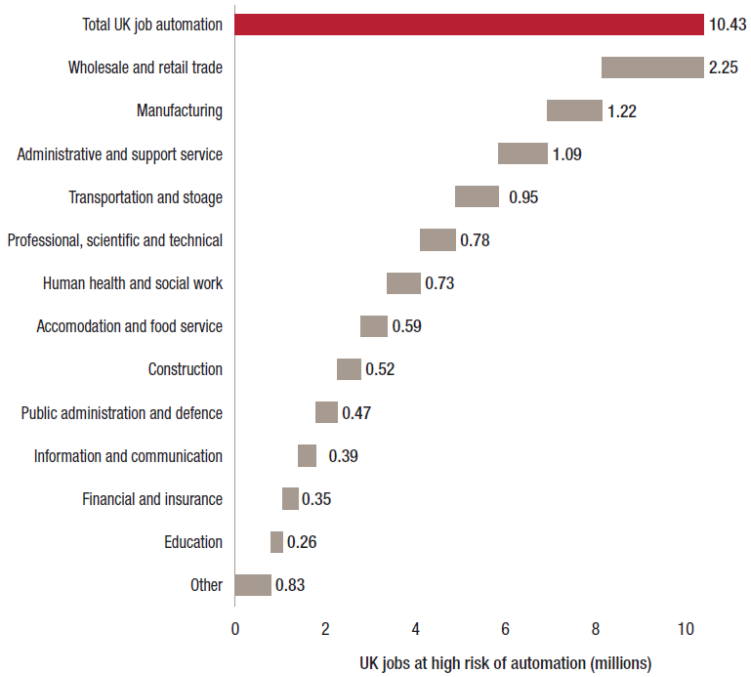
Trend 5. New industrial revolution - Artificial Intelligence and Automation

New technologies are transforming the way people live and work across the world and having important social and economic effects. The new industrial revolution is characterized by a fusion of technologies between the physical, digital and biological spheres in fields such as artificial intelligence (AI), robotics, autonomous vehicles, and 3-D printing.

Technologies like robotics and AI are particularly significant for production industries, due to the potential to increase productivity through the augmentation of the labour force and automation of some roles. Automation is defined as the replacement of repetitive manual and cognitive existing tasks by machines and the utilization of AI systems that can adapt to different situations without human assistance. A report released by PwC forecast that UK GDP could increase 1.9% by 2030 as a result of automation in production industries[50].

The adoption of these new technologies in production industries creates new jobs where AI assist humans in making decisions, but also losses of existing jobs where automation substitutes human tasks by machines. Therefore, it is predicted that by 2030 AI has the potential to create 80,000 new jobs annually across a population similar to the UK if training and investment required is applied adequately.[51] It is at the same time projected that in the UK up to 30% of jobs could potentially be at high risk of automation by early 2030, equivalent to more than 10 million UK workers that could be replaced by robots[52]. Although, the net impact of automation is unclear due to a variety of economic, legal and regulatory reasons. Figure 47 below shows the expected loss of jobs by industries by 2030 as a result of automation.

Figure 47: Potential jobs at high risk of automation by UK industry sector.



Source: PWC (2017) UK Economic Outlook March 2017, Chapter 4. Will robots steal our jobs? The potential impact of automation on the UK and other major economies.

In Brent, automation in production industries could have significant impacts, due to a third of jobs in the borough being in sectors identified as higher risk: manufacturing with 7% jobs,

[50] PWC (2017) The economic impact of artificial intelligence on the UK economy.
[51] McKinsey & Company (2017) Shaping the future of work in Europe's digital front-runners.
[52] PWC (2017) UK Economic Outlook March 2017, Chapter 4. Will robots steal our jobs? The potential impact of automation on the UK and other major economies.

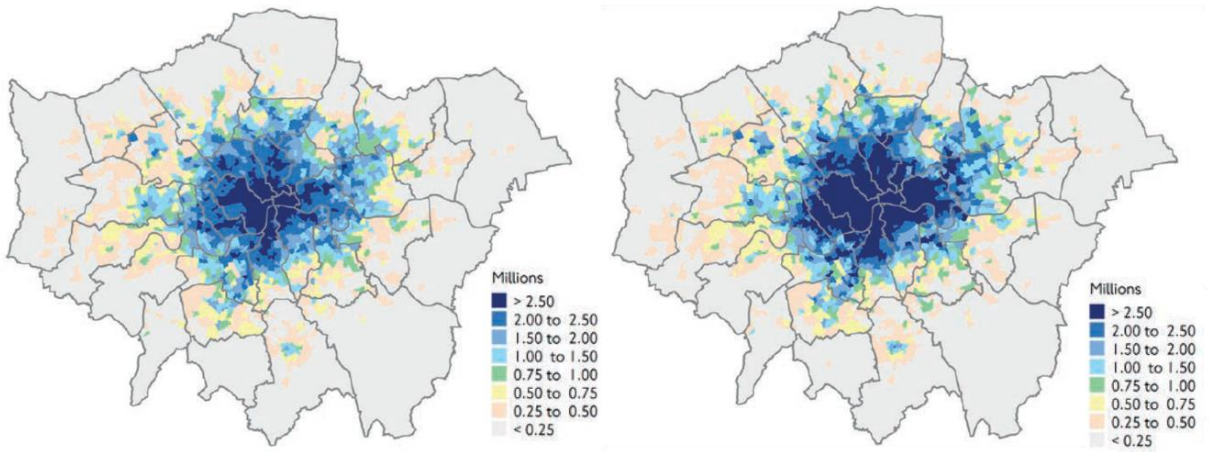
wholesale 8% jobs, retail 10% jobs and transport & storage 8% jobs.[53] At the same time Brent's work force population hold qualification levels below the average of London and Outer London and are therefore considered to be at a higher risk of job automation, according to PwC research.[54] Education and training will therefore be the key differentiating factor to generate new jobs and increase productivity, rather than loss of labour force.

The UK industrial strategy recognizes the importance of investing in maths, digital and technical education to address the challenge that the new industrial revolution will require, through the promotion of national funding to be directed to education, although it is not specified whether Local Authorities could directly receive these funds. The strategy proposes that the UK economy focus moving forward will be on increasing the opportunities to invest in the new industrial revolution, including artificial intelligence and automation.[55]

Trend 6. Higher Job Concentration and Accessibility

This trend highlights the higher concentration of employment in central London and improved job accessibility. Figure 48 illustrates the increase in jobs within a 45-minute commute from different areas between 2011 and 2031.

Figure 48: The number of jobs within 45 minutes from different parts of London in 2011 and 2031 (predicted).

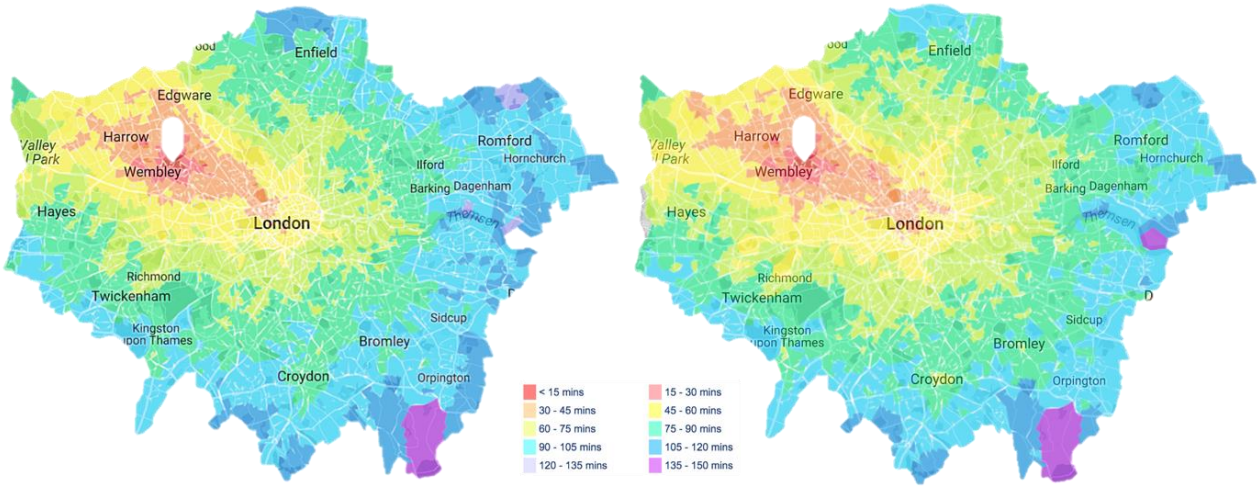


Source: Transport for London 2015.

While the outer areas of London, including Brent, are expected to have a similar access, inner London will witness a rapid increase in the number of jobs available.

[53] ONS (2017) Business Register and Employment Survey, 2016.
[54] ONS (2017) Annual Population Survey January 2016- December 2016 & PWC (2017) UK Economic Outlook March 2017, Chapter 4. Will robots steal our jobs? The potential impact of automation on the UK and other major economies.
[55] HM Government (2017) Industrial Strategy: Building a Britain fit for the future.

Figure 49: Travel times from Wembley Park 2017 (left) and projection for 2031 (right).



Source: Transport for London.

Looking at travel time projections from Brent, there will be an improvement due to Crossrail and High Speed 2 (HS2) which will make the local economy – including skills and attractive areas – more accessible also from other parts of London, especially the central areas. As the number of new jobs in Brent is limited, facilitating the commute to other parts of the city will be imperative, especially the connection to LB Tower Hamlets, the area where the highest number of future jobs are predicted to be localised. With the current projections, these jobs will be accessible from Wembley within an hour.

Trend 7. Industrial and office space pressured by housing demands

Economic demand is not just for labour, employment and skills, but is also for workspace and office floorspace. According to the London Plan, demand for office space in Brent, even in strategic locations, such as Wembley, continues to be constrained and is unlikely to pick up in the short to medium term. While London is currently experiencing an economic boom, with economic activity becoming ever more concentrated in London and the south-east, external shocks, such as Brexit may lead to political and market uncertainty, as well as restrictions to workforce migration which, in turn, negatively effects demand for office space.

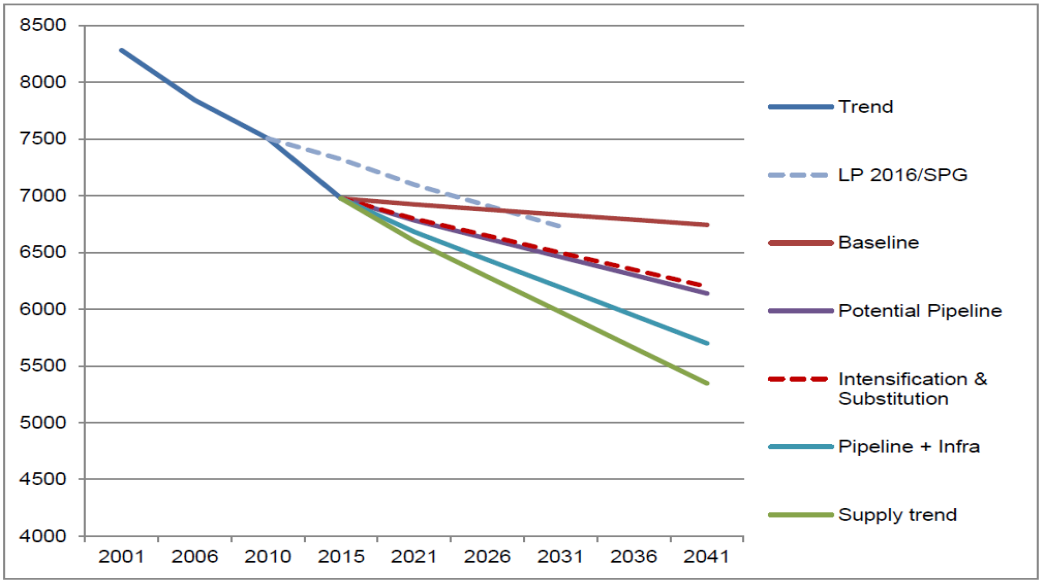
Another possible effect of UK withdrawal from the EU and more expensive imports, highlighted in previous sections, is the potential for the return or greater retention of manufacturing and industrial uses in London and Brent, which, in turn, would require more industrial land. Capacity for new industrial development in London and Brent is heavily dependent on how the service led economy in London will develop moving forward. It is difficult to predict the extent to which the London economy could lose its importance as a provider of high-level global services in the wake of Brexit, but there is a concern that if it does to any significant extent, then it might again need a bigger contribution from industrial activities, which it had prior to the mid-80s. At the same time, London might then become a less attractive place to live or work, relieving pressure for the release of industrial land for housing.

The recent trend has however been of pressure to release industrial land for housing. There are approximately 7,000 hectares of industrial land in London. Over the period 2010-15 the stock of industrial land fell by around 500 hectares, at a rate of 106 hectares per annum, compared with London Plan release benchmark of 37 hectares per annum. Permitted development from office to residential uses has added greater pressure, with 81,700sqm granted permitted development and 20% of those permission implemented as at July 2017.[56]

[56] LB Brent Article 4 Direction Cabinet Report July 2017

Applying past rates of industrial land loss over the period 2006-15 to the London Plan period 2016-41 would imply the loss of 1,630 ha of industrial land at an average of 65.2 ha per annum if policy and market operation stayed same.. The mid-range pipeline projection, factoring in existing commitments with planning permission and planning designations to release industrial land, is that 837 hectares or 12% of London's industrial land will be released over 2016-2041[57].

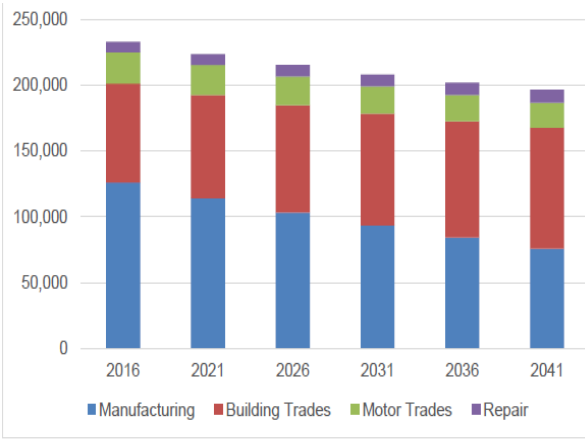
Figure 50: Industrial Land total stock trend and land release scenarios (ha) 2016-2041



Source: London Industrial Land Demand Final Report

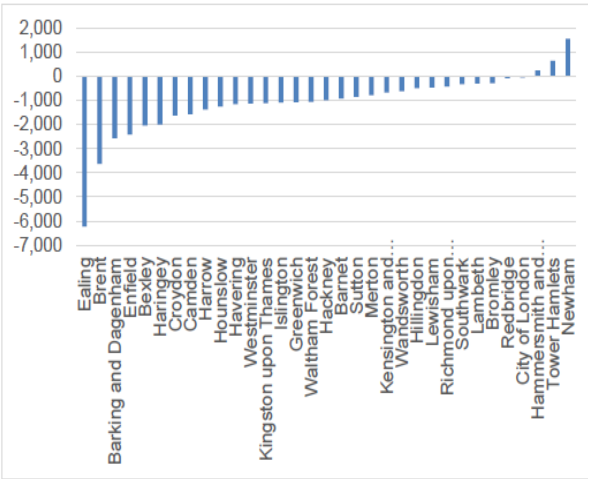
For London as a whole, GLA Economics and CAG estimate that there will be a net loss of 36,000 industrial jobs over the period 2016-41, comprising a loss of around 50,000 manufacturing jobs, partially offset by some growth related to construction activities (Figure 51)[58]. At borough level, assuming sectorial change in line with London forecasts, CAG consultants forecast that Brent will experience one of the largest losses in industrial employment in London, with more than 3,000 jobs lost (Figure 52).

Figure 51: Industrial employment change by broad Sector in London, 2016-41



Source: GLA Economics/CAG

Figure 52: Projected Change in Industrial Jobs 2016-41.



Source: CAG

[57] CAG (2017) Consultants London Industrial Land Demand Final Report
[58] CAG (2017) Consultants London Industrial Land Demand Final Report.

Intensification & Co-Location

Possible solutions to the demand for industrial land could come in the form of spatial substitution, intensification or co-location, according to a CAG Industrial Land Demand report and emerging London Plan policy. Intensification is primarily a development response: how to accommodate more activity on the same amount of land. Recent additions of mezzanine floors to some premises could alleviate part of the problem but on a larger scale multi-storey, or underground, warehouses have been tabled as further solutions.[59] Although previously considered not viable for a city such as London, with values rising and land supply shrinking, it seems a tipping point may have been reached and intensification could become a reality in London and in Brent over the coming years.

From a borough perspective, the OPDC have commissioned studies on how to intensify the Park Royal Industrial Estate to accommodate more floorspace and jobs on the same site. The CAG report claims that although the physical and operational potential for significant intensification exists, there are also possible barriers to delivery, such as fragmentation of ownership, the cost of intensive redevelopment, and high existing use values.[60] Some form of public intervention may be needed to overcome these barriers for this solution to be viable.

Co-location is also a development response. With the knowledge that much of the pressure from industrial land comes from residential development is there a potential to provide commercial space for industrial activity within mixed use residential environments? As pressure for land intensifies, and work and workstyles continue to evolve, innovative solutions are required. There may be further integration opportunities for work and living to co-exist, beyond the flats we see above shops on our high streets and above artist studios that we see on mixed use developments in Brent. One example could be to redevelop current industrial sites for high density residential and commercial uses where service based activities occur, as these tend to be less intrusive.[61] This would need strategic planning and logistic work to become a reality however.

The less intrusive nature of service activities offers another potential solution to freeing up industrial land. Many of the activities that take place on industrial land across London are not considered industrial. Surveys of major industrial estates across London report that 33% of jobs, and 29% of floor space, is accounted for by the service sector.[62] Many of these are clean activities that service the London business market and wider London economy in areas such as catering, cleaning, courier services, design, hospitality, marketing, media, office supplies, security, training and similar. With demand for this type of space expected to grow there is the potential for these industries to co-exist not only with residential, as mentioned above, but relocate alongside other businesses and shops on the high street and in town centres. The benefit of this would be twofold. Firstly, it would support the diversification of the town centre, mentioned elsewhere in this report, as it would give the community different reasons to visit the high street and increase footfall. Secondly, it could help to bring down the vacancy rates in Brent's town centres, some of which are running at over 10%.

If intensification, co-location, or even relocation of the service sector are to be taken seriously as potential solutions to utilising Brent's existing industrial land, then it is going to require significant intervention and a holistic joined-up approach from the relevant stakeholders.

[59] CAG (2017) Consultants London Industrial Land Demand Final Report.
[60] Ibid
[61] Ibid
[62] Ibid

Trend 8. Increasing competitiveness challenging business performance

Trying to map the trend of Brent's business performance is about understanding how the borough has been adapting to the profound structural changes that have taken place over recent decades and how robust its economy is relative to the current global economic landscape. This would require looking in depth at areas such as the structure and performance of the business base, entrepreneurship and the knowledge economy, with the aim of better understanding Brent's future potential, however many business indicators are not available at the local level. While a profound mapping of future business trends is clearly beyond the scope of this report, some projections can be highlighted based on existing studies.

Brent has experienced an expansion of its business base that has been close to the growth rate across London, mainly driven by growth in micro-enterprise, and in recent years a small increase in job density figures. However, at the same time, the borough has faced a loss of big local employers.[63] There have been clear structural changes across key economic sectors, which should be of interest to policymakers. Looking ahead at future competitiveness, the knowledge economy seems to be strengthening regarding output and employment, but there are still many challenges that need to be met.

As small enterprises continue to grow in numbers, Brent has experienced a loss of larger firms, falling by 6.6% between 2003 and 2008, compared to the average for West London (0.2%), London (2.4%) and nationally (4.4%). Simultaneously, growth in VAT registered business stock has lagged behind the London average, and 1-year business survival rates are falling. While longer term business survival rates (5 year+) have improved significantly within Brent, according to the most recent statistics available, they are still lower than regional and national averages.[64]

Few employers report skills gaps within their workforce, but many struggle to recruit suitably skilled labour. Data from the National Employers Skills Survey, covering firms in Brent and West London, suggests that almost a fifth (17%) of employers within the borough reported skills gaps within their workforce in 2010, compared with an average of 18% in West London, 17% in London, and a national average of 19%.[65] In the 2015 Survey, which is the latest available at the time of writing this report, the reported skills gap in Brent had decreased slightly to 15%, with a figure of 14% in London and England respectively. However, the manufacturing sector stood out as 29% of all firms in Brent reported skill shortages, corresponding to 390 skill gaps in total.[66]

Employers in Brent also found it harder to recruit from the local labour market during 2009. Over a third (34.4%) of employers reported skill shortages in 2009, higher than the average for London (24.4%) and the national average (21%).[67] These figures have improved significantly in the latest survey in 2015, where only 24% of all vacancies are due to skill-shortages (London and national average have remained at the same level). Hence, there seems to be a favourable trend where fewer vacancies are caused by skill-shortages in the local market. The number of firms with at least one vacancy that is hard to fill is still twice as high in Brent (16%) than in both London (8%) and England (8%).

Future employer engagement in training remains critical for Brent's workforce, as the proportion of the labour market receiving training up to Level 3 is lower than the London and

[63] CLES Consulting and Shared Intelligence 2010
[64] Ibid.
[65] UKCES Employer Skills Survey 2010.
[66] UKCES Employer Skills Survey 2015.
[67] Ibid. UKCES Employer Skills Survey 2010.

UK averages. This is especially the case for on-the-job training, where it was only offered by 45% of the employers in Brent compared to 53% in London and 52% nationwide.[68]

Town Centre Diversification

Brent's town centres are facing unprecedented challenges including the need to compete with an increase in on-line shopping and competition from other town centres in London, as well as place-based concerns regarding the condition of the public realm and local infrastructure.

The latest data from the ONS shows that Brent has experienced 24% business growth and 10% employment growth in the last 5 years[69] although, as seen in the previous chapters, this rise is expected to reverse with the uncertainty of Brexit looming on the horizon.

Another sector that has experienced high growth has been business transport which has seen a 56% increase in the last 5 years.[70] With Cross Rail and HS2 in the pipeline there is a chance this increase will not be negated and may continue to rise. One note of caution would be to highlight that although it is easier to attract visitors to the borough with good transport links, if the local offer in the town centres is not to a satisfactory standard then those same transport links can carry Brent residents out of the borough to shop elsewhere.

Across Brent there are significant growth aspirations, with a need to accommodate a draft new London Plan housing target of 2,915 units per year. There are currently a number of regeneration projects underway across the borough which have the potential to deliver new homes and non-residential floorspace both within and adjacent to town centres.

Growth and development present exciting opportunities for Brent's town centres to diversify their offer, through increased expenditure, and create demand for new services and amenities. However, it is imperative that Brent's town centres and businesses have access to the infrastructure and support they need to evolve and adapt to meet these new markets.[71]

Moving forward, opportunities such as the London Borough of Culture 2020, and the legacy this can create, as well as Box Park's arrival in Wembley, offer an opportunity to raise the profile of Brent's town centres both locally and further afield and highlight what an asset they can be. If the town centre is to survive it must be more than just a place to shop but a community hub where people can meet and socialise. A proactive and ongoing commitment to managing and investing in Brent's town centres will be crucial in supporting their vitality and vibrancy.[72]

[68] UKCES Employer Skills Survey 2015.
[69] Brent Town Centres Health Check Assessment 2018, Regeneris, April 2018.
[70] Ibid
[71] Ibid
[72] Ibid

Responses – Promoting Long-Term Growth

There is considerable opportunity for growth in employment and businesses into the future in the Brent economy. There are however also clearly risks from competition from elsewhere within London. Here are some suggested responses, starting from a more general level followed by more detailed policies.

1. Encourage More Specialisation

To capitalise on Brexit and cheaper exports due to the depreciation of Sterling, Brent's manufacturing and other industries must move into higher-quality (higher-wage and income-generating) goods production where possible. This, in turn, requires the economy of Brent to become more specialized, which generates economies of scale and higher productivity, creating a comparative advantage relative to other areas of London. While Brent Council can facilitate and support industrial development to a limited extent, the economy must first and foremost "discover" its specializations, through the assemblage of capital and labour resources that work, and with a high dose of entrepreneurship, not simply just self-employment. In supporting entrepreneurship and skills, there is sometimes a conflict between middle-class oriented social policy and poverty alleviation, something that is necessary to bear in mind when designing an Inclusive Growth Strategy. One way in which innovation can be supported is through better banking systems, credit markets and venture capital for middle-class entrepreneurship. Park Royal Opportunity Area has been identified as one area within the borough where further specialisation could be favourable.

2. Develop the Circular Economy in the Wembley Area

The low carbon Circular Economy model is one of the major strategic approaches promoted to reduce climate change and overconsumption, as well as to increase business opportunities. In London, it is expected that low carbon and environmental goods and services will grow by over 6% a year by 2020. [73] The circular economy could be integrated into the planning for Wembley as one of the Opportunity Areas of London. The Wembley area includes a significant proportion of the Borough's industrial land in two industrial zones at Wembley and Neasden. Being a Strategic Industrial Location (SIL) they should be protected, promoted and intensified as the main reservoirs of industrial capacity and related activities such as logistics, waste management, and utilities. Here, waste management could be particularly emphasised and developed, creating a green clean tech hub. Such an approach is also in line with the vision of the London Plan, which recognises that London needs to increase its waste processing capacity, with SILs considered a primary source of new sites. Brent, together with other West London boroughs, has prepared a Joint Waste Plan which identifies new sites across the sub-region for processing waste. One new site in Brent, at Hannah Close within the Wembley SIL, has been identified and this is now operational.[74]

Beyond the circular economy, Wembley and Neasden are identified as critical growth areas within the borough, where concentrating and co-locating of office, commercial, industrial and residential development could take place. This would capitalise on key assets and infrastructure, including the proposed West London Orbital line, continue existing plans for development, accessibility, and branding. Investing in too many inflexible office spaces however poses a risk, as demand is slowing and local job growth is expected in small enterprises which may not be able to afford such spaces.

[73] GLA (2017) London Environment Strategy.
[74] Wembley Area Action Plan, 2015

→ Focus on activities that need better quality surroundings, such as research and development, light industrial uses and workspace. This will create a buffer zone between the non-industrial uses proposed for the SIL and allow for both regeneration and industrial development. By profiting from the growth in the circular economy, Brent could focus on combining waste management with green tech development.
→ Due to the weak demand for office space, which might remain low after the country leaves the EU, the council should consider shifting more focus to industrial use related to the identified growth areas.

3. Diversification of Town Centres and Intensification of Industrial Land

In the current economic climate and with significant retail growth outside the borough boundaries, there is little likelihood of attracting significant retail or office growth to other local town centres in Brent other than in and around the Wembley area. This suggests these centres will need to diversify, while building on their role as local service centres, and expand employment as and when local opportunities arise, such as through supporting the growth of the evening and night time economy, and utilising vacant premises by attracting the clean service sector from industrial estates to fill these voids. This will help these local town centres push up dwell time and footfall and has the potential to make them thriving community hubs.

Intensification and co-location are possible solutions to the demand for industrial land for housing without losing key industrial space, including the potential to redevelop non-intrusive industrial sites into mixed use premises - residential flats above industrial workspace. Firms have demands for such things as factors and locational qualities: this defines their demand for locations or places. Where possible, a mixed-use and transit-oriented approach should be adopted to improve the public realm and generate residential opportunities to support the high levels of housing demand in Brent and reduce the pressure this places on industrial land.

4. Improve Local Skills

Up-skilling the local workforce remains fundamental to future economic prosperity in the borough. Technological changes such as automation in production industries; political decisions including Brexit: and an ageing and growing population in Brent should demand higher investments in training and education.

The Council should work with employers and education providers to invest in the types of education and training required to maintain competitiveness, increase productivity and reduce the risk of increased unemployment in the Borough. Understanding market needs will be key through conversations with business, place-based strategies centred around university research centres, science parks and other enablers of business growth.

Brent's low-skilled population is the most at risk and the key will be to increase people's qualifications, above GCSE levels, to help reduce automation and Brexit impacts in the labour force. Maths, digital and technical skills are being mentioned by the UK government and should be increased according to the industrial and productivity strategy for the region[75]. The ageing population should also have access to digital skills and business managements; as well as the opportunity to transfer their expertise, skills, and knowledge to younger generations. This would increase the benefits of the silver economy in Brent and give others the chance to share their experience.

[75] HM Government (2017) Industrial Strategy: Building a Britain fit for the future.

5. Increase female population in the labour force.

Encouraging a higher proportion of the female population of Brent to seek employment remains a challenge for the borough. Family responsibilities are the main reason for inactivity of EU women aged 25-54 years old.[76] It is plausible that the high ethnic diversity within Brent, the gender pay gap, as well as the lack of accessible and affordable childcare options, could all contribute to the reason a large number of females stay at home and look after the family.

A 2015 report on increasing female participation in the workforce concluded that business communities and society as a whole should be open to creating more flexible work environments, promoting work-life balance and diversity, and boosting female representation in management.[77]

If communicated correctly, the recent implementation of various public policies ranging from free childcare facilities to statutory rights to shared maternity / paternity leave could alleviate some barriers to gender equality moving forward. However, further analysis of the local situation in Brent would be beneficial in addressing the challenge of female participation in the labour market.

6. Support Small Businesses

Most of the employment in the borough is in small and medium-sized enterprises (SMEs), underpinning the resilience of residents. Supporting these businesses to grow, identifying opportunities and developing local supply chains is vital to the Employment, Skills & Enterprise service. New start-up spaces will be needed to support and attract local entrepreneurs, and the burden of bureaucracy for local businesses needs to be reduced.

→ There is evidenced strong demand for workspace in the borough[78] and a market picture of rising commercial rents, hardening commercial yields, and increasing difficulty for SMEs and microbusinesses to access affordable commercial space in LB Brent and wider London. The Council should continue to protect existing workspaces, and plan and encourage the delivery of a range of different types and sizes of new workspaces, in the right locations, to accommodate business needs and support employment in the borough.
→ Future opportunities for workspace growth are considered strongest and should be promoted within town centres and employment areas – particularly in the south and centre of the borough – reflecting the fact that these locations tend to accommodate factors important for both workspace operators and businesses: connectivity, strong amenity, and existing business clusters and networks.
→ The Council delivers new workspace through the planning system, with creative artist studios developed in the Wembley and Alperton growth areas, and is securing a pipeline of new workspace on employment sites designated for redevelopment or protected for industrial purposes. As noted however, development pressure on industrial land and permitted development of office space to residential continue to squeeze out employment uses, and the Council should advance beyond its vanilla approach of securing workspace at 50% market rates for workspace providers and seek to develop policies, partnerships and delivery models to expand the provision of workspace in the borough.

[76] Eurostat (2017) People outside the labour market. Available at: http://ec.europa.eu/eurostat/statistics-explained/index.php/People_outside_the_labour_market#Family_responsibilities_main_cause_of_inactivity_of_women_aged_25-54
[77] Fang Guo (2015) How to Encourage Women into the Workforce. Available at: https://www.weforum.org/agenda/2015/03/how-to-encourage-women-into-the-workforce/
[78] Regeneris (2017) Brent Workspace Study

→ Enterprises Hubs: there is currently particular pressure on low-cost office space for business start-ups (i.e. new or emerging businesses). As shown in previous sections, self-employed jobs are anticipated to account for all additional net jobs in Brent until 2036. It is appropriate, therefore, as an alternative to office-based employment concentrating on larger employers, to provide new low-cost workspace for business start-ups and smaller enterprises. These spaces can be organised in clusters in appropriate locations, or as a unified platform or hub at a centralised and accessible area of Brent, to foster communication and collaboration among the resources already existing in the borough.
→ Provision of Incubator, Accelerator and Co-working spaces (IACs) in larger hub locations is encouraged to provide a range of different and flexible spaces for microbusinesses and SMEs, together with business support packages, including business administration, legal and accountancy services, training, mentoring and networking, shared facilities, as well as access to finance. Options to attract or make links with Higher Education Institutes (HEIs) and graduate placements should be explored to establish research and development capacity. One such hub is planned in Wembley, which has excellent transport links and potential for development, and which would contribute to the regeneration's vitality by further expanding it beyond typical office and commercial uses
→ Because of anticipated weak demand for office buildings, new workplaces should adapt a flexible approach to re-use of redundant and underutilised office floorspace. This is also important in order to promote mixed-use and transit oriented development, which forms a vital part of a vibrant, attractive and sustainable development of Brent. A micro scale platform supplies a creative space that will be shaped by the various needs of the local business community. The platform should be a space that can accommodate and facilitate the trends in Brent and other areas of London: project work, rapidly changing occupations, and the need to hire specialist contractors at short notice.
→ Prioritise small enterprises with growth potential. If levels of public funding for business support and environmental improvements are insufficient, the Council will need to maximise its support for local business-led programmes, and identify opportunities to direct any funding that is available towards local priorities. Supporting small enterprises with growth potential is key. This could be done through competitions and acceleration programmes involving different stakeholders at local, regional, national and global level.

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