



Lewisham Local Economic Assessment

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INFORMING POSITIVE CHANGE

LB Lewisham

Lewisham Local Economic Assessment

A report by CAG Consultants in association with Aspinall Verdi, Maccreanor Lavington, PFA Research

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Executive Summary

Lewisham Today

Lewisham is a borough in South East London with a population of 300,000. Lewisham has high economic activity and employment rates and its resident population is marginally better qualified than London as a whole. Over half of its resident workforce are employed in either professional or associate professional and technical occupations and median earnings of Lewisham residents are around the London average.

Most of these higher skilled residents commute out to work in Central London. This is a trend that has been reinforced in recent years as Lewisham has seen rapid growth in both its population and the number of skilled workers. During this period the economy of London in general, and Central London in particular, has been growing rapidly as London has shown great resilience in bouncing back from the 2008 recession.

But the economy of Lewisham itself has not enjoyed this same level of growth. Whilst the number of new business being formed in Lewisham has grown rapidly in recent years, increasing by more than 50% since 2011, much of this is due to structural changes on the nature of work with higher levels of self-employment and contract work and the growth of the gig economy. Total employment in Lewisham has grown, but not as rapidly as other parts of London. Lewisham remains an economy made of very small firms with just a handful of major employers. Compared with neighbouring boroughs Lewisham has a small and declining stock of commercial floorspace. There are just 40 jobs in Lewisham for every 100 working age residents, the second lowest proportion of any London borough.

The economy of Lewisham is predominantly a local service sector economy, servicing the needs of its local resident population. Its largest sectors are health and education. It also has a large retail sector. Lewisham and Catford are major town centres and there are a number of district and neighbourhood centres throughout the borough serving their local population. Lewisham town centre has aspirations to be a Metropolitan centre, though it currently lacks the type of sub-regional leisure and cultural offer that would normally be found in such centres.

By contrast to the profile of its residents, employment in Lewisham is under-represented compared to other boroughs in higher value and higher wage sectors such as professional, scientific and technical services and information & communication technologies. Average wages of full-time workers working in Lewisham are 5% lower than those of the resident workforce.

A high proportion of jobs in Lewisham are part-time. This, combined with the overall sectoral make-up of employment in the borough, results in the output, or Gross Value Added (GVA), produced in Lewisham being comparatively low by London standards. GVA per head of population in Lewisham is just 38% of the London average.

Although the value of economic activity may be relatively low, Lewisham is seen as a good place to do business by those people who run businesses here. In a survey of Lewisham businesses 61% said it was a 'good; or 'very good' place to run a business and 63 % said it was a 'good' or 'very good' place to work. External perceptions of Lewisham are not quite as positive however, so the borough is probably missing out on some investment potential by being under-valued.

Despite its proximity, Central London is not in general a major market for most Lewisham businesses

The Spatial Dimension of Economic Activity in Lewisham

There is no single dominant economic centre in the borough of Lewisham, but there are two principal clusters that account for the majority of employment in the borough. The Lewisham-Catford corridor is the largest single concentration of employment with a mix of retail, public administration and health activity, the latter focused around Lewisham hospital.

In the north of the borough there is a further cluster of activity around Deptford-New Cross with Goldsmith University acting as the anchor institution with an incipient cluster of digital and creative industries growing up around it.

Elsewhere in the borough employment is mainly focused on town centres. There are also a large number of people who operate a business out of their own home. These are located throughout the borough and comprise of a variety of sectors and activities.

The pipeline of future employment-generating development proposals indicates that future growth will be mainly concentrated in the north of the borough.

Areas of Disadvantage

Whilst at the average level Lewisham residents seem relatively well-off, for some in the borough the prospects are not so good. Data from the Income Domain of the Index of Multiple Deprivation (IMD), which reflects the numbers of adults and children in families on Income Support and other benefits, shows large parts of the borough among the top 20% most income deprived areas in the country. This includes large parts of the south of the borough, the north of the borough, and the Lewisham-Catford corridor.

Unemployment rates in Lewisham are low by recent standards and have been falling in line with the national trend. But they remain higher than those in neighbouring boroughs.

Schools attainment data is also significantly below the London average, which will result in limited employment prospects for many as they enter the labour market for the first time.

There is some evidence of a dual labour market with well-qualified workers moving in to the borough but a pool of existing residents at risk of being left behind.

Assets and Opportunities

Lewisham has a great number of economic assets that should enable it to thrive. It has a large number of highly skilled workers, it is located close to the huge Central London economy, and it is home to a leading UK university in Goldsmiths. There are economic opportunities for Lewisham in servicing the huge central London market. It will be in sectors providing goods and services to the high value professional and financial services firms that are operating in the Central Activities Zone.

The outlook is good with London on a long period of sustained economic growth. This provides Lewisham with greater potential to help shape its economic future as major development schemes come through such as Convoys Wharf, the Catford Town Centre Masterplan and the

New Cross Gate Area Framework. A growing population provides opportunities for Lewisham to realise its ambitions of developing its Night-time economy.

Potentially the biggest opportunity is provided by the proposed Bakerloo Line Extension (BLE). As well as significantly improving connectivity, this would place large parts of Lewisham on the tube map and provide the chance to enhance perceptions and develop the image of the borough.

Future Growth

According to projections prepared by the GLA the number of jobs in Lewisham is projected to increase by 15,000 over the period 2016-41. This is an increase of 18.5% which represents a high rate of growth compared to Lewisham's past trend. The largest growth sectors are projected to be Education up 4,000; Health up 3,300; Professional, Scientific and Technical Services up 2,800; Administrative & support services up 1,800. However, this represents potential demand and will not happen unless Lewisham has the right offer to accommodate this growth.

If new workspace was to be brought forward it would need to be small units, delivered as part of a mixed-use development to enable higher value uses to cross-subsidise the unviable office space. It would be important to consider how this space was brought to the market, not as 'shell and core', but appropriately designed and 'fitted out' to meet occupier requirements. Industrial development is viable in the borough and Lewisham should seek to intensify existing industrial areas and bring forward new development through mixed-use.

The types of jobs that will be in demand will be predominantly in the higher skilled managerial and professional occupations, requiring better qualified workers to fill them. This may provide more opportunities for more Lewisham residents to work locally, and it may also limit employment opportunities for lower qualified residents.

Other types of jobs will be less in demand. Administrative and secretarial occupations have been among the hardest hit by technological change and are expected to see further reductions in employment. Many more workers may see traditional occupations replaced by growing adoption of automation, artificial intelligence and other new technologies. Replacement jobs of a different kind will be created, but workers will need to be prepared to adapt to these changes.

Towards a Strategy

We have identified six strategy themes to encourage growth and performance of the Lewisham economy going forward.

Attractive Town Centre Leisure and Culture Destinations

Lewisham has a large population which generates a huge amount of consumer expenditure. This is projected to grow substantially in the coming years but at present a high proportion of this potential expenditure leaks out of the borough. Priority interventions to build economic opportunities under this theme will include: the Lewisham Town Centre cultural and leisure offer; Catford Masterplan; New Cross Area Framework; growing the Night-time Economy; and Deptford Market Yard.

SME Workspace provision

Lewisham has a small and limited commercial workspace offer. It needs to provide the right accommodation if it is to capture some of London's growth in sectors such as professional

scientific and technical services and ICT. Priority interventions will include: provision of new workspace targeted at micro businesses; provision of an Approved Workspace Provider schedule to ensure space is developed that meets occupiers needs; protecting or intensifying existing stock; Town Centre Placemaking to create the right environment where people want to locate their business.

Labour force skills

Skills has been the key driver of economic growth for many years and the demand will be for higher and more adaptable skills in the years to come. Whilst Lewisham's workforce as a whole is quite well qualified there are distinct areas where focussed training and skills interventions will be required. Priority interventions include: basic skills to ensure residents can access the labour market; raising the level of 16-19 training to move more students on to Level 3 qualifications; assisting workers to adapt to and prepare for changing skills demands throughout their working life.

Capturing Opportunity from new Housing

More than 2,000 new dwellings a year will be built in Lewisham to accommodate its growing population. This will bring opportunities in terms of construction jobs; it will bring opportunities from increased consumer expenditure of new residents, and it will bring opportunities to develop new commercial premises in mixed-used developments. Priority interventions include: Construction Training schemes; targeted job brokerage on major developments; intensification of activity at places of high public transport accessibility; integrating employment uses into mixed-use development schemes.

Creative Cluster

This initiative already being advanced through the SHAPES Lewisham Creative Enterprise Zone. Lewisham is home to one of the country's leading creative arts institutions and the creative industries will be an important growth sector in the coming years. Lewisham is uniquely placed to take advantage of this growth to develop a new cluster of activity. Priority interventions will include: Creative Enterprise Zone; further developing University innovation links; adopting smart cities technologies to deliver local services more efficiently.

A Sense of Place

External perceptions of Lewisham often under-value the type of place and borough it is. This is likely to mean that Lewisham is missing out on some external investment opportunities. External investors will not invest if they under-value or misunderstand the market opportunities that Lewisham presents. Priority interventions will include: building an image of Lewisham to market to external investors; creating a better image and experience at principal arrival points in Lewisham such as the area around stations.

Conclusion

Many of the initiatives identified in the strategy section above are already underway in Lewisham. The borough is growing, and it is changing. This Local Economic Assessment has presented a profile of Lewisham as it is today. But it has also looked ahead at many of the factors that will influence how the economy of Lewisham will look in the future. For the past twenty years the economy of Lewisham has been fairly flat. The next twenty years may see a far more dynamic and vibrant future.

1 Introduction

1.1 Study Brief and Objectives

CAG Consultants were appointed by LB Lewisham to produce a Local Economic Assessment (LEA) for the Borough of Lewisham.

There are a number of objectives for the Lewisham LEA. It will inform development of the new Local Plan and be used to inform LB Lewisham's work on opportunities that may be created by the proposed Bakerloo Line Extension (BLE). The report provides data on Lewisham businesses, its workplace workforce and its resident workforce. It also draws out finding on the Night-time Economy to inform LB Lewisham's developing policy in this area.

The specification for this study stated that:

'The LEA should primarily provide a robust statistical evidence base, such as current and forecast GDP growth, employment, business and sector growth; secondarily the LEA should provide qualitative insights from the borough's key stakeholders and business communities to further common understanding of the rationale behind the statistical evidence.'

The core objectives of the LEA were specified as to:

- *'Provide a sound understanding of the economic conditions in the borough and how they affect local residents and businesses.'*
- *'Identify the comparative strengths and weaknesses of the local economy and the nature and form of local economic challenges and growth opportunities.'*
- *'Identify the local geography, including the economic linkages between the borough being assessed and the wider London economy.'*
- *'Identify the local constraints to economic growth and employment and the risks to delivering sustainable economic growth.'*

The brief required that the output of the LEA should come in three parts:

- *'LEA Study to provide a robust, balanced and engaging assessment and baseline information on Lewisham's local economy.'*
- *'An Executive Summary and Recommendations to provide a focused story of Lewisham's economy that is based on the key findings from the robust baseline study; that is clear and accessible to a non-specialist audience. The Executive Summary should present an economic perspective and value-added recommendations on borough wide and place-based objectives and practical actions that can be taken by the Council and its external partners to encourage and support inclusive local economic growth.'*
- *'A Design Guidance that provides a steer in addition to the Council's Creative and Digital Sector Design Guidance, on the predicted market demand, trends and mix of typologies of office spaces that would be appropriate for a metropolitan town centre, such as Lewisham Central; and predicted market demand, trends and mix of typologies of light industrial work spaces, with consideration to where they should be located within the borough to support growth sectors.'*

The Executive Summary is included at the beginning of this report and also as a standalone document. The Design Guidance has been provided as a separate document accompanying this report.

1.2 Sources and Method

Most of the baseline analysis for this study has been drawn from publicly available data sources such as those published by the Office for National Statistics (ONS). The sources are noted throughout this LEA report to enable the Council to update the assessment on a regular basis. In general, throughout this assessment we have benchmarked data on Lewisham against London as a whole and against other boroughs in what might be broadly be described as the south east quadrant of London. The benchmarking process has drawn comparisons with three other boroughs in inner London: Greenwich, Lambeth and Southwark; and three boroughs in outer London: Bexley, Bromley and Croydon.

The statistical data sources have been supplemented with a bespoke telephone survey of 200 Lewisham businesses. The Business Survey Questionnaire is set out in Appendix 2. Further qualitative interviews were undertaken with some of the principal economic stakeholders in the Borough such as large employers and major institutions. (See Appendix 1 for further details). The draft findings were presented to a workshop of economic stakeholders in September 2018, which fed in to the overall conclusions and recommendations set out in this report.

Towards the end of the LEA study a parallel piece of work was commissioned by LB Lewisham to update their Employment Land Study (ELS). The ELS report contains more detailed analysis of the demand and supply for offices premises and for industrial land.

1.3 Report Outline

Chapter 2 of this report sets the context for the Lewisham Economic Assessment. It first sets out the broader economic context in which the current data on Lewisham should be considered, highlighting economic performance at both UK and London level. It then sets the planning and policy context for Lewisham in terms of the London Plan and local planning policy.

Chapter 3 outlines some of the key drivers of change that will determine future growth in the borough. Many of these are global drivers that Lewisham can do little to influence but must adapt to. But there are also local drivers of change that can be used to help shape future economic activity.

The report then provides an analysis of the Lewisham economy from different perspectives:

- Chapter 4 examines the Lewisham businesses
- Chapter 5 assesses the Lewisham commercial property market
- Chapter 6 analyses the Lewisham workplace workforce
- Chapter 7 profiles the Lewisham resident workforce regardless of where they work

Having assessed the state of the local economy at the borough level Chapter 8 then provides a more detailed spatial analysis of economic activity within Lewisham. This includes an analysis of the current location of the Night-time Economy.

After analysing current performance and past trends in the Lewisham economy Chapter 9 then looks at future growth. It sets out projections of growth in for employment, population and workforce and looks in more detail at potential growth sectors for the borough.

Chapter 10 then develops an outline strategy framework setting out key themes for the Lewisham economy and identifying priority areas for intervention to help take forward the borough's growth objectives.

Finally, Chapter 11 summarises the overall findings and sets out key conclusions and recommendations.

The main report is supported by a series of Appendices:

- Appendix 1 provides a summary of consultation interviews held with a number of key economic stakeholders in the borough.
- Appendix 2 contains the questionnaire used for the Business Survey. A separate standalone Appendix report contains the full results from the Business Survey of 200 business undertaken as part of the LEA work.
- Appendix 3 provides a more detailed version of the wider economic and policy context summarised in Chapter 2.

2 Economic and Policy Context

2.1 Economic Context

UK Economic Context

The research for the Lewisham LEA was conducted during the middle of 2018. In interpreting data about the Lewisham economy, we need to consider:

- Cyclical Factors – at what point in the economic cycle is the data set
- Structural Factors – change that is occurring in the structure of economic activity
- Path Dependency – at what stage of maturity is Lewisham

Review of the UK economy helps us consider the first of these factors. In later chapters, and particularly chapters 4 and 6, we examine in detail the structure of the Lewisham economy and draw conclusions about where the economy is heading informed by our business survey.

In mid-2018 the UK economy is slowing. It is ten years after the recession. It is two years after the Brexit vote. Yet the post-Brexit arrangements are at this point unknown. There is a great deal of uncertainty about the future.

Brexit

At the time of producing this assessment during the summer of 2018 the outcomes of the Brexit negotiations are still very uncertain. A report by Cambridge Econometrics for the GLA¹ analysed the impact under a range of different post-Brexit scenarios. The impact on total UK GVA by 2030 ranged from -1.0%- to -3.0% compared to the current position within the EU. The impact on London was somewhat lower ranging from -0.8% to -2.1%. The sectors that are assessed as having the largest negative impact are manufacturing and construction, whilst in London Financial & Professional services and Science and Technology are also sectors expected to see a significant negative impact.

As we will note the Lewisham economy does not have a strong direct trading relationship with Europe. But any impacts on the overall growth trajectory of London may have an indirect impact.

The London Economy

The London economy proved very resilient following the 2008 recession with both output and employment bouncing back strongly, outstripping the growth seen in the UK as a whole.

Between 2010-2015 growth in GVA in London was roughly twice that of the UK as a whole, but between 2015-17 growth in London slowed and fell below that UK rate.

Lewisham

Lewisham is part of the Inner East London sub-region, in statistical terms. But Lewisham is much smaller in terms of economic activity than the other boroughs in this sub-region and has not experienced the same rate of employment growth as Inner East London as a whole. Employment trends generally over past decades have followed that of London as a whole, but in the first decade of this century employment in Lewisham fell at a time when it was growing rapidly in most of inner London.

¹ Preparing for Brexit – Cambridge Econometrics (January 2018)

Employment in Lewisham declined following the recessions of the 1970s, early 1980s, early 1990s, and 2008 and was slow to recover after each recession. As we shall demonstrate later Lewisham's economy is predominantly about servicing its local resident population. Recessions have an impact on consumer spending and hence hit local spending. And Lewisham does not have the strong economic base to take advantage when the economy recovers.

Comparing broad structural change over time, it is clear how Lewisham has developed a different economic trajectory to that of London as a whole. London has seen a large rise in office-based activities that has more than offset the decline in industrial, and particularly manufacturing, employment. But this same trend has not been experienced in Lewisham to anything like the same extent: Lewisham's economy has continued to be principally based on public service employment such as health and education.

2.2 Planning and policy context

National Planning Policy Framework

The new National Planning Policy Framework published in July 2018 sets out in the chapter on 'Building a strong, competitive economy' that:

"Planning policies should:

- a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;*
- b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;*
- c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and*
- d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.*

Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations."

Industrial Strategy White Paper

In November 2017, the Government published its Industrial Strategy White paper. This set out five foundations of productivity:

- Ideas – with an aim both to invest a higher proportion of GDP into Research and Development (R&D) and also become more effective at turning good ideas into commercial products.
- People – in particular aimed at investing in education to raise skills in the STEM subjects.
- Infrastructure – with a strong emphasis on digital infrastructure.

- Business environment – including ‘sector deals’; efforts to scale up businesses with growth potential; and trying to address the ‘long tail’ of less productive businesses.
- Places – through developing local industrial strategies.

Among the key policies under the places driver were: “Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities”. Lewisham’s LEA could be seen as part of the process towards achieving that objective.

The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector. The White Paper also pointed to future growth opportunities in what it called the ‘Four Grand Challenges’.

- Put the UK at the forefront of the artificial intelligence and data revolution.
- Maximise the advantages for UK industry from the global shift to clean growth.
- Become a world leader in shaping the future of mobility.
- Harness the power of innovation to help meet the needs of an ageing society.

London Plan

The context for this study is London’s growth. The Draft London Plan notes that, *“London’s population is set to grow from 8.9 million today to around 10.8 million by 2041. As it does so, employment is expected to increase on average by 49,000 jobs each year, reaching 6.9 million over the same period.”* Accommodating this growth is London’s biggest planning challenge, but the new Draft London Plan is clear that this shouldn’t be growth at any costs but that the type of growth also matters. This is set out in Policy GG2 which seeks to prioritise development at Opportunity Areas and well-connected tube and rail sites and to *“Proactively explore the potential to intensify the use of land, particularly on sites that are well-connected by public transport”*.

Spatial policy in the sub-region takes place within the context of the London Plan, and as this report was being prepared the new Draft London Plan was released.² It is worth highlighting at this point the Plan’s comments on “Good Growth”. The Plan states that it is *“different to those that have gone before”*, and that it is both *“more ambitious and focused than any previous Plans.”* It then introduces the concept of Good Growth, which it defines as

“growth that is socially and economically inclusive and environmentally sustainable [which] underpins the Plan and ensures that it is focused on sustainable development.”(Para 0.0.18)

This then translates into a series of policies, the most relevant of which, for this report, are:

- Policy GG2 Making the best use of land
- Policy GG5 Growing a good economy

The Plan highlights the importance of digital infrastructure and of developing Londoner’s skills.

Bakerloo Line Extension

The Plan includes specific reference to the proposal to extend the Bakerloo line stating that, *“The Mayor has concluded that an extension to Lewisham via Old Kent Road and New Cross Gate is the best*

² Mayor of London (2017) *The London Plan: The Spatial Development Strategy for Greater London Draft for Public Consultation* December 2017

option for an initial Bakerloo Line Extension. There is also the potential for future extensions of the scheme beyond Lewisham.”

New Cross/Lewisham/Catford Opportunity Area

Opportunity Areas are shown within growth corridors driven by new transport infrastructure. The New Cross/Lewisham/Catford Opportunity Area is seen as an area to deliver 13,500 new homes and 4,000 additional jobs. Driven by the opportunities created by the Bakerloo Line Extension the New Cross is seen as *“building on the existing assets such as Goldsmiths College, University of London and the emerging artistic and cultural character.”* Lewisham is considered as having the potential to become a Metropolitan town centre whilst Catford is seen as having potential for significant urban renewal.

Town Centres

Policy SD6 on Town centres states that: *“London’s varied town centres and their vitality and viability should be promoted and enhanced”*.

Two town centres in LB Lewisham, Catford and Lewisham are classified as Major centres, with Lewisham noted as having future potential for Metropolitan status. Lewisham is noted as having ‘High’ potential for commercial growth whilst both Lewisham and Catford are noted as having ‘High’ potential for residential growth. In terms of offices Lewisham is classified in the ‘Protect small office capacity’ where *“centres show demand for existing office functions, generally within smaller units”*.

Economy

The economy chapter of the Plan contains eleven policies covering land and premises for employment, promotion of key clusters and skills development. These policies are set out in detail in Appendix 3 of this report. Prominent amongst them is the encouragement of intensification of activity on industrial land.

London Office Policy Review

The London Office Policy Review (LOPR) 2017 set out three approaches to projecting demand for office floorspace in London, as follows:

- Trend projection: based on past change in office floorspace stock in each borough.
- Central employment-based: converts projections of employment by sector to floorspace, by application of an employment density ratio.
- Composite projection: the average of the trend projection and central employment-based projections.

Table 2.1 Projected Office Demand Lewisham 2016-41 (sq m)

Trend projection	Employment-based Central projection	Composite projection
-36,700	31,700	-2,500

The employment-based projection might be interpreted as the best approach if the boroughs were able to capture their share of London's projected growth. But long running trends have shown office employment growth in London concentrating in the Central Activities Zone (CAZ).

Therefore, the Composite projection might be seen to represent the best central projection, taking account as it does of past trends in office floorspace at the borough level, the local employment structure, and known development proposals.

Taking account of past change in stock also helps to account for the changing relationship between employment growth and office floorspace demand. LOPR noted how the past relationship between growth in what had traditionally been office employment sectors and demand for office floorspace has broken down. Since 2001 Outer London has seen a growth in 'office' employment sectors combined with a reduction in office floorspace stock. Cost-driven intensification and technology-led working practices mean that growth in jobs does not necessarily translate into growth in floorspace.

In addition to these core approaches to projecting demand for office floorspace, LOPR presented a series of sensitivity tests around the Employment-based Central projection. These addressed higher and lower employment projections and varying occupational density ratios. The detail of these sensitivity tests for Lewisham are set out in Appendix 3 to this report.

London Industrial Land Demand

The London Industrial Land Demand study (LILD) noted how London was losing industrial land far in excess of its benchmark release levels. In the period 2010-15 the stock of industrial land in London fell by over 500ha, at an annual rate of 106ha per annum, compared to a release benchmark of 37ha per annum set out in the 2016 London Plan.

The analysis in LILD is focussed on sub-regions and Property Market Areas. In terms of the London Plan Sub-regions that are used for analysis in LILD, Lewisham forms part of the Central Services Property Market Area and part of the East sub-region.

The LILD report also presents the analysis in terms of industrial property market areas.

There is projected to be a continued decline in demand for traditional industrial activity such as manufacturing, although the rate of decline is much diminished compared to previous forecasts. There is projected to be a small positive demand for transport uses.

There is a small amount of vacant industrial land that can be released where this is still above the benchmark figure of 5%. Industrial vacancy rates are now generally low, and considerably below what they were ten years ago. London has been successful in shaking out its vacant industrial land and this is no longer a simple route to industrial land release. Overall this produces a net release figure for industrial land of 12.4ha over the period 2016-41 for Lewisham.

Figure 2.1 Baseline projection for industrial land demand (ha), 2016-41



Source: CAG (2017) – (note Whsing abbreviation for Warehousing)

The projections published in LILD should, the report advises, be treated with caution at the borough level as much demand is effectively sub-regional. For Lewisham there is an additional sensitivity test as to whether it is treated as part of the Central Services Property Market Area or part of the East sub-region as these exhibited different demand characteristics.

The LILD report also examined alternative scenarios for industrial land release. If existing trends in loss of industrial land were to continue then future loss of industrial would be considerably in excess of the Baseline projections.

Mayor's Economic Development Strategy

In December 2018 the Mayor published his Economic Development Strategy (EDS). With regard to provision of commercial floorspace this noted that: *"A range of different types of workspace are needed for businesses of different sizes, sectors and stages of development."* It went on to state that:

"As part of this strategy, and through the London Plan, the Mayor will:

- *ensure there is sufficient supply of office accommodation and investment in transport and infrastructure;*
- *support vibrant local economies outside of central London, including successful town centres, markets, high streets and industrial areas;*
- *ensure that London retains sufficient industrial land to keep the economy working efficiently; and*
- *support the provision of affordable and flexible workspace."*

Creating the conditions for growth

The EDS sets out five drivers as creating the conditions for growth.

- Space for business and work
- Transport
- Infrastructure
- Innovation and skills

- Enterprise and entrepreneurship

Supporting London's sectors

The EDS identifies a number of potential growth sectors that could help shape London's future growth.

- The advanced urban services sector, which is helping London to work more efficiently as a city.
- The cultural and creative industries, which contribute to the quality of life and wellbeing of Londoners and give the city a global stage.
- The financial and business services sector, which helps to underpin the workings of London's economy as well as the national and global economy.
- The life sciences sector, which is helping to address the major healthcare challenges facing society.
- The low carbon and environmental goods and services sector, which is supporting the transition to a low carbon economy.
- The tech and digital sector, which is helping to drive innovation across the economy and provides platforms for entire new industries, business models and services.
- Tourism, which gives London an international profile, attracting people from across the world, and showcases London as a diverse and open city.

Culture and the Night-time Economy

In November 2017 the Mayor published a Supplementary Planning Guidance (SPG) on 'Culture and the night-time economy'. The SPG highlights the importance of the night-time economy to London. This is both in terms of the jobs and GVA it generates directly, which is estimated at 1 in 8 of London's jobs and £26bn in GVA. But also in terms of the cultural infrastructure that makes London such an attractive place for people to want to live, work and visit.

The SPG provides guidance around a number of themes:

- Protecting pubs
- Sustaining existing venues and providing new facilities
- Creating a more diverse and inclusive night-time culture and economy

The SPG identifies strategic clusters of night-time activity. There are four clusters identified in LB Lewisham that are classified as 'More than local importance'. They are Deptford, New Cross Blackheath, and Lewisham.

The SPG sets out an integrated approach to managing the night-time economy based around the functions of:

- Planning and Licensing
- Transport
- Safety and Security
- Environmental Services

Skills for Londoners

In June 2018 the Mayor published his Skills for Londoners strategy³. This sets a vision of:

“A city for all Londoners – making sure Londoners, employers and businesses get the skills they need to succeed in a fair, inclusive society and thriving economy”

The strategy sets three priorities:

- Empower all Londoners to access the education and skills to participate in society and progress in education and work
- Meet the needs of London’s economy and employers, now and in the future
- Deliver a strategic city-wide technical skills and adult education offer

2.3 Local Planning Context

Lewisham Local Plan

LB Lewisham is in the process of drawing up a new Local Plan. The Consultation on Main Issues document issued in October 2015 proposed to continue the policy of protecting the better-quality employment sites while allowing managed release of the poorer quality employment sites for high density housing.

Spatially the context is focussed around Regeneration and Growth Areas in the north of the borough (corresponding to the London Plan Opportunity Areas); District Hubs; and Local Hubs.

The Borough has two Strategic Industrial Locations: one in the north of the borough at Surrey Canal and one in the south of the borough at Bromley Road. In addition there are a number of designated Local Employment Areas throughout the borough.

Employment Land and Floorspace

The brief expresses concern at the recent loss of employment land in the borough. The latest Annual Monitoring Report (AMR) shows a net loss of 23,000 sq m of B-class floorspace in 2016-17. The majority of this is B2 general industrial floorspace but there has also been a net loss of B1 floorspace as well. This is contrary to policy expectations. The 2015 Lewisham Employment Land Study forecast a net increase in demand for office floorspace of between 13,700 - 18,600 sq m over the period 2015-33.

The 2017 London Office Policy Review (LOPR) projected that based on past trends Lewisham would see a loss of a further -36,700 sq m of office floorspace. But based on its economic structure it forecast positive demand for 31,700 sq m over the period 2016-41. This gave a composite projection of -2,500 sq m (in other words virtually no change in net terms).

In terms of industrial land, the ELS projected a net demand of between -19.8 to -23.0 ha over the period. The London Industrial Land Demand study had a lower release figure producing a net loss of -12.4 ha of industrial land over the period 2016-41 in its baseline projection. But the LILD study did note that if recent rates of release were to continue then Lewisham would lose -60.1 ha over this period.

³ Skills for Londoners: A Skills and Adult Education Strategy for London – GLA (June 2018)

Lewisham Retail Capacity Study 2017

The 2011 Lewisham Core Strategy classified two centres as Major Centres: Lewisham with 84,000 sq m of floorspace and Catford with 56,000 sq m. The full town centre classifications are set out in the Table below.

Table 2.2 Lewisham Town Centre Classification

Classification	Centres
Major Town Centre	Lewisham, Catford;
District Centres	Blackheath, Deptford, Downham, Forest Hill, Lee Green, New Cross/ New Cross Gate, Sydenham;
Neighbourhood Local Centres	Brockley Cross, Crofton Park, Downham Way, Grove Park and Lewisham Way
Local parades	over 80 local shopping parades across the Borough

Lewisham Business Growth Strategy 2013-2023

The Lewisham Business Growth Strategy 2013-2023 identified five key characteristics of the Lewisham economy:

- Lewisham has become a growing centre for micro-businesses, which benefit from the demand created from the London economy;
- Lewisham has a dynamic, diverse, creative and entrepreneurial population;
- Lewisham provides excellent value for London businesses;
- Lewisham is undergoing a period of significant regeneration, creating new high-quality business space and environments; and
- Lewisham town centres are being revitalised, developing their unique and diverse offer.

The Strategy set out three aims to develop the Lewisham economy in the future:

- Aim 1: To boost Lewisham's contribution to the London economy by enhancing the ability of new and existing businesses to thrive and grow.
- Aim 2: To accelerate the expansion of the Lewisham economy by capitalising on major physical regeneration in the borough to create the right environment for business growth.
- Aim 3: To diversify and expand the Lewisham economy by inspiring, nurturing and promoting the creativity and entrepreneurship of Lewisham residents.

Under each of these aims it set out a series of objectives with activities designed to progress these objectives. Whilst some of the context will have changed over time, it is still useful to review mid-way through this Business Growth Strategy what has worked and what has not worked. Where things have not worked, it is also useful to ask whether this is due to the

selection of activities, the design and execution of those activities, or particular barriers that need to be addressed.

Measures of success were identified as:

- Inward investment
- Business start-ups
- Business sustainability
- The number of mid-sized businesses
- Net employment in the borough
- New business space

We will see in the baseline analysis that follows what progress has been made against these indicators.

Manifesto Direction

In May 2018 a new administration was elected to office in Lewisham with a new set of Manifesto pledges. With regard to economic policy in the borough, these pledges included:

- Creating more enterprise hubs
- Reviewing procurement to support local businesses
- Developing a Night-Time strategy
- Increasing the number of high-quality Apprenticeships
- Aiming to increase the number of Living Wage employers

2.4 Overall implications for the Local Economic Assessment

At time of writing this Local Economic Assessment the economic outlook is uncertain. Brexit is looming but at present it is unclear what form this will take. UK economic growth is sluggish, partly as a result of uncertainty holding back investment and partly as a consequence of high household debt following years of austerity.

London's economy has proved resilient following the recession and has grown strongly in recent years, but even here there are signs that growth is slowing. Nevertheless, significant levels of growth are still projected for the future and the new Draft London Plan seeks to accommodate this growth albeit with a new emphasis on the concept of 'good growth'. Lewisham, like other London Boroughs faces the challenge of accommodating residential growth whilst not crowding out opportunities for a range of economic activities to flourish.

Lewisham, which has not experienced the same levels of economic growth as London more generally in recent years, is seeking to secure a greater share of London's growth. In recent years Lewisham has seen a loss of both office stock and industrial land, so this decline will need to be arrested if Lewisham's economy is to grow and diversify. Lewisham's growth objective could be threatened without new commercial premises being developed in the borough.

Economic growth through developing the Night-time Economy is a policy theme at both London and Lewisham Borough level and forms part of Lewisham's growth objective.

3 Drivers of Change

3.1 Introduction

Before looking in detail at information on the Lewisham economy today, we first review a number of drivers of growth that will influence the future growth and development of the Lewisham economy. These include both global drivers of change and more locally specific factors. These present both opportunities for new growth and development in Lewisham and, in some cases, represent challenges that will need to be addressed.

We present these first to help place the subsequent analysis in a dynamic context. Much of the data presented in subsequent chapters is inevitably a snapshot of a moment in time. In interpreting this data, it is important to think of the factors that will create change in the Lewisham economy

We start by setting out the global drivers that will determine much of the future direction of growth in economic activity. We then outline the key local drivers that will provide specific opportunities to shape a strategic response.

3.2 Global Drivers of Change

New Technologies, New Sectors

There are some technologies and sectors where global growth can be expected. In his book on 'The Fourth Industrial Revolution'⁴, Professor Klaus Schwab classifies these 'megatrends' into three clusters; physical, digital and biological.

Physical

Four main physical manifestation of these technological trends are identified:

- Autonomous vehicles – which includes not only driverless cars, but also drones and various forms of logistics
- 3D printing – which enables highly customised products and has an increasing range of applications including human cells and organs
- Advanced robotics – which are moving beyond basic repetitive tasks to become more adaptive and able to access information from the internet
- New materials – and especially smart materials that can adapt to different environments and self-repair.

Digital

The internet of things is radically reshaping business models with on-demand platforms lowering inventory, barriers to entry and marginal costs of production. These have profound implications for the nature of work.

Biological

There have been huge advances in genetic engineering which will increasingly enable more personalised and precise medical applications. These biological advances also combine with the digital and physical technologies outlined above in, for example, bioprinting.

⁴ The Fourth Industrial Revolution – Klaus Schwab (2016)

The extent to which any of these ‘megatrends’ identified above forms the opportunity for development of a new sector in Lewisham is speculative. But such trends will radically impact on the nature of economic activity in Lewisham. The borough’s businesses and workers will need to develop the skills to adapt if they are not going to be left behind by the fourth industrial revolution.

Change in Working Practices

Technological change is driving changes in the nature of work and in working practices, whilst demographic change is driving changes in the make-up of the workforce. We can expect these trends to continue, both in terms of continued innovation of new technologies, and also wider adoption of technologies that already exist.

“If current trends run a steady path, in 2030 the UK workforce will be multi-generational, older, and more international, with women playing a stronger role. While the highly skilled will push for a better work-life balance, many others will experience increasing insecurity of employment and income. As businesses shrink their workforces to a minimum using flexibly employed external service providers to cover shortfalls, a much smaller group of employees will be able to enjoy long-term contracts.”

The UK Commission for Employment and Skills (UKCES) commissioned a report to review the future of work, jobs and skills in 2030. The UKCES report states that *“In the knowledge sector, future companies will operate from a slimmed-down pool of employees, backed up by colleagues from branches in other countries and external consultants for specific projects”*. This both suggests there may be decreased demand for large office buildings but also provides opportunities to supply services to larger firms by small agile firms and workers. The implications may be towards collaborative working space. Among the trends highlighted in this research are:

- Due to changes in the structure and organisation of professional work, a reduction in some management positions may ensue from flatter, more autonomous project teams that move away from more hierarchical management models.
- Much of the growth in high-value jobs is anticipated to take place in London and South East England, replicating established patterns, although there is significant growth potential for city-regions around the UK. For instance, it is anticipated that employment in mid-level back office professional services functions is created in conurbations away from London, where rents are lower and there is a good supply of well-qualified, flexible labour.
- There is anticipated to be growth in business services and associated jobs supporting converging technologies, i.e. knowledge intensive services and skills, such as legal, for intellectual property or strategic management consulting. There is also expected to be increasing demand for financial services due to higher numbers of self-employed workers and the prolonged retirement age.
- Increasing competition with high skill overseas workers is likely, as much of the professional and business services sector moves to online platforms. Continued off-shoring of back-office roles in sectors such as Finance is anticipated to lead to an associated rise in limited project-based contracts.

- Automation and software could render many lower skilled customer service roles obsolete (e.g. use of mobile technology to monitor service quality online as a means of maintaining effective customer relationship management).
- There will potentially be a massive upheaval in the labour market for professional and administrative services that include high skilled but repetitive work processes as these activities are increasingly automated by smart (in some cases also self-learning) algorithms. Whilst this may have negative effects for employment, depending on the extremity and impact of the scenario, there is also significant scope for innovation and new jobs in supporting this change.

As Lewisham tries to diversify its economy towards growth sectors, these trends do suggest some opportunities. Whilst the higher value activities will still tend to be concentrated in Central London, flexible teams that can provide support or services will be a significant part of the future labour market. Lewisham is geographically well placed to fulfil this type of role, but does not as yet have the labour market or property market base to attract such activities.

Automation

Research published by the Centre for London has concluded that around one third of London's jobs could be automated with the impact likely to be greatest for low and medium-skilled workers in secretarial, administrative, sales and routine occupations.

According to a recent PwC report, *"The sectors that we estimate will see the largest net increase in jobs due to AI and related technologies in the long run include health (+22%), professional, scientific and technical services (+16%) and education (+6%). The sectors estimated to see the largest net long-term decrease in jobs due to AI include manufacturing (-25%), transport and storage (-22%) and public administration (-18%)".*⁵

Self-Employment and Home Working

Another technology-led change in working practices is that increasing numbers of workers in many sectors are likely to be self-employed or employed under project-based contracts. There has been a steady rise in the number of people who work mainly at or from home. Since 2001 for the UK as a whole there has been an increase of 1.25m in the number of people working mainly at or from home, an increase of over 40%. There are now over 4m UK workers who work mainly at or from home. This is particularly the case for older workers, who will be growing as a proportion of the workforce. These workers work in a range of sectors and occupations but will not occupy offices or factories in the same way as traditional workers.

There is a related increase in self-employment which has risen nationally from 12% of all jobs in 2001 to 15% by 2015. The growth in self-employment is also related to older workers. A recent ONS report on trends in self-employment concluded, *"Much of the growth in this mode of employment appears to be among workers managing their transition out of the labour market: choosing to work part-time for a period before moving to retirement. As a consequence, these data*

⁵ UK Economic Outlook (July 2018) - PwC

suggest that the growth of self-employment is a structural feature of the UK labour market which is unlikely to unwind with the economic recovery.”

Agglomeration

London's success as an economy in recent years has been driven by its international role as a world city. Employment in London has grown rapidly over the past thirty years and it has grown fastest in central London and the satellite centre of Canary Wharf. The growth has been strongest in the sectors that concentrate in London for strategic reasons and have chosen to locate in central / inner areas despite the much higher property cost associated with them. This has resulted in a pattern of strong spatial concentration, with over 30 per cent of London's jobs and 60% of its office jobs accommodated in only 2 per cent of its area.

The economic opportunities that exist for Lewisham lie in servicing this huge central London market. These opportunities will be in sectors providing goods and services to the high value professional and financial services firms that operate in the Central Activities Zone.

3.3 Local Drivers of Change

Population Growth

Lewisham currently has a population of just over 300,000 and, as with elsewhere in London, this population has been growing rapidly in recent years. Lewisham's skyline has been undergoing a transformation with 1,600 new dwellings completed last year alone according to the AMR. A similar rate of growth is anticipated in the future with Lewisham currently having a London Plan housing target of 1,385 per annum.

Lewisham's population is projected to grow by a further 60,000 or 20% over the period 2016-41. From an economic perspective this represents a big opportunity in terms of growing demand for consumer goods and services. LB Lewisham's response in terms of seeking to grow the night-time economy is one mechanism to try and capture this growing demand.

The additional population will generate growth in demand for public services, such as health and education, and for consumer services, such as retail and leisure. For London as a whole household expenditure amounted to £187.2bn in 2017⁶, just under half (48.7%) of London's total output.

Research by the GLA concluded that for each additional 1,000 population, 171 jobs were located in the locality. With a projected increase in population of 60,000 for Lewisham, this would imply around 10,000 jobs potentially being created to service this additional demand.

Bakerloo Line Extension

Transport 2025: Transport Challenges for a Growing City (2007) highlighted the role of transport in supporting London's continued economic development. This report concluded that improvements to London's public transport system were needed to accommodate the predicted

⁶ London's Economic Outlook: Spring 2018 – GLA Economics

growth in employment. The companion report Underground 2025 (2007) identified the Bakerloo line as the most viable option for extending the Underground further into south London due to:

- Its relative under-use north of Elephant & Castle;
- The ability to release capacity on other routes in south London;
- The opportunity to support areas of relatively poor accessibility to central London;
- Its ability to serve areas of relative deprivation and regeneration areas.

The proposed extension creates a major regeneration corridor from the Elephant and Castle, to Old Kent Road and then to New Cross, Lewisham, Catford and potentially beyond. These Opportunity Areas cover a large area of land in close proximity to London's central area core. At present land values are comparatively low for an area so close to the centre of London: this reflects its mix of comparatively low value land uses and also the relatively low density of development.

The Bakerloo Line Extension provides an opportunity to intensify development in these Opportunity Areas within Lewisham and to raise the level of economic activity through providing greater connectivity to the Central London economy.

The broad level scheme objectives are as follows:

- Support growth in south London Opportunity Areas
- Improve connectivity between sub-regional centres in south and southeast London
- Improve connectivity to Central London from south and southeast London
- Improve access to employment and increase transport provision to areas of deprivation
- Increase capacity on the transport network in south and southeast London, reducing crowding into central London termini

As noted earlier this proposal to extend the Bakerloo Line has been included in the latest version of the London Plan, but the opening of the BLE is still many years off.

The BLE will bring journey time savings to some destinations. Of the order of six minutes between Lewisham and the West End for example. But of far greater importance is the improved frequency of service with 27 trains per hour.

But there is no certainty that the greater connectivity will bring more jobs into Lewisham. A high proportion of Lewisham residents already commute into Central London for higher paid employment and enhancing the connectivity may further increase these flows.

However, the London tube map is iconic and being on the tube provides a far greater sense of recognition and accessibility, irrespective of the actual improvement in connectivity: whilst Lewisham is on the DLR and New Cross/New Cross Gate are on the overground, there are currently no London underground stations in Lewisham.

Creative Enterprise Zone

In December 2016 LB Lewisham was announced as one of six successful bids for as one of London's Creative Enterprise Zone *"Creative Enterprise Zones are a new Mayoral initiative to designate small areas of London where artists and creative businesses can put down roots and where creative activity is supported. Based on Enterprise Zones they will offer incentives to retain and attract*

artists and new creative businesses to an area by offering permanent affordable workspace, business and skills support, business rates relief, super-fast broadband and a pro-culture Local Plan.”⁷

The Shapes Lewisham Creative Enterprise Zone (CEZ) seeks to capitalise on the growing strength of the sector around Deptford and New Cross and the anchor institution of Goldsmith College. Key objectives of the CEZ are⁸:

- *Retaining creative talent from the borough's education institutions, Goldsmiths and Trinity Laban, and in the local community through access and tailored support for employment and enterprise*
- *Increase affordable spaces for the fast-growing creative and digital cluster via Goldsmiths' Enterprise & Innovation Hub, and opening 80 new artists' studios by Second Floor Studios/Anthology*
- *Embedding development policies within the local plan and business rates, and identifying council's assets that can help the sector to thrive*

New Cross Gate Area Framework

The consultation Draft of the New Cross Area Framework was published in October 2018. Focused on an area in a 1km radius of New Cross Gate station, it sets a vision structured around five themes:

- **A Lively Place** - *“New Cross Road will be a lively multi-functional high street serving the local area and visitors alike, having secured and expanded its diverse cultural activity, leisure and entertainment offer.”*
- **A Creative Place** - *“New Cross and Deptford will be established as one of London's principal creative quarters, building on the presence of Goldsmiths, other key cultural institutions nearby, and the existing cluster of creative industries and businesses that support them.”*
- **An Equitable Place** - *“New Cross will be a place that continues to support and nurture existing residents and businesses while also being open to new ideas, residents and businesses – so that it can continue to evolve and grow for the benefit of all.”*
- **Distinctive Local Places** - *“The particular qualities of two distinctive areas will be strengthened through positive reinvention – New Cross Road where it operates as a High Street, and the areas around the rail ‘tangle’ to the north, including Folkestone Gardens, and the route of the former Surrey Canal. Both places will be transformed through improvements focused on building on local character and identity.”*
- **A Connected Place** - *“A network of excellent local connections and wider routes will be created leading to and around New Cross. This network will be accessible to all, creating an environment that encourages walking, cycling and public transport - which means that they are the natural choice for moving around the city for short-medium distance journeys most people, most of the time, while also accommodating and managing the impact of essential vehicular traffic.”*

⁷ Creative Enterprise Zones Prospectus 2017 – Mayor of London

⁸ <https://www.london.gov.uk/press-releases/mayoral/mayor-announces-first-creative-enterprise-zones> - accessed 30-12-2018

Catford Masterplan

LB Lewisham has recently commissioned a strategic masterplan study for Catford Town Centre and wider area to establish a vision for its future development, and opportunities for growth and transformation. The Council recognises that there are buildings which are no longer fit for purpose and that there is a need to address poor environmental qualities which negatively affect the daily experience of residents and visitors in the town centre.

Redevelopment opportunities are focused around five key sites:

- Catford Shopping Centre and Milford Towers
- Laurence House
- Civic Centre and Theatre
- Plassy Road Island
- Wickes and Halfords

The realignment of the South Circular A205 road in the town centre provides an immediate impetus to the development proposals. In the longer term if the Bakerloo line Extension is extended to Catford, as outlined above, then that will further enhance the accessibility and attractiveness of the town centre and encourage further investment.

Convoys Wharf

Convoys Wharf is the largest single commercial development proposal currently outstanding in Lewisham. The site covers a large area of land to the north of the A200 in Deptford. It is a deep-water wharf capable of taking large 'roll on/roll off' vessels. It has large warehouse buildings and temporary uses in warehousing. The site is close to Deptford National Rail Station and the River Thames. Bus routes run along the A200. The site is close to Deptford Park and Folkestone Gardens. There are schools and colleges close to the site.

The approved outline planning permission is for the demolition of all non-listed structures at the site, and comprehensive redevelopment (to include retention and refurbishment of the Grade II Listed Olympia Building) to provide up to 419,100 sq m of mixed-use development comprising up to:

- 321,000 sq m residential (Class C3) (up to 3,500 units)
- 15,500 sq m business space (Class B1/live/work units)
- 2,200 sq m for up to three energy centres;
- 32,200 sq m working wharf and vessel moorings (Class B2 and sui generis);
- 27,070 sq m hotel (Class C1);
- 5,810 sq m retail, financial and professional services (Classes A1 and A2);
- 4,520 sq m restaurant/cafes and drinking establishments (Classes A3 and A4);
- 13,000 sq m community/non-residential institutions (Class D1 and D2),
- 1,840 car parking spaces, together with vehicular access and a river bus facility.

This planning permission has been outstanding for some time and at time of producing this LEA it is anticipated a revised proposal may be put forward. We do not know the precise mix this may take, but Convoys Wharf remains the largest single development site in the borough.

3.4 Conclusions on Drivers of Change

There are a number of global economic trends that will help shape the future of the Lewisham economy and the economic well-being of its residents. New technologies will drive changes in not only the types of goods and services we consume but more profoundly in the way businesses operate and the skills that workers will need.

There are also a number of specifically local factors that will provide opportunities to catalyse economic growth or help determine the spatial distribution of activity.

We return to these drivers of growth and how they may shape the future direction of the Lewisham economy in Chapter 9. But we have set them out at this stage in order that the reader has them in mind as we set out a profile and analysis of the current state of the Lewisham economy. We turn to that profile now in the subsequent chapters.

4 Lewisham Businesses

4.1 Introduction

This chapter presents an analysis of the Lewisham economy through the lens of the businesses and other entities that create the economic value and employment that defines the Lewisham economy. It sets out the structure of the local economy in terms of business units and employment. It also benchmarks this against wider reference and comparator areas and analyses trends in performance.

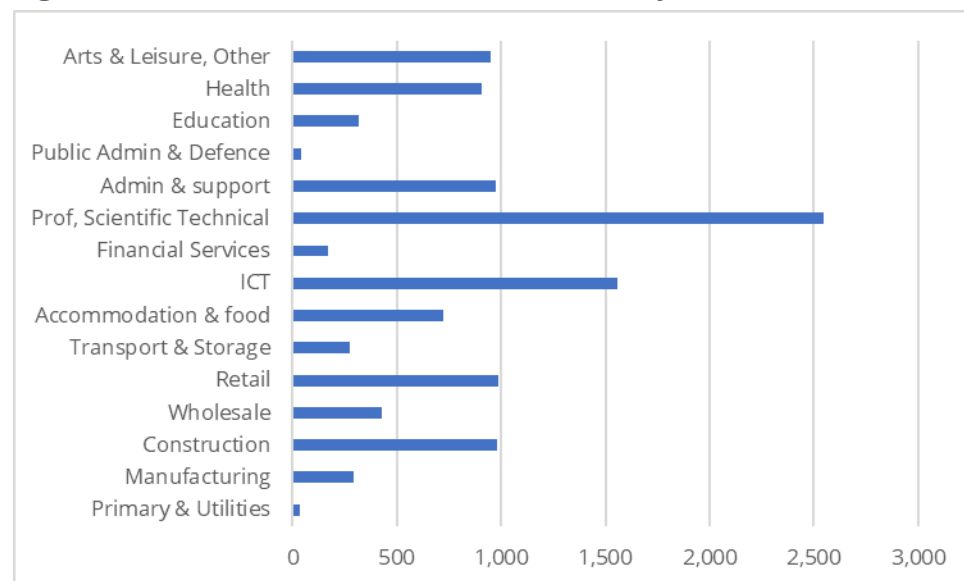
We explore the scale and key features of the borough's businesses; their performance to date; the borough's assets and shortcomings as a business location; and the economic linkages to other boroughs, London and the rest of the UK through labour markets and supply chains.

Drawing on the business survey specifically commissioned for this study we report on business perceptions of Lewisham as a place for economic activity, the borough's principal strengths and any key constraints that local businesses encounter.

4.2 Number and Location of Business

There were just over 11,000 local business units in Lewisham in 2017. The figure below shows the breakdown by sector. There were just over 2,500 business units in the Professional, Scientific and Technical services sector and just over 1,500 in the ICT sector.

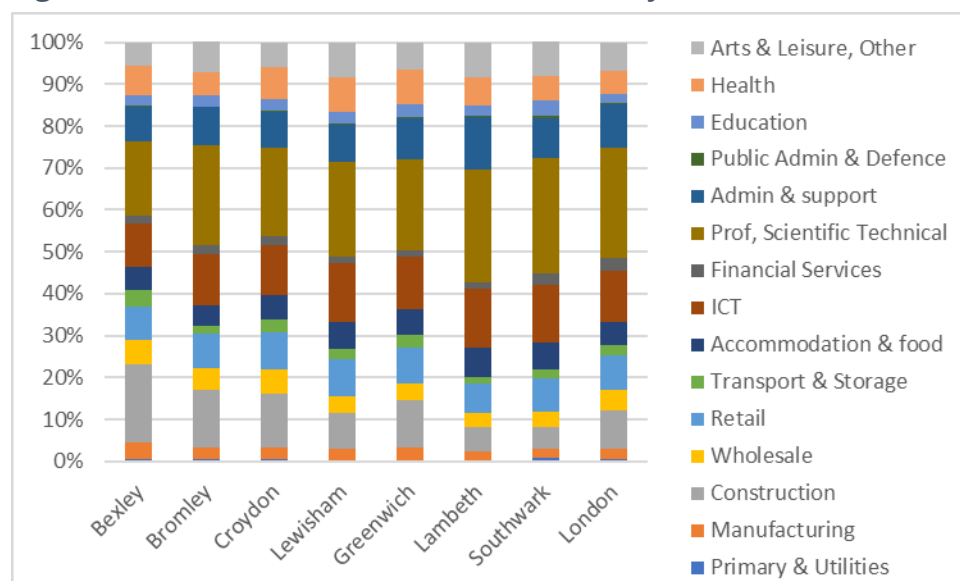
Figure 4.1 Local Business Units in Lewisham by Sector



Source: ONS UK Business Counts

The overall structure of business units is not dissimilar to that of London as a whole. Lewisham has a higher proportion of business units in the Health sector than the London average and a lower proportion in Professional Scientific and Technical service sector. But the differential in structure is less marked in terms of the numbers of business units than it is in terms of overall employment as we shall show later.

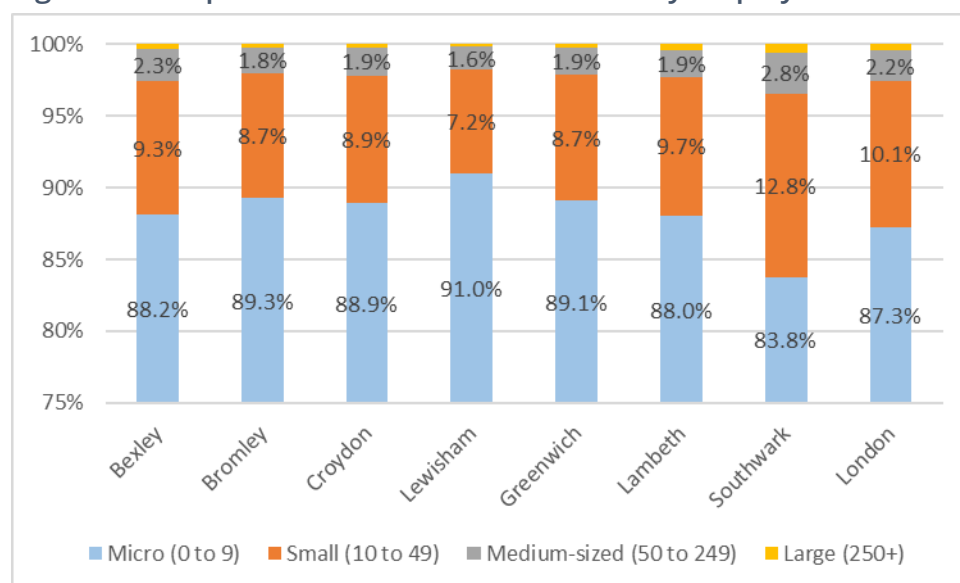
Figure 4.2 Structure of Local Business Units by Sector 2017



Source: ONS UK Business Counts

91% of Lewisham business units are micro business with fewer than 10 employees. This is higher than the London average of 87.3% and higher than that of any of the comparator boroughs. Correspondingly it has a lower proportion of businesses in the other size bands.

Figure 4.3 Proportion of Local Business Units by Employment Size Band 2017



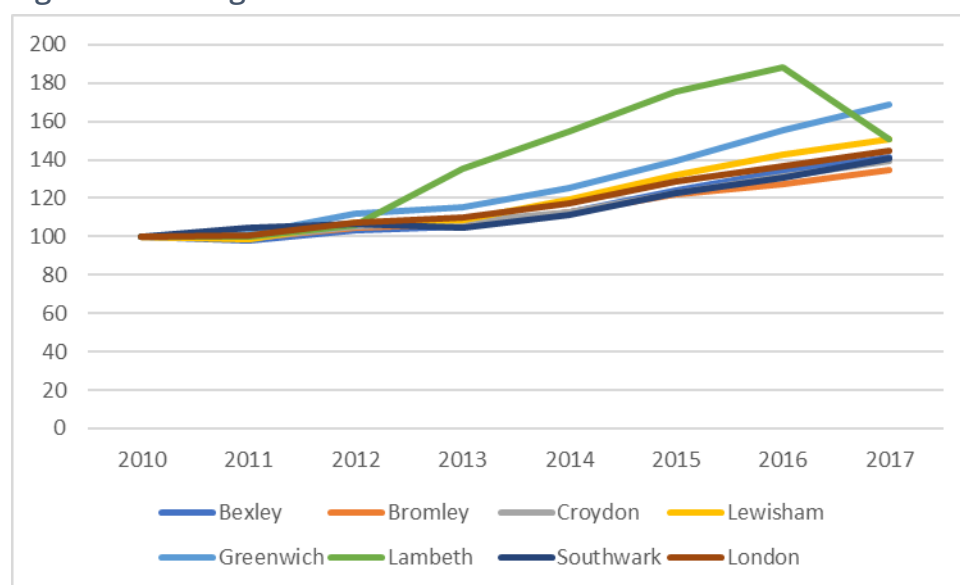
Source: ONS UK Business Counts

Lewisham has a higher proportion of business that are sole proprietors (14.9%) than the London average of 10.9%. The proportion of sole proprietor business is also higher than that of any of the comparator boroughs.

The number of business units in Lewisham has grown rapidly in recent years, increasing by more than 50% since 2011. This is faster than growth in London as a whole and faster than most of the comparator boroughs.

This seemingly rapid expansion in business in London over this period needs to be considered in the light of some of the drivers of change noted in the previous chapter. Part of this growth will have been driven by changes in the structure of employment with companies making increasing use of self-employed and contract labour, leading to increases in the stock of micro-businesses. Thus, rather than indicating a growth in the business base of the London economy, this may in part reflect increased job insecurity and the shifting of risks and overheads from firms to workers.⁹

Figure 4.4 Change in Stock of Local Business Units 2010-2017 - Index 2010=100



Source: ONS UK Business Counts

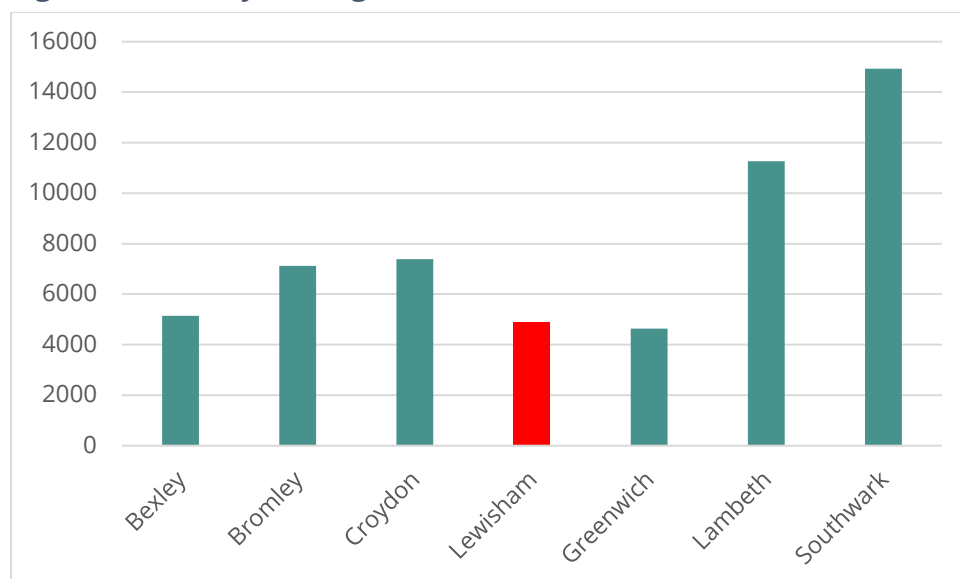
4.3 Sector Analysis

GVA

Total GVA produced in Lewisham in 2015 was £4,909m, which was lower than all the comparator boroughs bar Greenwich. It is less than one half of that produced in Lambeth and one third of that generated in Southwark. Since 1997 nominal GVA in Lewisham has grown faster than that of the outer London comparator boroughs but slower than that for London as a whole.

⁹ There is also a small technical adjustment. In 2015, ONS extended the coverage of businesses to include a population of solely PAYE based businesses that were previously excluded because of the risk of duplication. This results in a small uplift in the number of business units in that year.

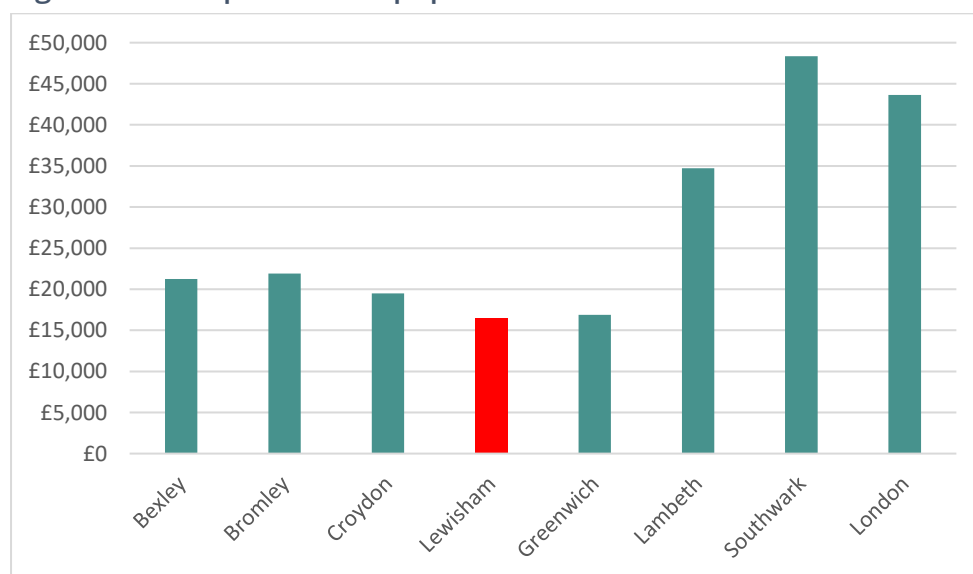
Figure 4.5 GVA by Borough £million 2015



Source: ONS Regional GVA (Income Approach) by Local Authority

GVA per head of population is lower than all the comparator boroughs, though at a similar level to Greenwich. GVA per head in population in Lewisham is 38% of the London average.

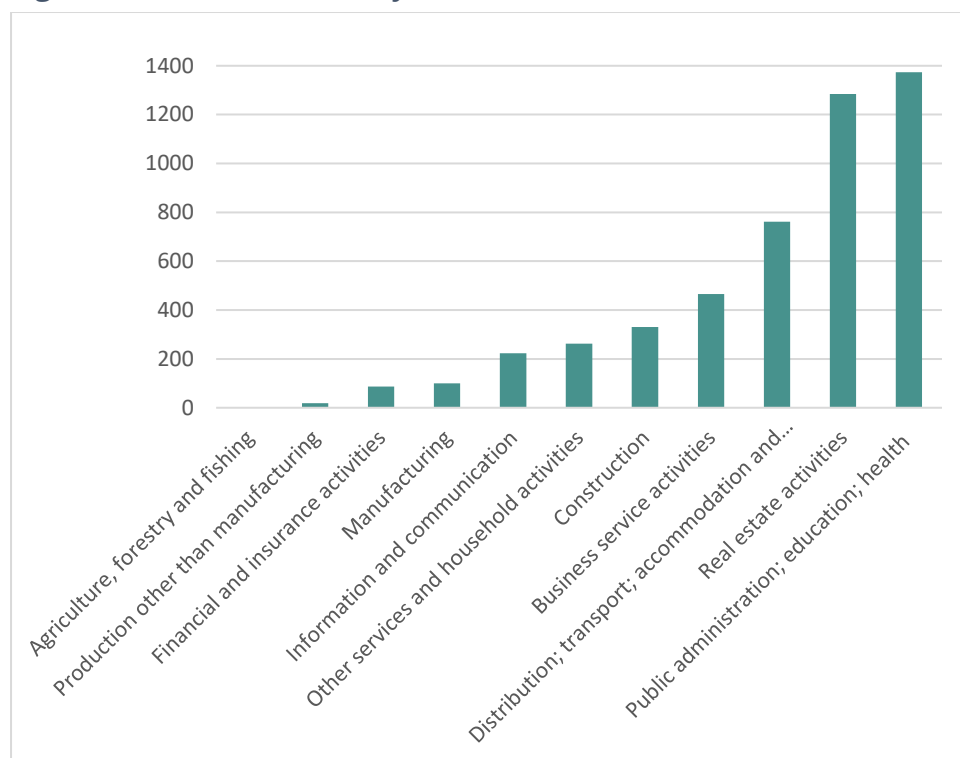
Figure 4.6 GVA per head of population 2015



Source: ONS Regional GVA (Income Approach) by Local Authority

According to estimates from the ONS over half of Lewisham's GVA is produced by two sectors: 'Real Estate activities' and 'Public Administration, Education and Health'.

Figure 4.7 Lewisham GVA by Sector £million 1995



Source: ONS Regional GVA (Income Approach) by Local Authority

As Lewisham has comparatively low GVA figures, it is worth a caveat as to what this does and does not measure. Whilst GVA (or GDP)¹⁰ is the standard measure of economic activity, it is a monetary measure and a measure of output. It measures what people produce, not what they consume, and it captures only market transactions of goods and services. So, for example, it does not capture voluntary or community activity or non-market leisure activity. GVA as a measure also contains no distributional element. Thus an increase in GVA can be achieved by increasing incomes of those at the top end of the income scale whilst leaving those low down unaffected.

Sector Specialisation

Table 4.1 lists those activities with more than 5,000 jobs and where Lewisham has a comparative over-representation compared to London as a whole. This reinforces the point that the predominant economic activity in Lewisham is servicing the local population. The larger activity sectors are public services such as education and health, with the single largest employment sector being primary education. Consumer service activities such as retail, cafes, and hairdressers make up most of the other large sectors. Other sectors on the list such as transport and housing associations will also be there largely to service the local population.

There are two sectors on the list that are more likely to be servicing the wider London business economy, namely cleaning of buildings and employment agencies. In both cases it is probable

¹⁰ The difference between Gross Value Added (GVA) and Gross Domestic Product (GDP) is taxes and subsidies

that whilst the firm is based in Lewisham much of the activity may physically take place elsewhere in (likely Central) London.

Table 4.1 Activity Sectors in Lewisham with high representation and more than 500 employees

Category	Sector	Employment	LQ ¹¹
Public Services	Primary education	2000-4000	2.2
Public Services	Hospital activities	2000-4000	1.5
Consumer Services	Retail sale in non-specialised stores with food, beverages or tobacco predominating	2000-4000	2.1
	General cleaning of buildings	2000-4000	2.2
Public Services	General secondary education	2000-4000	2.1
Public Services	First-degree level higher education	2000-4000	2.1
Public Services	Other human health activities	1000-1999	2.0
Public Services	Social work activities without accommodation for the elderly and disabled	1000-1999	3.6
Public Services	Public order and safety activities	1000-1999	2.2
	Urban, suburban or metropolitan area passenger land transport other than railway transportation by underground, metro and similar systems	1000-1999	2.8
Public Services	Other social work activities without accommodation nec ¹²	1000-1999	1.3
Public Services	Child day-care activities	1000-1999	3.0
	Construction of domestic buildings	1000-1999	2.4
Consumer Services	Other food service activities	1000-1999	2.4
Consumer Services	Unlicensed restaurants and cafes	1000-1999	1.4
Public Services	Other education nec	500-999	1.9
	Renting and operating of Housing Association real estate	500-999	3.8
Public Services	General medical practice activities	500-999	1.9
	Activities of employment placement agencies (other than motion picture, television and other theatrical casting) nec	500-999	1.2
Public Services	Technical and vocational secondary education	500-999	2.3
	Management of real estate on a fee or contract basis	500-999	1.6
Consumer Services	Hairdressing and other beauty treatment	500-999	1.4
Consumer Services	Public houses and bars	500-999	1.1
	Other service activities incidental to land transportation, nec (not including operation of rail freight terminals, passenger facilities at railway stations or passenger facilities at bus and coach stations)	500-999	3.2
Consumer Services	Museum activities	500-999	3.0
Consumer Services	Take away food shops and mobile food stands	500-999	1.2

Source: BRES

4.4 Spatial Distribution of Lewisham Businesses

Figure 4.8 show the spatial distribution of industrial type business in Lewisham. These tend to be located along principal roads or by rail lines and also at industrial land locations such as the

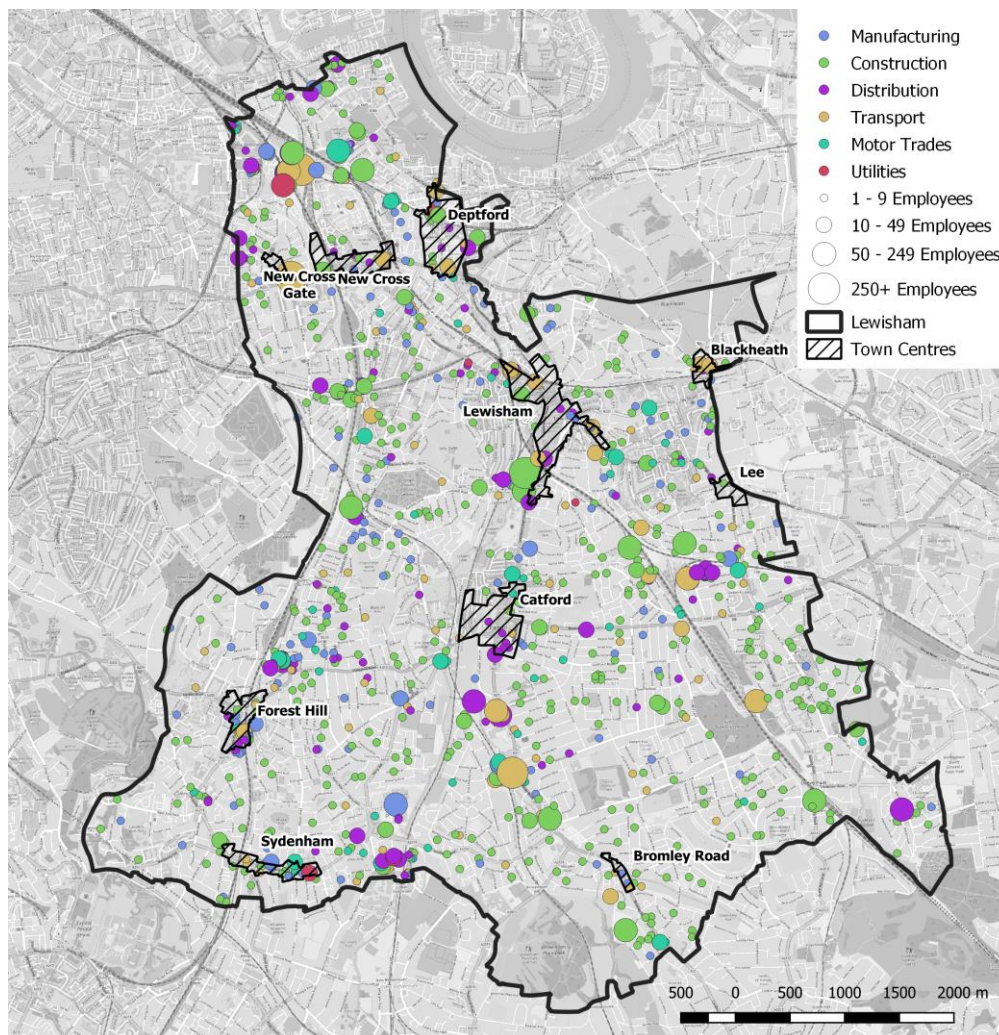
¹¹ A Location Quotient (LQ) is a measure of the relative representation of a sector. An LQ of greater than 1 means it is relatively over-represented. An LQ of less than 1 means it is relatively under-represented.

¹² nec – not elsewhere classified

areas around Juno Way and Surrey Canal and the SIL in the south of the Borough at Bromley Way.

Many of the smaller business located in residential areas will be single person businesses operating out of their own home. There are a large number of micro-businesses in the construction sector and also micro business classified under manufacturing activities that are scattered throughout the borough.

Figure 4.8 Spatial Distribution of Industrial Type Business in Lewisham



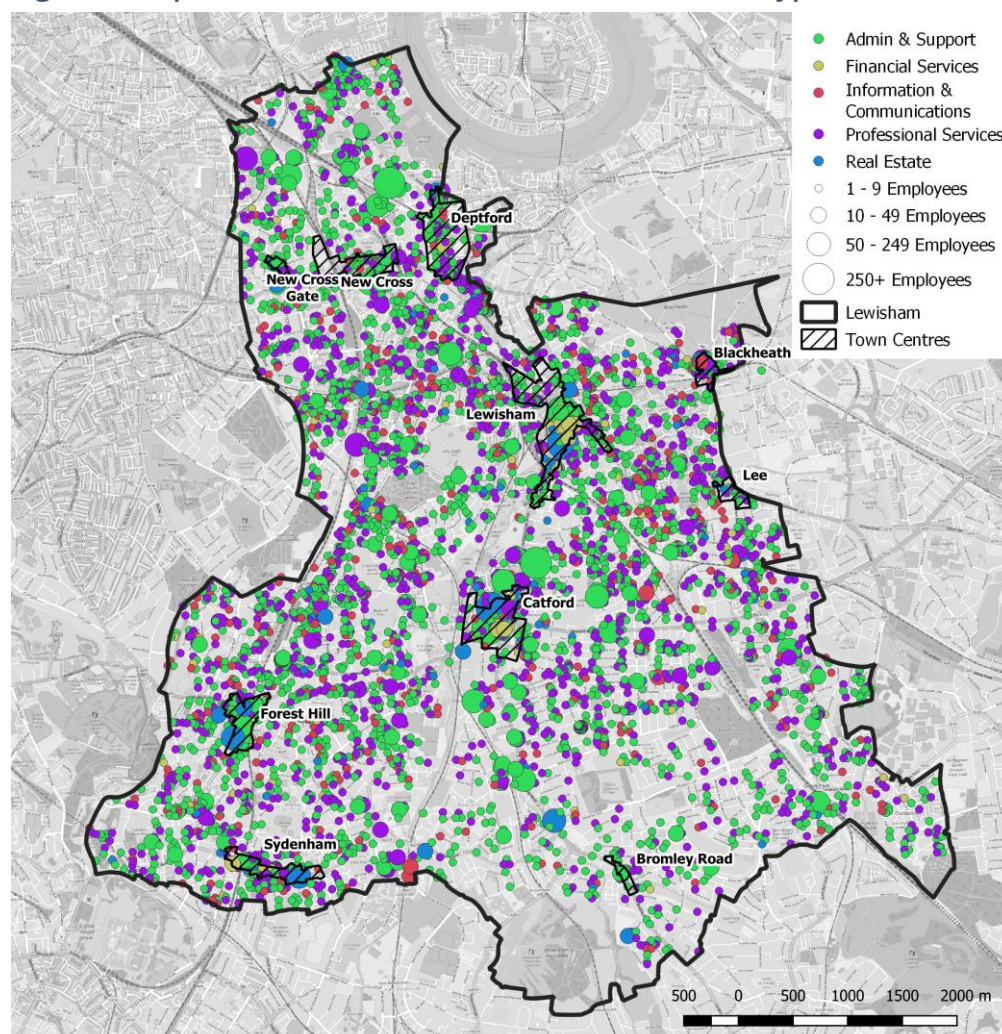
Source: IDBR

Office-type activities are even more widely distributed throughout the borough as micro-businesses. These predominantly involve administrative and support service activities and professional services. Whilst these are sectors generally associated with office demand, in the case of Lewisham many of these will be home-based businesses that do not generate demand for offices.

The small and medium sized business are principally to be found in administrative and support service activities and are located near Catford, in Lewisham town centre or in the north of the Borough.

Real estate activities (the blue dots) can be seen to be located primarily in town centres.

Figure 4.9 Spatial Distribution of Businesses in 'office type' activities in Lewisham

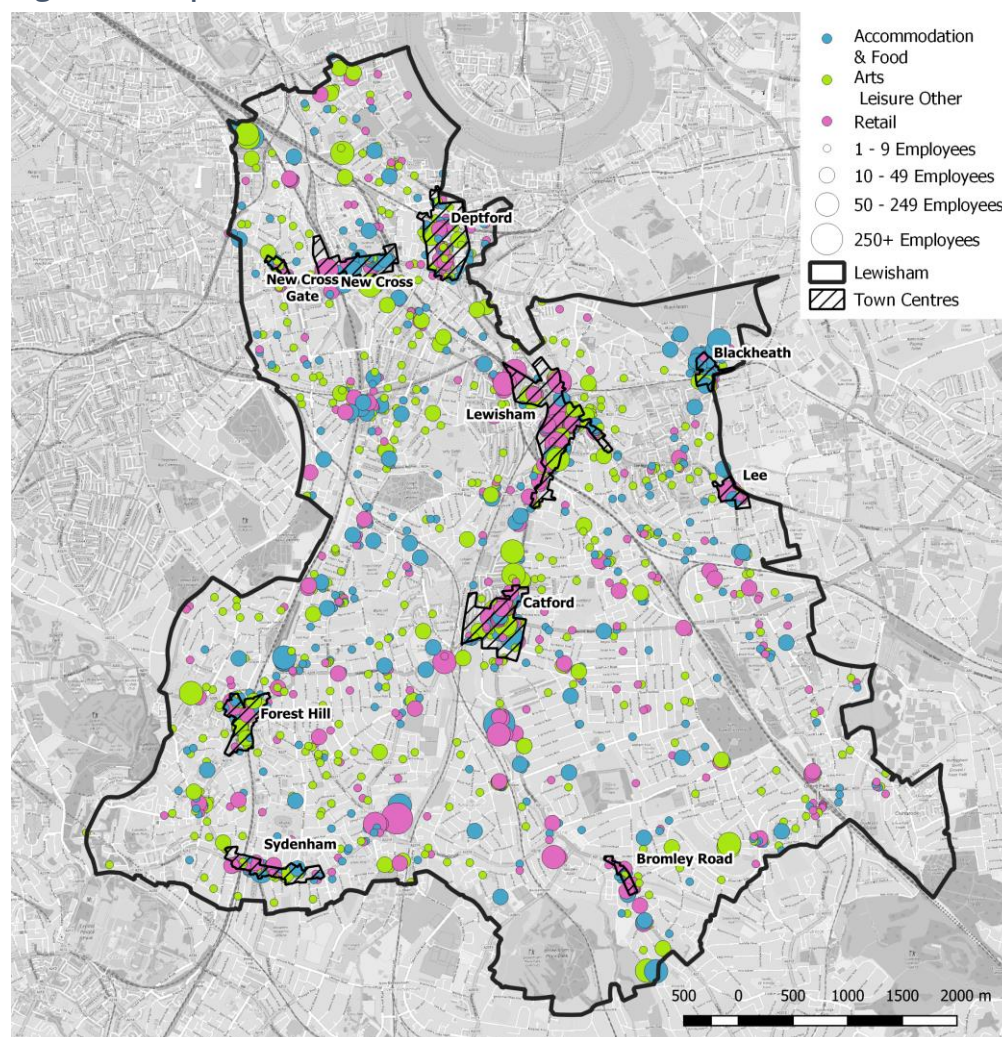


Source: IDBR

Consumer service activities are more focused on town centres and other employment locations. Retail is strongly concentrated in Lewisham and, to a lesser extent, the other town centres (except for Blackheath where accommodation and food predominates).

The 'arts, leisure and other services' covers a range of services such as performing arts, museums, sporting activities, religious organisations and personal services such as hairdressing. Clusters of activity in arts, leisure and other services can be found at Catford, Forest Hill, Deptford and the northern fringe of the Borough.

Figure 4.10 Spatial Distribution of Consumer Services Businesses in Lewisham

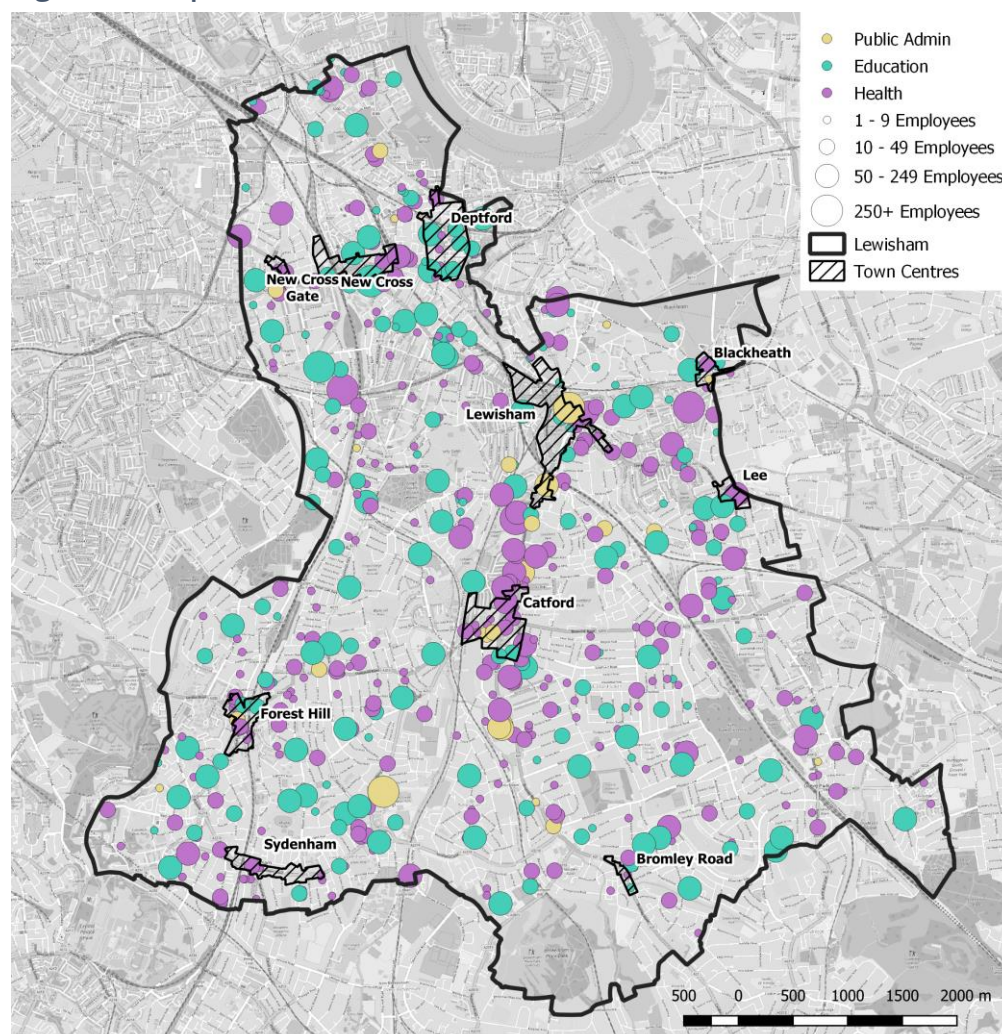


Source: IDBR

Public services activities are represented by more medium-sized businesses and organisations operating throughout the borough. These will reflect local schools and health centres servicing local populations. This map again highlights the role these sectors play as a source of the Lewisham employment base.

There is a cluster of health-related activity in the Lewisham-Catford Corridor around Lewisham Hospital.

Figure 4.11 Spatial Distribution of Public Services businesses in Lewisham



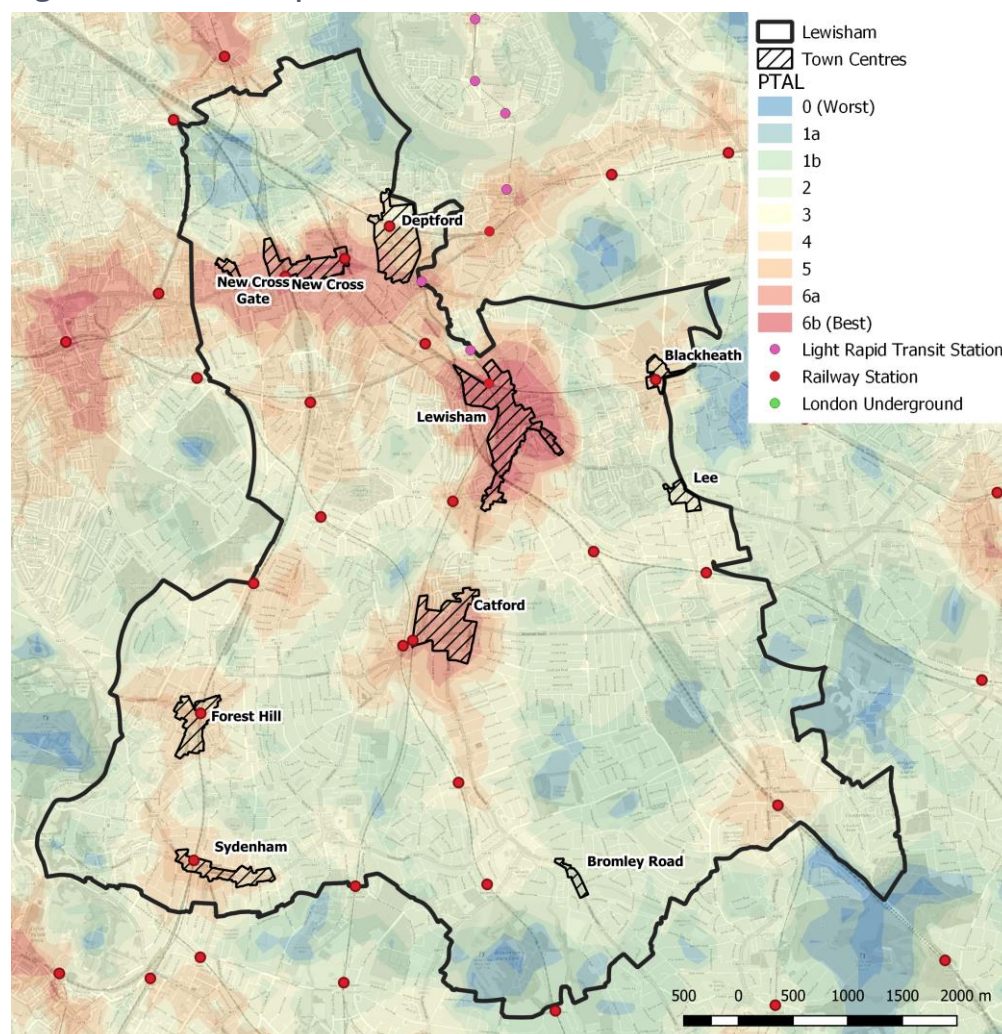
Source: IDBR

4.5 Economic infrastructure and location drivers

In the business survey, 'access to clients' and 'access to transport' were the two most commonly cited positive benefits of Lewisham as a business location. But as can be seen from Figure 4.12 below, only Lewisham, New Cross and Catford have high PTAL¹³ scores. For much of the borough, especially the south but also the most northerly part of the Borough, PTAL scores are actually quite low.

¹³ Public Transport Accessibility Level (PTAL) - The PTAL value combines information about how close public transport services are to a site and how frequent these services are. The highest level of connectivity has a PTAL of 6b and the lowest has a PTAL of 0.

Figure 4.12 PTAL Map of Lewisham



Source: TfL

But despite the relatively low PTAL ratings in much of the borough, the business survey found that access to clients and good transport access were the most commonly cited beneficial aspects of Lewisham across the borough. Perceptions about good access to the motorway network via the A2 and A20 may be consistent with the high levels of good transport access cited for the West of the borough in Table 4.2. The northern part of the borough around New Cross and Deptford, with greater proximity to Central London, were however more inclined to cite a central location as a key benefit.

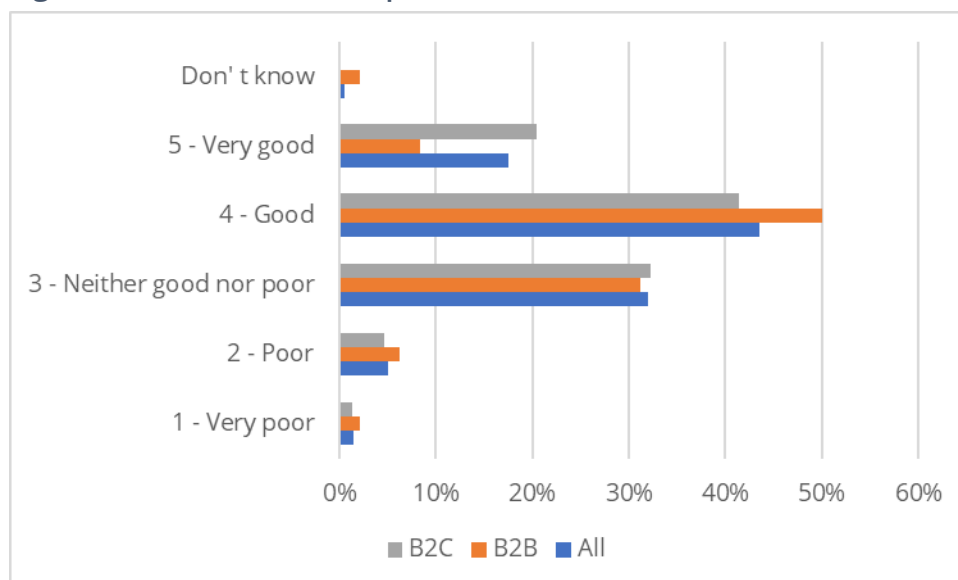
Table 4.2 Top Three Aspects of Lewisham that are Beneficial to your Business

	All	North	Centre	East	South	West
Access to clients	34%	22%	39%	50%	43%	29%
Good transport access	32%	29%	33%	33%	28%	37%
Accessibility / central location	18%	27%	18%	0%	17%	14%
Good economic climate / thriving	15%	12%	18%	0%	9%	20%
Access to likeminded businesses / good community	14%	18%	15%	17%	11%	12%

Source: Business Survey

In our survey of Lewisham Businesses, Lewisham was viewed favourable as a place to run a business. 61% reported it as either 'Good' or 'Very Good' and very few cited it as poor.

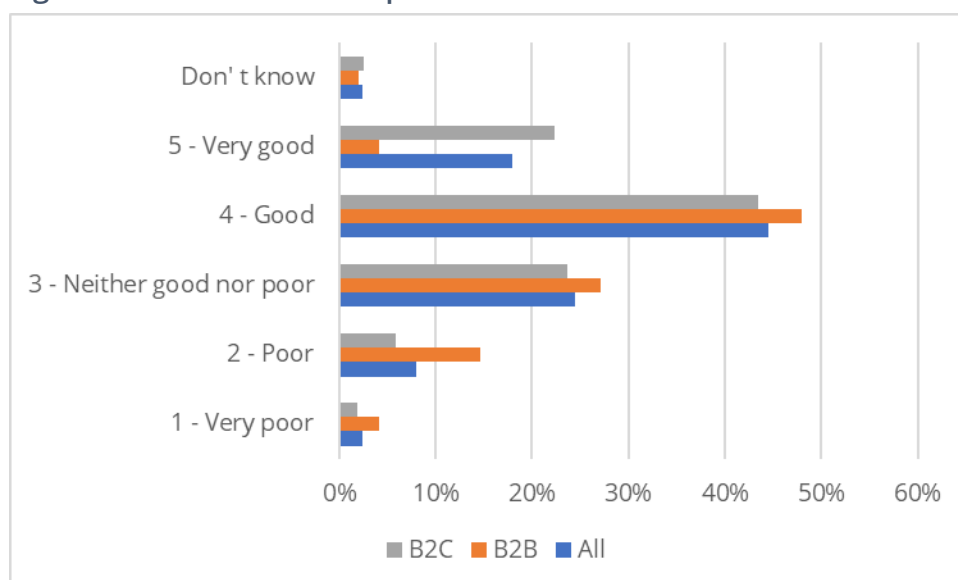
Figure 4.13 Lewisham as a place to run a Business¹⁴



Source: Business Survey

It similarly scored strongly as a place to work. 63% cited it as 'Good' or 'Very Good'.

Figure 4.14 Lewisham as a place to Work

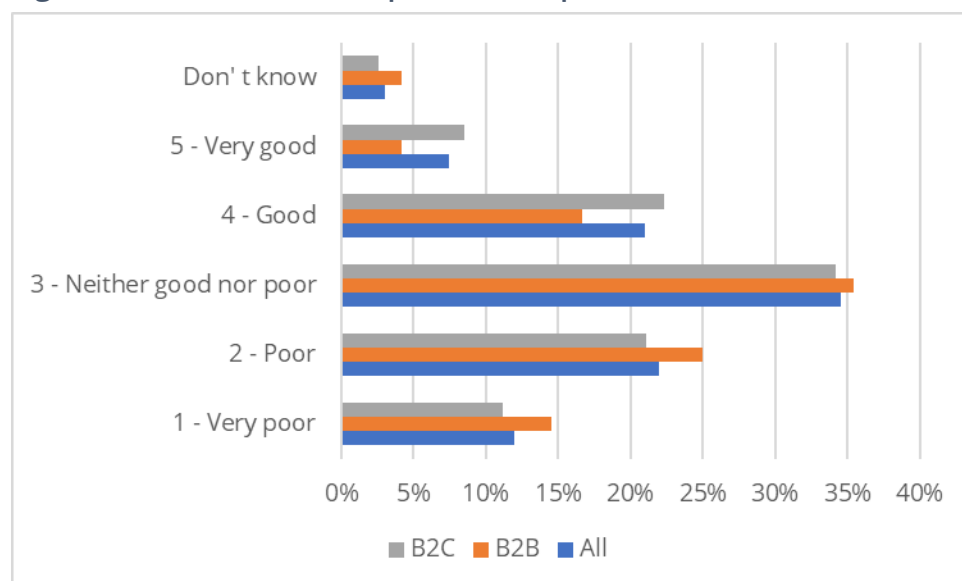


Source: Business Survey

Lewisham was rated less highly as a place to shop. 34% of respondents stated that it was 'Poor' or 'Very Poor', outweighing the 29% who said it was 'Good' or 'Very Good'.

¹⁴ B2C are businesses predominantly serving consumers, and B2B are businesses predominantly serving other businesses

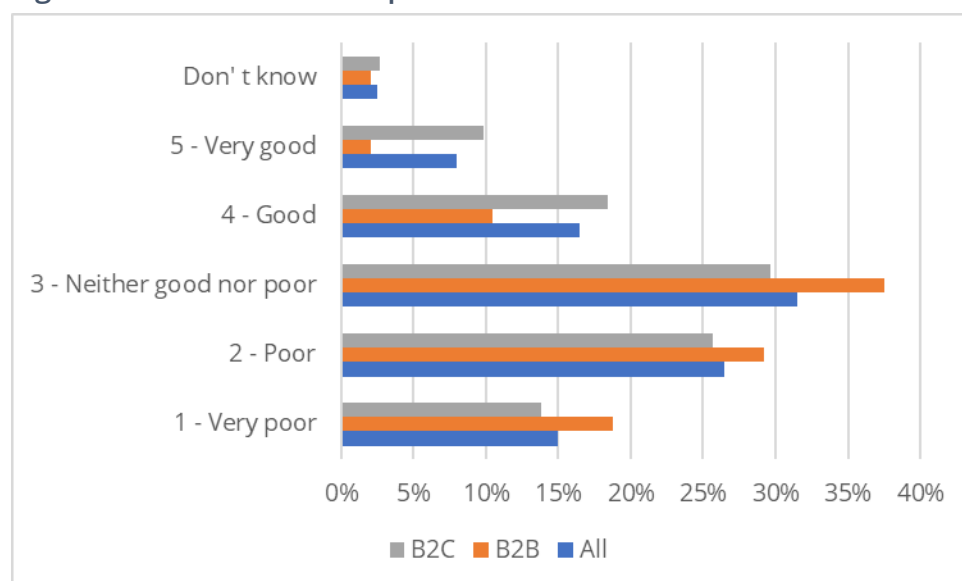
Figure 4.15 Lewisham as a place to Shop



Source: Business Survey

When businesses were asked their views on Lewisham as a place to visit, the ratings were poorer still. Only 25% of businesses reported Lewisham as being 'Good' or 'Very Good', which was outweighed by the 42% who said it was either 'Poor' or 'Very Poor'. The firms serving other businesses (i.e. B2B firms) had particularly strong adverse views.

Figure 4.16 Lewisham as a place to Visit



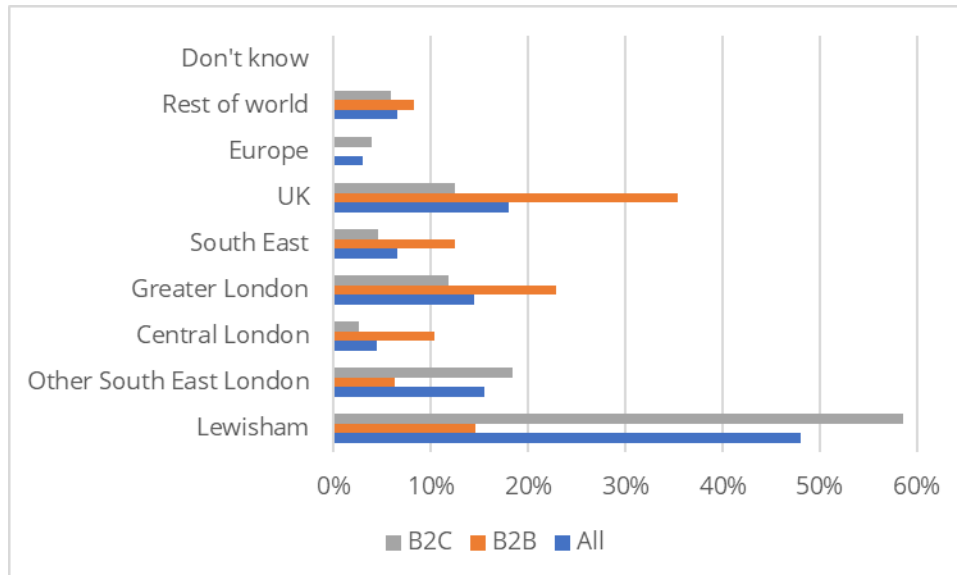
Source: Business Survey

These differing perspectives on Lewisham were reinforced during our consultations with economic stakeholders. These stakeholders felt that external perception of Lewisham were quite negative and that people from outside the borough may perceive the Lewisham to be rundown and unsafe.

4.6 Linkages

The business survey found that Lewisham businesses are principally serving local markets. This is especially the case for those businesses serving the consumer market. 48% of all respondents and 59% of 'business to consumer' (B2C) businesses stated that their principal customer base was Lewisham. A further 16% of all businesses and 18% of B2C businesses stated their principal market was elsewhere in South East London.

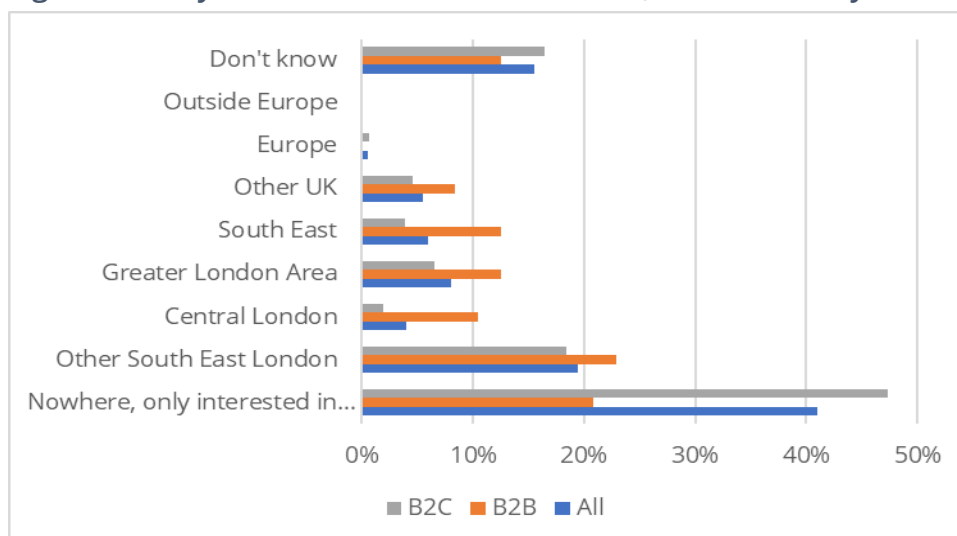
Figure 4.17 Location of Business Customers



Source: Business Survey

The fact that many Lewisham businesses are serving a largely local customer base was reinforced by business responses when asked where they would be based if they weren't in Lewisham. 40% of all businesses and 47% of B2C firms, stated that they were only interested in a Lewisham location. 20% of all firms said that if they were not in Lewisham they would be somewhere else in South East London. This confirms that these firms are largely serving a local and sub-regional market.

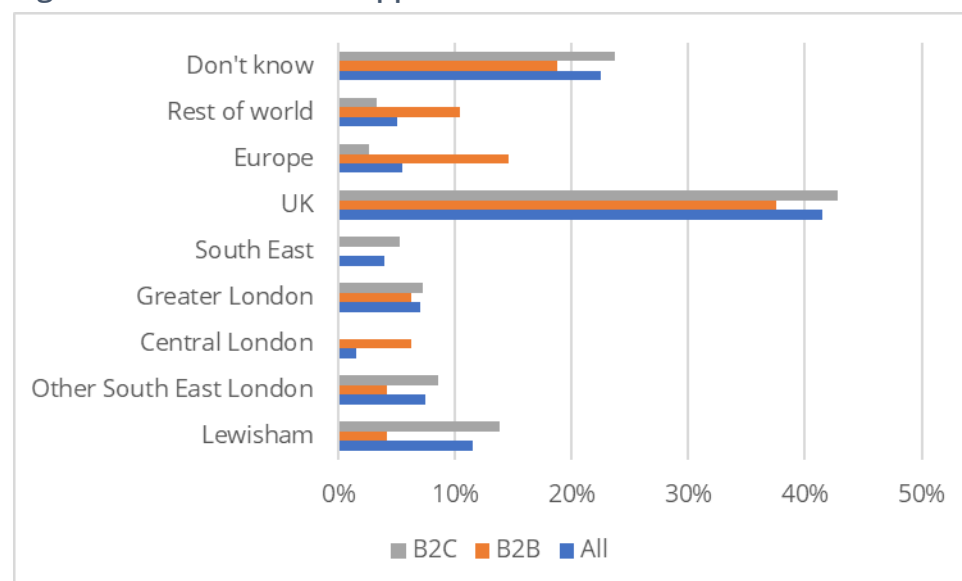
Figure 4.18 If you weren't based in Lewisham, where would you be based



Source: Business Survey

Whilst the customer base is generally local, supply linkages extend much wider. Excluding those firms that did not know, around half of respondents cited the rest of the UK as the principal source of their supplies. Local and sub-regional supply chains are much weaker.

Figure 4.19 Location of Suppliers



Source: Business Survey

4.7 Conclusions

Currently, the Lewisham economy is predominantly a local service economy servicing its resident population. This is a role it performs well: it is a fairly stable economy with the principal threats relating to potential downturns or leakages in consumer expenditure.

Lewisham's economy is also characterised by a large proportion of micro-businesses and high levels of self-employment.

Lewisham has a relatively small proportion of businesses that serve the wider (and very large) London economy. It has not experienced the same levels of growth in economic activity that have occurred elsewhere in inner London, possibly because it is not viewed externally as an obvious location for business.

But a number of the fundamentals are sound and potential infrastructure investment may strengthen Lewisham's economic asset base.

A survey of Lewisham SMEs earlier this year (not the one carried out for this study) identified the following SWOT analysis of the Lewisham Economy.¹⁵ This broadly concurs with the findings from our own consultation and analysis, hence confirming there is a generally well-understood consensus of what Lewisham is like as a business location.

¹⁵ Lewisham SME Business Survey – LB Lewisham (2018)

Figure 4.20 Lewisham Economy SWOT Analysis

Strengths	Weaknesses
<p>Location to the City, Central London and Canary Wharf</p> <p>Good public transport</p> <p>High business formation rate</p> <p>Growing employment in sectors (i.e. creative and digital media businesses) which are sustainable in the regional economy</p> <p>High skills, highly qualified residents and high number of knowledge workers</p> <p>Strong higher education institutions</p> <p>Dedicated business advice and growth support within Lewisham</p>	<p>Some residents continue to struggle to access the labour market</p> <p>High dependency on low value sectors and public sector</p> <p>Small business base</p> <p>Long term business survival rates are a major concern</p> <p>Lack of growth in mid and large size businesses</p> <p>Lack of current vacant business workspace and premises</p>
Opportunities	Threats
<p>New business premises in north Lewisham.</p> <p>New Enterprise Hubs to support new and small businesses.</p> <p>New centres for creative businesses</p> <p>Business Improvement Districts potential</p> <p>Development of Lewisham, Deptford and Catford Town centres.</p> <p>Bakerloo Line Extension</p> <p>Strengthen local supply chains</p> <p>Population increases creating new demand and new opportunities for businesses</p> <p><i>Growth in the Night-time Economy</i></p> <p><i>Growth in professional services</i></p>	<p>Loss of employment land to residential development</p> <p>Competition from alternative retail centres and internet shopping</p> <p>Reduction in public sector spending</p> <p>Poor quality business environments</p> <p>Low awareness of Lewisham as a place for business</p>

Source: SE London Chambers of Commerce, *Additions in Italics*

5 Property Market Assessment

5.1 Introduction

This chapter reviews the property market for employment space in the borough, covering offices and general industrial/distribution space. For both offices and general industrial/distribution space we consider in turn demand, supply and the balance of the market. The main purpose of the analysis is to identify where there is potential demand for new floorspace.

In relation to demand, we identify the types of business that are taking space in the borough or may consider doing so, and what property they are looking for in terms of size and quality. In relation to supply and market balance, we analyse the stock which is currently available, recently developed and in the pipeline, and the rental values and capital values that properties in the area are achieving. The purpose of our analysis is to determine:

- How far the existing floorspace stock is meeting current and foreseeable occupier requirements;
- Hence, how far there is likely to be demand for more or different space, now or in the future;
- Conversely, if property and land are oversupplied, overall or in particular sections of the market.

These findings will help assess the potential demand for new employment floorspace, and hence the quantity and qualitative mix of development sites.

A strength of the market-facing analysis is that it considers real-life property transactions, including the values (rents and prices) realised in such transactions, and whether these values are enough to support viable development. This provides evidence of effective, or viable, demand – which means that potential occupiers will pay enough, and (where relevant) have enough covenant strength,¹⁶ to support financially viable development.

Sources and definitions

Our property market research has drawn on three main sources:

- We have relied on the property market database Estates Gazette Interactive (EGi) and commercial property research reports for evidence of take-up, availability and values, both for the market overall and individual properties.
- Total stock figures have been derived from analysis of Valuation Office Agency (VOA) data on business rate assessments. We have cross-referenced this data with the EGi data to provide an indication of vacancy rates. Cross-referencing the EGi and VOA data has limitations: there are inconsistencies in descriptions of unit type or size between the two data sources which can make data matching problematic.¹⁷

¹⁶ A business tenant has strong covenant if there is good evidence that they will be in good financial health, and able to pay the rent, through the period of the tenancy.

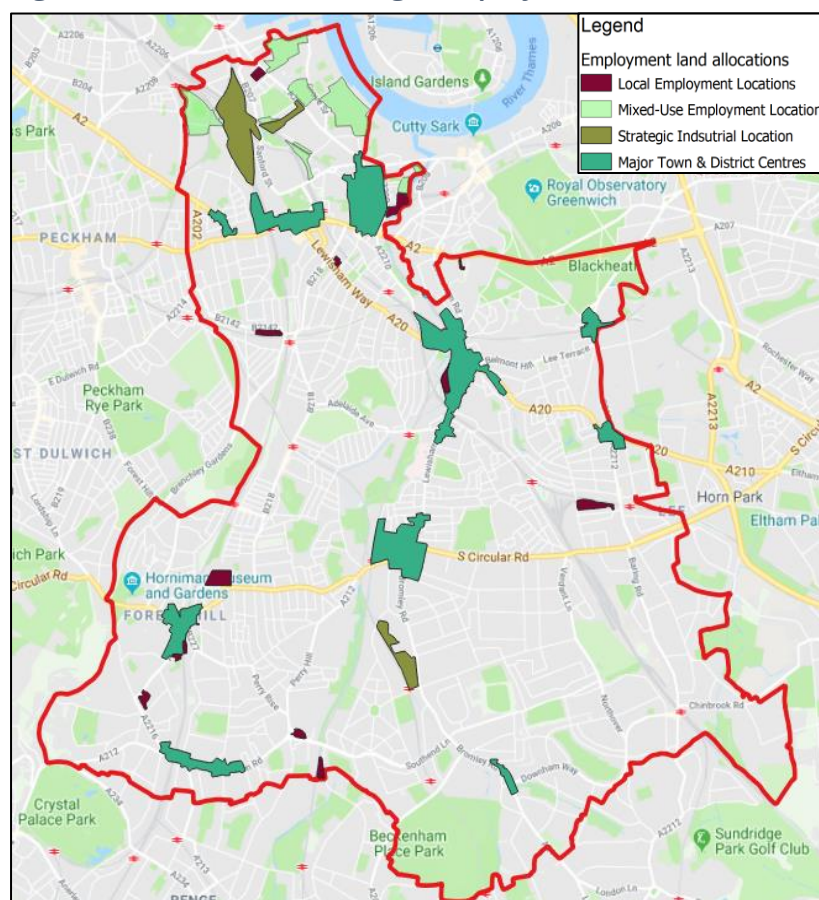
¹⁷ The reason why there may be discrepancies with unit type is that the VOA data has 117 description codes, of which we have used 21 in our analysis. In contrast, property agents may list property on EGi for industrial or office purposes that do not fall in the VOA categories that we have used in our analysis.

- For greater qualitative understanding of the market, we have consulted by phone with agents active in Lewisham Borough.

The main market indicators we have considered are rental values, capital values, recent take-up and floorspace availability (vacancy). In a property market context, 'take-up' means the occupation of business floorspace.¹⁸ Take-up covers both new-build and second-hand space (second-hand being the larger share of the market). When we consider availability, we consider all space being currently marketed. This covers both new and second-hand space.

The main employment areas in the borough are set out in Figure 5.1.

Figure 5.1 Lewisham Borough Employment Areas



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5.2 Overview

Lewisham has witnessed a steady decline in its stock of employment floorspace since 2001. For the most part this has been a gradual and moderate decline, though between 2007-11 there was a shakeout of the industrial floorspace stock which fell by more than 20% over this period.

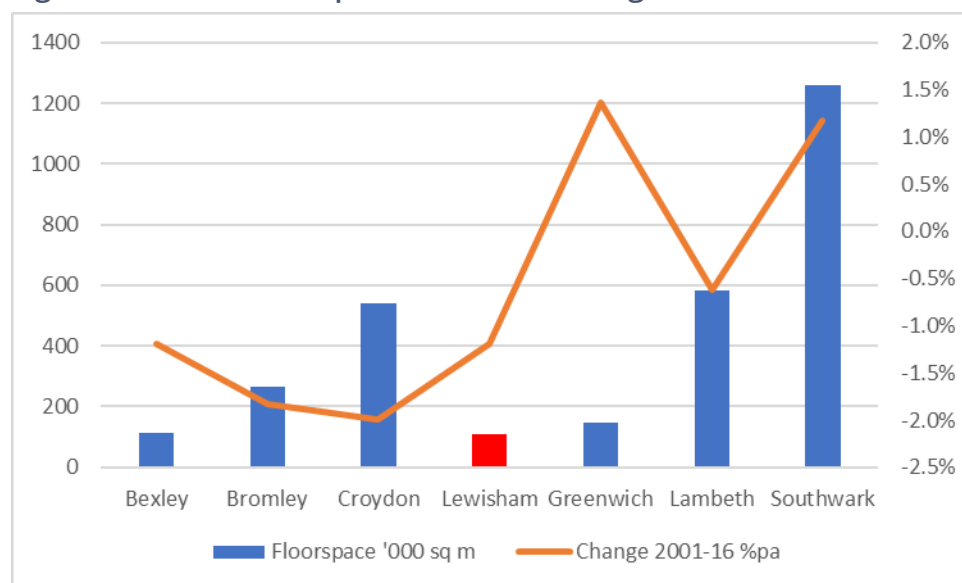
Similarly, size data may not correlate because (for example) EGi may provide a total floor area for a single building whereas VOA may list this into various suites, or vice versa. Due to the volume of data it has not been possible to 'iron out' these discrepancies.

¹⁸ SoS for Ministry of Housing, Communities and Local Government (July 2018), National Planning Policy Framework, para 120

Despite this loss in industrial stock there is still more than three times as much industrial floorspace as office floorspace in Lewisham.

Over the period 2001-16 office floorspace stock in Lewisham declined at an average of -1.2% p.a. This is in contrast to average growth of 0.5% in London as a whole over this period. Office floorspace stock in Lewisham is low compared to CAZ Boroughs such as Lambeth and Southwark or outer London office centres such as Croydon. It is however on a comparable scale to that found in Greenwich or Bexley.

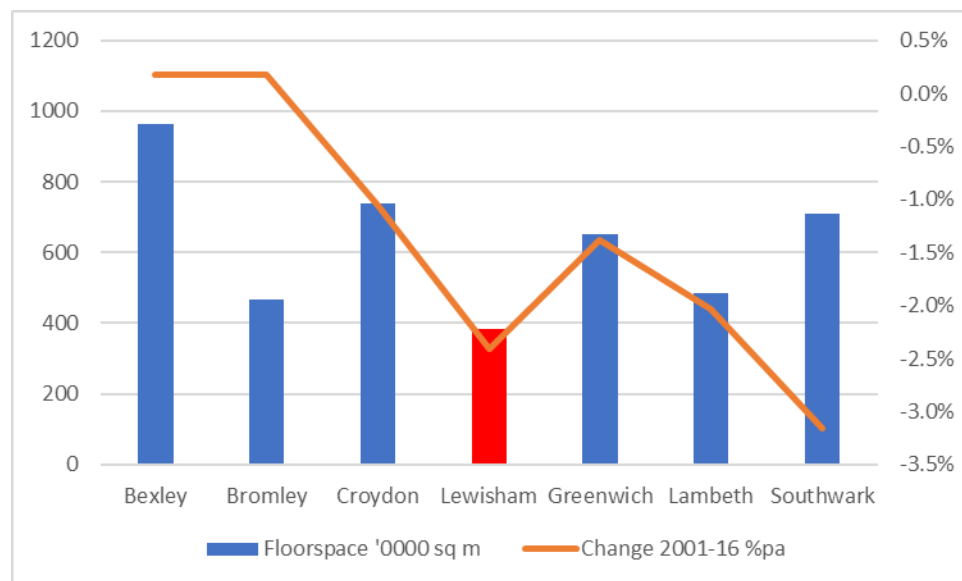
Figure 5.2 Office Floorspace Stock and Change in Stock 2001-16



Source: VOA

Lewisham also has a smaller industrial stock than any of its comparator boroughs in south east London, though the scale of the differential is not so marked. As can be seen from Figure 5.3 below the rate of decline in industrial stock has been at similarly high levels across inner London boroughs. Industrial stock has declined in inner London faster than the London average of -1.4% p.a., whilst industrial stock has been maintained in some outer London boroughs.

Figure 5.3 Industrial Floorspace Stock and Change in Stock 2001-16



Source: VOA

5.3 Office Market

National Office Market

During the recession in the late 2000s, speculative office development in the UK came to a standstill. As the national economy began to improve (around 2010), speculative office building restarted. This occurred firstly in London and followed by a number of core regional cities such as Manchester and around the Thames Valley. Office development is only currently viable and financeable – typically – with pre-let in place to a blue-chip covenant on a long lease. This structure gives sufficient security to investors to enable funding to be obtained. Robust demand for office space generally comes from professional services, TMTs (Technology, Media and Telecommunications) and flexible workspace providers.

There is current evidence of speculative office development in London and key regional centres where there is very strong office demand. Key regional centres where speculative office building has occurred is in the Thames Valley and cities such as Birmingham, Leeds and Manchester.

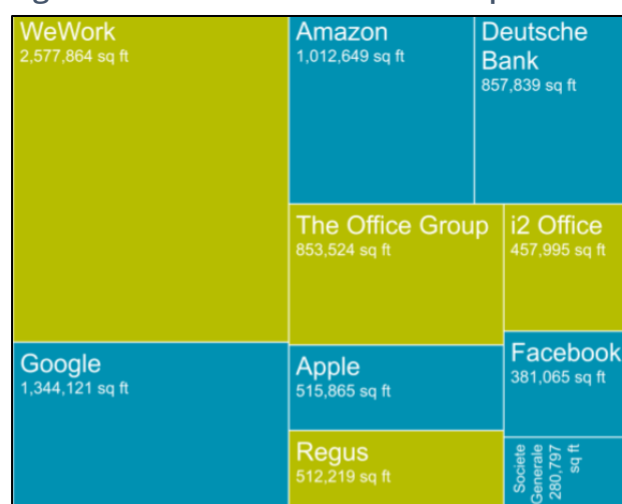
London Office Market

Generally, office development in London is only viable in Central Activity Zones (CAZ). In London, Quarter 1 2018 was a time of high demand for space and a lack of new space which has eased fears of a slowdown in the market instigated by the EU referendum. The lack of new space is caused by the time-lag of the development market not keeping pace with demand. Property agents JLL report that the vacancy rates for offices in Central London in 2018 was 4%.¹⁹ Knight Frank report that *“London is not seeing large numbers of jobs leave as a result of the vote to leave the EU. Most major banks and insurers have announced plans to move a small number of jobs (usually in the low hundreds) to offices in the European Union in order to continue serving*

¹⁹ JLL (Q1 2018) Central London Office Market Report

*EU-based clients post-Brexit.*²⁰ The impact the financial services has on the London office is market is mitigated through the London office market now having a larger reliance on the TMT sector: *“Government figures show the number of people in London employed in the technology, media and telecoms (TMT) sector overtook those working in finance and insurance in 2013, thanks to rapid expansion by major digital firms.”*²⁰ In addition, flexible workspace providers are also taking significant amount of space. Figure 5.4 shows that flexible office providers (WeWork, The Office Group, i2 Office, and Regus) have taken the most central London office space since 2012, accounting for over 4 million sq ft of office space. These are followed by TMTs such as Google and Amazon.

Figure 5.4 Central London Office Space Take-up Since 2012



Source: Cushman & Wakefield – Coworking 2018

Lewisham Office Market

The Borough of Lewisham is not typically considered an office location, with demand for office space being low compared to other similarly sized boroughs in London such as Newham. Most of the traditional office space in the borough is located in Lewisham centre, Catford, and the Local Employment Locations (LELs). But the emergence of flexible workspace has meant that Lewisham is becoming a hub for small and medium enterprises (SMEs). Places such as Dek (located in Catford, Lewisham and Ladywell) and Fuel Tank (in Deptford operated by The Workspace Group) has meant that more people now have access to Coworking space in the borough. Large office occupiers in the borough include: Lewisham Council (Local Authority), Andrew Cross & Co (Accountants), and Westminster Homecare (Specialist care provider).

Demand

Demand for office space in Lewisham is low and is focused on small spaces (below 5,000 sq ft).

Table 5.1 shows that between 2013 and 2017, there was an average of 8 deals done per annum with an average yearly floorspace take-up of 16,430 sq ft; this highlights the low level of office activity in the borough. The most active year in terms of number of transactions, was 2014, with a total of 13 transactions. In 2017 there was a 12,289 sq ft lease at Romer House on Lewisham

²⁰ Knight Frank (2018) The London Report

High Street. We understand that Romer House has been leased to Regus and has been converted into serviced office space. Although not shown in Table 5.1, there have only been two recorded transactions in 2018. Both have been at 82-84 Childers Street and equate to 8,993 sq ft.

Table 5.1 LB Lewisham Annual Office Take-up Since 2013

Calendar year	No. of transactions	Total take-up sq ft
2013	5	7,392
2014	13	35,184
2015	6	11,274
2016	10	12,306
2017	5	15,995
Total	39	82,151
Annual average 2013 – 2017	8	16,430

Source: EGi, accessed June 2018

Occupiers in Lewisham currently look for space that is close to amenities, close to their service base and affordable. Most occupiers prefer areas to the north of the borough such as New Cross, Lewisham Town Centre and Deptford as they offer better connectivity and general amenities than areas in the south such as Catford, Bellingham and Lower Sydenham. The occupiers requiring space in Lewisham are generally businesses servicing the local area, examples include JBS Solicitors taking 900 sq ft of space and the charity Three Cs taking 3,500 sq ft.

Table 5.2 shows that the take-up of office space tends to be for smaller units: the majority of transactions (71%) recorded on EGi since 2013 were up to 2,000 sq ft. There has only been one transaction above 10,001 sq ft, which was the letting to Regus at Romer House (see above).

Table 5.2 Lewisham Office Take-up by unit size

Size range sq ft	Total No of units	% of units by size range
up to 1,000	14	34%
1,001-2,000	15	37%
2,001-5,000	7	17%
5,001-10,000	4	10%
10,001-20,000	1	2%
+20,000	0	0%
Total	41	100%

Source: EGi, accessed June 2018

Supply and Market Balance

Analysis has been undertaken of VOA data on the existing total stock in the borough. This has been cross-referenced with EGi advertised properties to assess availability. Table 5.3 shows there are 18 units currently available which equates to a total of 58,479 sq ft of floorspace. This is against a total stock of 596 units / 1,047,474 sq ft registered on VOA. Therefore, the current vacancy rate for offices is 6% of floorspace and 3% of number of units. Cross referencing the availability in Table 5.3 with annual take-up (shown in Table 5.1), this equates to supply of 2 years

and 3 months in relation to number of units and 3 years 6 months' in relation to floorspace. Both of these indicators are reasonable and do not indicate that the market is particularly tight.

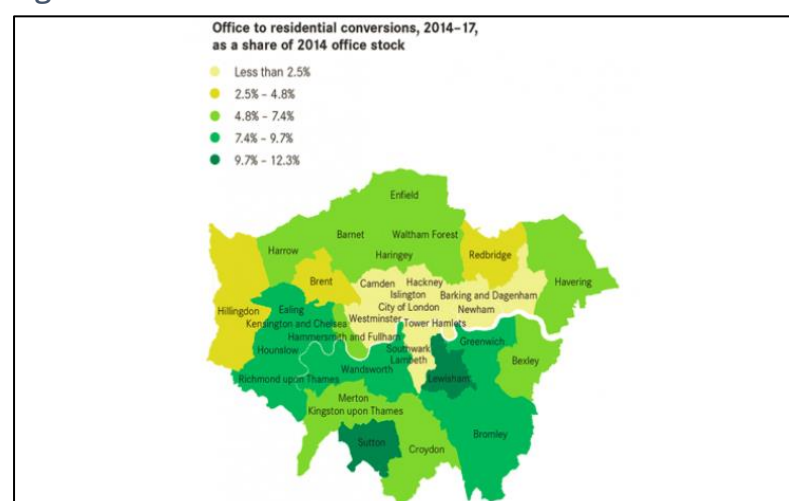
Table 5.3 LB Lewisham Total Office Availability

	Floorspace sq ft	No. of units
Total stock	1,047,474	596
Availability	58,479	18
	6%	3%

Source: EGi & VOA, accessed June 2018

Although the current vacancy rate is not a cause for concern, supply is tightening. This is partly because an increasing amount of office space is being lost through Permitted Development Rights (PDR). Figure 5.5 shows that between 2014 and 2017, over 10% of the office stock in Lewisham was lost due to PDR, a significantly higher proportionate loss than in any neighbouring borough.

Figure 5.5 Office to Residential Conversions 2014-2017



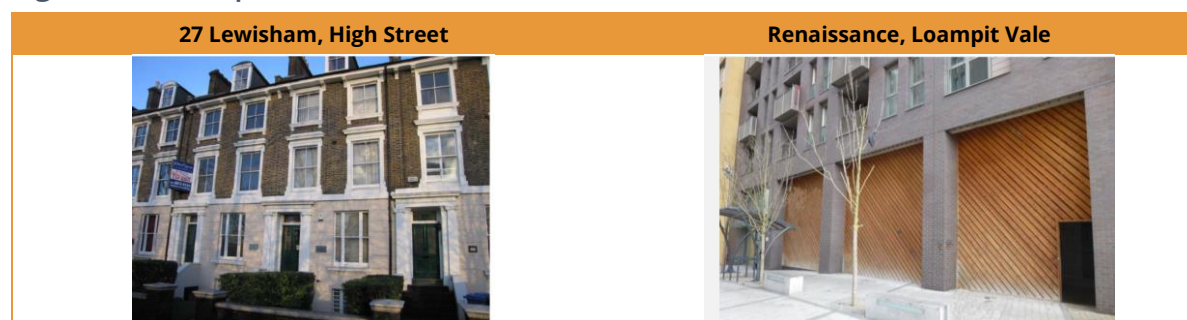
Source: MHCLG, 2018, VOA, 2018

To assess whether there are any specific employment areas in the borough which has particularly higher or low office vacancy we have undertaken the following analysis by employment location.

Lewisham Town Centre

As illustrated in Figure 5.6 the office stock is mixed: there is traditional space offered in converted premises, purpose built 1960s/70s space and new build space provided as part of a mixed-use development.

Figure 5.6 Examples of Office Stock in Lewisham Town Centre



Source: EGI propertylink

Table 5.4 shows that there are just 2 units available in Lewisham town centre out of a total stock of 66 units registered on the VOA. This equates to a 3% vacancy rate. Both of the units advertised are below 5,000 sq ft – this is where there is greatest demand. The vacancy data does not reflect the availability at Romer House, which is being offered through the serviced office provider Regus which will help service the market for small units.

Table 5.4 Office Availability Lewisham Town Centre

Size range sq ft	Total No of units	% of units by size range	No. of units available	% of units available
up to 1,000	31	47%	0	0%
1,001-2,000	13	20%	1	8%
2,001-5,000	17	26%	1	6%
5,001-10,000	3	5%	0	0%
10,001-20,000	1	2%	0	0%
+20,000	1	2%	0	0%
Total	66	100%	2	3%

Source: EGI & VOA, accessed June 2018

Catford Town Centre

The Catford office market is relatively small as Catford has not traditionally been considered as an office location. As illustrated in Figure 5.7 office space in Catford tends to be offered in purpose-built units on a refurbished basis.

Figure 5.7 Example of Office Space in Catford



Source: hindwoods.co.uk

Table 5.5 shows that two-thirds of the office stock in Catford comprises units under 1,000 sq ft. Out of a total stock of 58 units registered on VOA, there are just 2 units available on EGi – this equates to a vacancy rate of 3%. The 2 vacant units are both under 5,000 sq ft. Although there are only 2 units available in Catford, which would indicate very low availability, we would not consider this a major concern given the weak and small nature of the market.

Table 5.5 Office Availability Catford

Size range sq ft	Total No of units	% of units by size range	No. of units available	% of units available
up to 1,000	38	66%	0	0%
1,001-2,000	6	10%	1	17%
2,001-5,000	6	10%	1	17%
5,001-10,000	1	2%	0	0%
10,001-20,000	4	7%	0	0%
+20,000	3	5%	0	0%
Total	58	100%	2	3%

Source: EGi & VOA, accessed June 2018

Local Employment Locations (LELs)

The office market across the 13 LELs is even smaller than Catford, with 80% of the stock being in units of 1,000 sq ft. Table 5.6 shows that there are 2 units available on EGi in all the LELs in the borough against a total stock of 70 units registered on VOA. Again, 2 units would normally indicate very tight supply but given the weak nature of the office market this is not a concern.

Table 5.6 Office Availability LELs Combined

Size range sq ft	Total No of units	% of units by size range	No. of units available	% of units available
up to 1,000	56	80%	1	2%
1,001-2,000	10	14%	0	0%
2,001-5,000	4	6%	1	25%
5,001-10,000	0	0%	0	0%
10,001-20,000	0	0%	0	0%
+20,000	0	0%	0	0%
Total	70	100%	2	3%

Source: EGi & VOA, accessed June 2018

Rent Levels

Office rents in central London are around £75 per square foot (psf) for prime stock, £60 psf for Grade A and £38 psf for Grade B. At these rent levels, the development of prime and Grade A office space is viable and refurbishment of Grade B space is viable.

There is little recent evidence of achieved office rents in Lewisham on EGi. But the evidence we have shows that good quality space is letting at between £18-20 psf. These rents are sufficient to refurbish existing space. However, rents for Grade B offices are around £14 psf which is more akin to industrial rents. At these rent levels, this space is vulnerable to redevelopment for higher-value residential use. With low rental income being received from existing use there is most incentive to redevelop for use such as residential that will generate higher values.

Development Opportunities

The town centres offer the greatest scope for office development, but the market remains challenging due to the low rents achievable. Furthermore, the borough does not attract large corporate occupiers seeking pre-lets. Any space brought forward would therefore need to be small units to attract local occupiers. This type of office space generally needs to be delivered as part of a mixed-use development. But this space is usually offered on a 'shell and core'²¹ basis and faces competition from competing uses such as gyms. To make office units attractive to end users as part of a mixed-use development, the space needs to be offered fitted out to negate high initial costs for incoming tenants and to be ready for occupation.

5.4 Industrial Market

We now consider the industrial market. Again, we provide initial analysis of the national and London markets before providing detailed analysis at borough level.

National Industrial Market

Nationally, the general industrial market is healthy due to good levels of demand and tightening supply. During the global economic crisis in 2008, speculative development came to a halt. At that time there was sufficient supply to meet demand due to weakening occupier demand and

²¹ A 'shell and core' is the first stage of a building's fit out. It refers to the installation of the basic structure of the building. The occupiers is then responsible for the fit out.

to the wave of speculative development that had occurred pre-financial crisis (driven by easy access to finance).

In recent years, supply has tightened. This is due to improvement in the economy, changing shopping patterns (e.g. the increase in online sales), and some units being lost to higher value residential uses. But more recently, the devaluation of the pound has supported growth in the UK manufacturing sector, by making exports more competitive.

In some areas of the country, supply of industrial units has not kept pace with demand due to the lack of new build development. Developers are finding it much harder to fund industrial warehousing development compared to the situation before the financial crisis.

London Industrial Market

London is seeing some of the highest demand for industrial space in the country. This has been driven by population growth, tightening of industrial land supply, demand from e-commerce and the need for services to support the capital's global economy. Industrial space is also facing pressure from residential redevelopment and from 'non-traditional' industrial uses (e.g. creative industries) that are attracted to the space due to its flexibility and relatively affordability compared to traditional offices.

Due to the pressure from residential development London has been losing industrial space at a greater rate than forecasted. The GLA's London Industrial Land Demand study (June 2017) states that *"There are approximately 7,000 hectares (ha) of industrial land in London. In the period 2010-15 the stock of industrial land in London fell by over 500 ha, at an annual rate of 106 ha per annum. This compares to a release benchmark of 37 ha per annum in the current (2016) London Plan based on recommendations in the 2011 Industrial Land Demand and Release Benchmarks in London report."*

Due to the on-going pressure on industrial land, the market is beginning to respond, but this is still very much at an early stage. Solutions are being sought through intensification and mixed-use – examples of which are set out in Figure 5.8.

Figure 5.8 Examples of intensification and mixed-use industrial



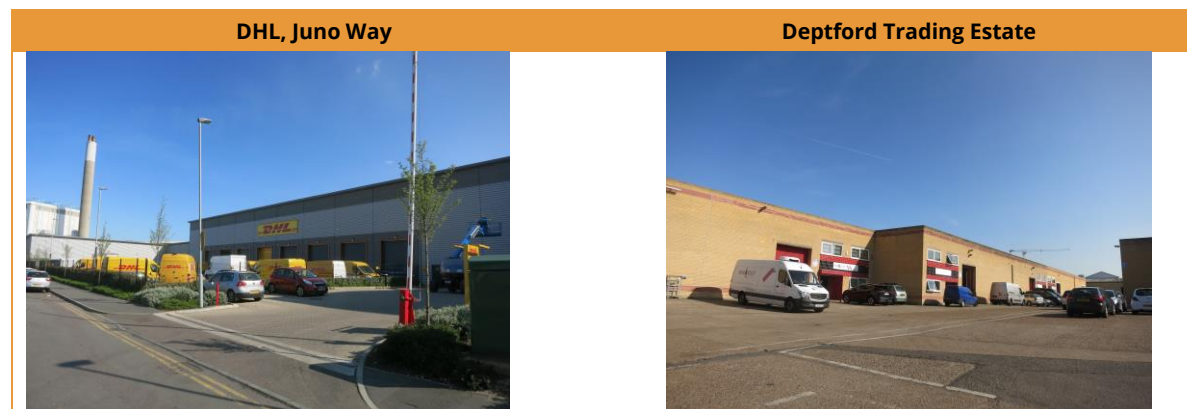
Source: royalwharfnews.com, beemold.com

Agents report that operators in London are being forced to innovative and take unconventional approaches to service their markets. For example, some occupiers are using a network of smaller units across the city rather than a central distribution hub.

5.5 Lewisham Industrial Market

The Lewisham industrial market is larger than the office market. As shown in Figure 5.9 the age and specification of industrial units in the borough varies. In the north of the borough, around Deptford Trading Estate and Surrey Canal Road, there are a number of established industrial estates. To the south, around Bromley Road, there has been more recent development such as the Selco unit on Bromley Road.

Figure 5.9 Examples of industrial space in Lewisham



Source: AspinallVerdi, 2018

Large industrial occupiers in the borough by floorspace include DHL Express (3PL) in a 55,000 sq ft unit, Access Self-Storage (Storage Company) in a 41,000 sq ft unit, and Selco (builders' merchant) in a 108,000 sq ft unit.

Like elsewhere in London, industrial space in Lewisham has been lost to residential, examples include Axiom House (23,000 sq ft) and Hatcham Mews Business Centre (14,000 sq ft).

Demand

There is strong demand for industrial space in the borough from a mix of sectors including traditional industrial, trade counter, last mile distribution and storage. Also, the borough is seeing demand from those seeking to relocate from Old Kent Road. There is a strong freehold market, but this does not form the majority of the demand. There is no demand for larger scale distribution units, with agents reporting that this tends to locate outside the M25.

Borough Wide Take Up

Table 5.7 shows that between 2013 and 2017, annual general industrial take-up averaged 100,000 sq ft across 17 transactions. The most active years in terms of number of units were 2014 and 2015 with 19 – 22 deals per year. The highest volume of take-up was in 2013, with 136,635 sq ft of space transacted. Between 2016 and 2017, there was a drop-in take-up, both in terms of number of units and total floor space. This is not due to lack of demand from occupiers, but due to lack of available supply with limited new stock being delivered.

Table 5.7 LB Lewisham Annual Industrial Take-up Since 2013

Calendar year	No. of transactions	Total take-up sq ft
2013	16	136,721
2014	22	132,635
2015	19	101,959
2016	14	72,332
2017	14	57,233
Total	85	500,880
Annual average 2013 – 2017	17	100,176

Source: EGi, accessed June 2018

Table 5.8 shows that virtually all the transactions recorded over this period were 25,000 sq ft and under. Transactions were dominated by take-up of smaller units, with nearly two-thirds of transactions being 5,000 sq ft and under. There have only been two transactions above 25,001 sq ft, both of which occurred in 2013 and included the 25,327 sq ft letting to Pipe Centre

Table 5.8 Lewisham Industrial Take Up by Unit Size

Size range sq ft	Total No of units	% of units by size range
up to 2,000	19	22%
2,001-5,000	34	40%
5,001-25,000	30	35%
25,001-50,000	2	2%
50,001-100,000	0	0%
+100,000	0	0%
Total	85	100%

Source: EGi, accessed June 2018

Supply and Market Balance

Table 5.9 shows that there were 17 units available in the borough in June 2018, equating to a total of 83,849 sq ft. This is against a total stock of 737 units / 2,700,798 million sq ft registered on VOA. Therefore, there is a current vacancy rate of 3% of floorspace and 2% of number of units. If we cross reference the availability in Table 5.9 with annual take-up (shown in Table 5.7), the availability across the borough equates to 6 months in relation to number of units and 4 months' supply in relation to floorspace. Both of these indicators show that the market for industrial units is very tight.

Table 5.9 LB Lewisham Total Industrial Availability

	Floorspace sq ft	No. of units
Total stock	2,700,798	737
Availability	83,849	17
	3%	2%

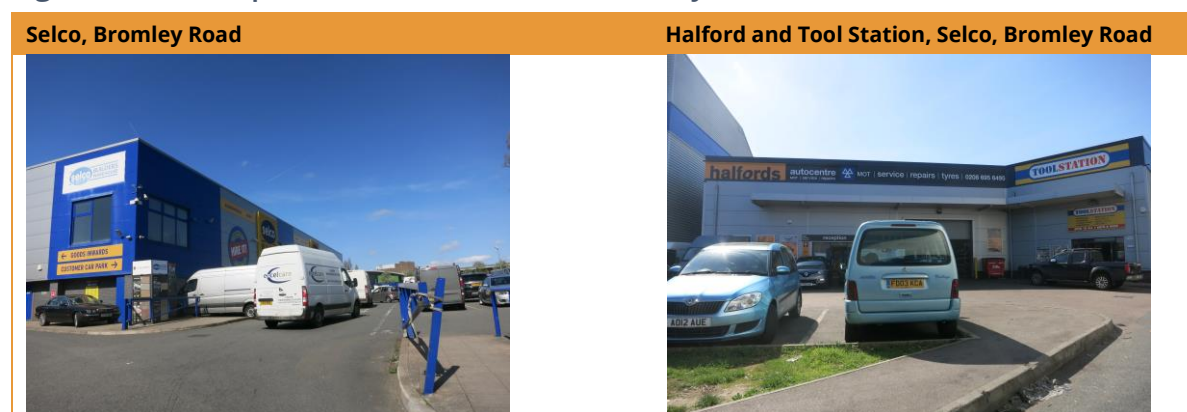
Source: EGi & VOA, accessed June 2018

To assess whether there are any specific employment areas in the borough which has particularly high or low office vacancy, we have undertaken analysis across each of the borough's Strategic Industrial Locations (SILs).

Bromley Road Strategic Industrial Location (SIL)

Figure 5.10 shows that there are a number of good quality modern units in the Bromley Road SIL, many of which are used as trade counter units.

Figure 5.10 Examples of modern units at Bromley Road



Source: AspinallVerdi, 2018

Table 5.10 shows that there are no units available on EGi in Bromley Road SIL. This is against a total stock of 27 units registered on VOA. With only 27 units registered on the VOA, the location is small compared to Surrey Canal SIL. The low vacancy rate is a concern given the strategic importance and popular nature of this SIL, which attracts high-quality occupiers.

Table 5.10 Industrial Availability Bromley Road SIL

Size range sq ft	Total No of units	% of units by size range	No. of units available	% of units available
up to 2,000	0	0%	0	0%
2,001-5,000	20	74%	0	0%
5,001-25,000	6	22%	0	0%
25,001-50,000	0	0%	0	0%
50,001-100,000	0	0%	0	0%
+100,000	1	4%	0	0%
Total	27	100%	0	0%

Source: EGi & VOA, accessed June 2018

Surrey Canal SIL

Figure 5.11 shows Surrey Canal SIL offers a wide range (age, quality and size) of purpose-built industrial accommodation. The wide range of accommodation means that this SIL is able to attract a wide range and type of occupiers.

Figure 5.11 Examples of industrial stock at Surrey Canal SIL



Source: AspinallVerdi, 2018

Table 5.11 shows that there are six units available on EGi in the Surrey Canal SIL. This is against a total stock of 122 units registered on VOA, equating to a vacancy rate of 5% of units. The majority of stock is small units, with over 82% under 5,000 sq ft in size. This reflects the nature of the inner London industrial market, with units often being small due to the lack of available land to fill large requirements. The biggest available unit is 8,988 sq ft in size and located at Deptford Trading Estate. We would consider the vacancy rate here to be reasonable. Though below optimal, the vacancy is for smaller units which is where there is the most demand from occupiers.

Table 5.11 Industrial Availability Surrey Canal SIL

Size range sq ft	Total No of units	% of units by size range	No. of units available	% of units available
up to 2,000	66	54%	1	2%
2,001-5,000	34	28%	4	6%
5,001-25,000	20	16%	1	5%
25,001-50,000	0	0%	0	0%
50,001-100,000	1	1%	0	0%
+100,000	1	1%	0	0%
Total	122	100%	6	5%

Source: EGi & VOA, accessed June 2018

Surrey Canal Triangle Mixed-use Area (MUA)

The Surrey Canal Triangle predominantly comprises small units. Table 5.12 shows that there are no units available on EGi in Surrey Canal MUA. This is a concern given the strong demand for industrial space in the borough.

Table 5.12 Industrial Availability Surrey Canal Triangle MUA

Size range sq ft	Total No of units	% of units by size range	No. of units available	% of units available
up to 2,000	63	84%	0	0%
2,001-5,000	9	12%	0	0%
5,001-25,000	1	1%	0	0%
25,001-50,000	2	3%	0	0%
50,001-100,000	0	0%	0	0%
+100,000	0	0%	0	0%
Total	75	100%	0	0%

Source: EGi & VOA, accessed June 2018

Industrial Local Employment Locations (LELs)

The LELs are spread across the borough and represent a large amount of the total stock. Table 5.13 shows that there are 4 units available on EGi in all the LELs in the borough. This is against a total stock of 140 units registered on VOA, equating to a vacancy rate of 3% of units. Like other areas in the borough, units under 5,000 sq ft represent the majority of the stock. The highest percentage of vacancy is for units between 2,001 sq ft – 5,000 sq ft, at 13%. This is not a concern as it is just 3 units and this is the size range where there is good level of demand. The largest available unit is 5,847 sq ft at Chiltonian Industrial Estate with 5,847 sq ft. Given the level of demand for space in Lewisham the vacancy rate is low.

Table 5.13 Industrial Availability All LELs

Size range sq ft	Total No of units	% of units by size range	No. of units available	% of units available
up to 2,000	87	62%	0	0%
2,001-5,000	23	16%	3	13%
5,001-25,000	27	19%	1	4%
25,001-50,000	2	1%	0	0%
50,001-100,000	1	1%	0	0%
+100,000	0	0%	0	0%
Total	140	100%	4	3%

Source: EGi & VOA, accessed June 2018

Rent Levels

Around London and the south east, industrial rent levels are increasing due to the growing London economy. This, coupled with a decline in available industrial space, has meant that industrial rents in Greater London will continue to rise. Rents for industrial space in the borough range from £16 psf for units of circa 5,000 sq ft and rising to £20 psf for smaller units of 1,000 sq ft. Freehold units are achieving £180 psf.

Development Opportunities

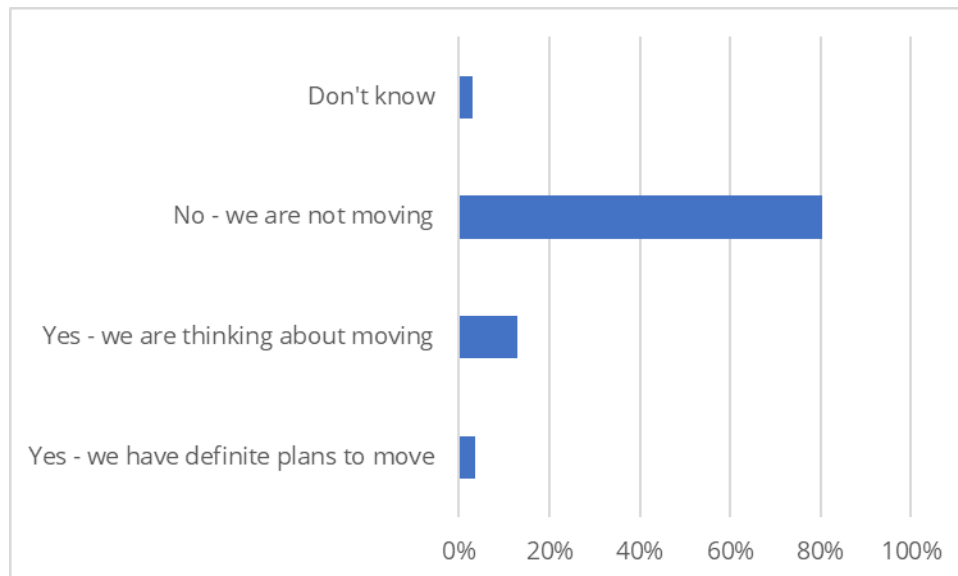
Given the pressure from competing land uses there are no obvious development opportunities in the borough. Industrial development is viable without 'residential hope' value and we have seen new development occurring such as Chiltonian Industrial Estate and Trade City Sydenham. If new units were brought to the market they would be occupied given the low vacancy rates and

strong demand for space. The issue that is being faced in Lewisham and the wider area is how to intensify space in existing employment areas and/or bring space forward as part of mixed-use development.

5.6 Business Survey

Findings from the business survey suggest that only a small number of Lewisham firms are planning to move premises in the next three years, whilst some other are considering it. But, as shown in Figure 5.12, the vast majority of firms have no plans to move.

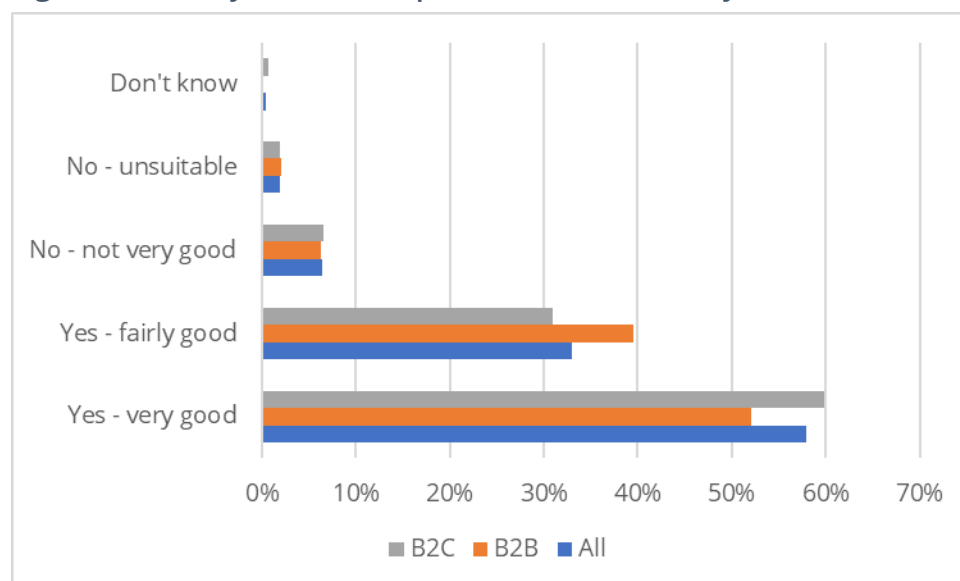
Figure 5.12 Are you planning on moving premises in the next 3 years



Source: Business Survey

This may be linked to that fact that businesses were generally satisfied with the suitability of their premises with only 2% citing them as unsuitable. As shown in Figure 5.13, the overwhelming majority of both B2B and B2C firms reported that their current premises were either 'fairly good' or 'very good'.

Figure 5.13 Are your current premises suitable for your business needs



Source: Business Survey

5.7 Conclusions on Property Market Assessment

Lewisham industrial market is much stronger than its office market. Vacancy levels in the borough for offices are reasonable but supply is tight for industrial space: this is where there is greatest demand. Both industrial and office spaces are facing pressure from higher value residential use.

Demand for office space in the borough is from traditional occupiers servicing the local area. The borough does not attract large 'footloose' requirements for office space. The nature of demand for office space means it is not viable for standalone development. If new space was to be brought forward it would need to be small units, delivered as part of a mixed-use development to enable higher value uses to cross-subsidise the unviable office space. It would be important to consider how this space was brought to the market, not as 'shell and core', but appropriately designed and 'fitted out' to meet occupier requirements.

Offices should be brought forward in the main town centres of Lewisham and Catford. This type of space in these locations can be delivered on ground and first floors. To be fitted out with carpet/laminate flooring, plastered walls, and suspended ceiling with acoustic tiles / or stripped out ceiling to expose plant.

Industrial development is viable in the borough and space would be occupied if brought forward. The general strategy in London to increase/maintain industrial floorspace is to seek to intensify existing industrial areas and bring forward new development through mixed-use. Both of these approaches are still unproven and this is where the challenge lies. Existing industrial areas need to be protected and mixed-use development should be encouraged in appropriate areas.

With regards industrial, this will be through intensification of existing employment areas and potential edge of centres as part of mixed-use development.

6 Lewisham's Workforce

6.1 Introduction

This section sets out a profile of the people who work in Lewisham. It looks at the number of people that work in the borough, the sectors they work in, their occupation and skills levels and training needs reported by employers. It examines workplace earnings and where the workforce comes from. Labour or human capital is critical to economic competitiveness in terms of quantity (providing enough workers to enable businesses to grow) and quality (providing workers with the right skills).

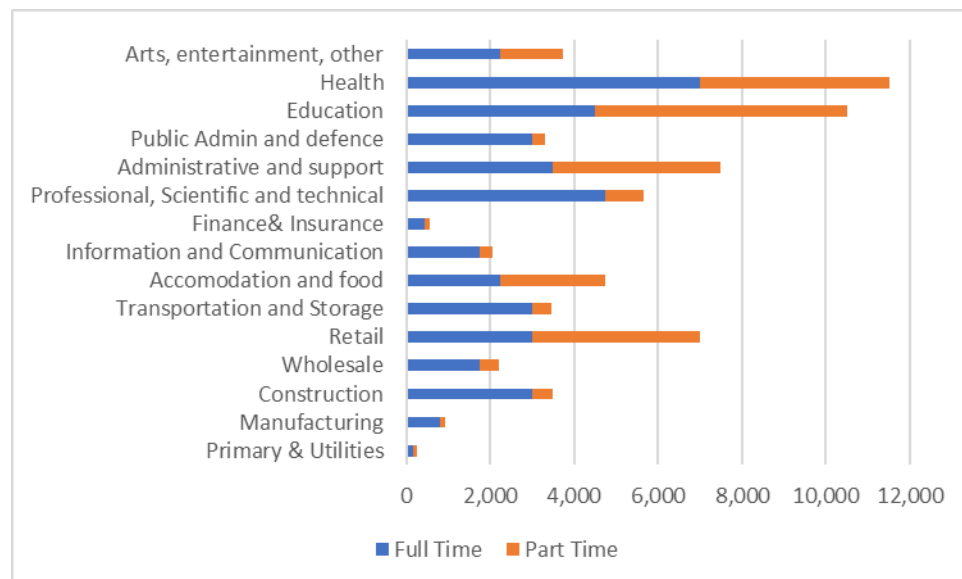
People who work in Lewisham can also be an important source of economic activity in their own right. They potentially contribute through spending in local shops and on leisure and cultural activities.

6.2 Employment

In 2016 there were 66,000 employee jobs in Lewisham. 60% of these were full-time jobs and 40% were part-time jobs. Adding in working owners²² takes the total to 68,000.

The single largest sector was health which accounted for 17% of employee jobs followed by education which accounted for 15%. The next two largest sectors were administrative and support services which accounted for 12% of jobs and retail which accounted for 10%. These four sectors accounted for over half of all employment in the borough and all have a high proportion of part-time employment.

Figure 6.1 Employment in Lewisham by Sector and Full-Time/Part-Time



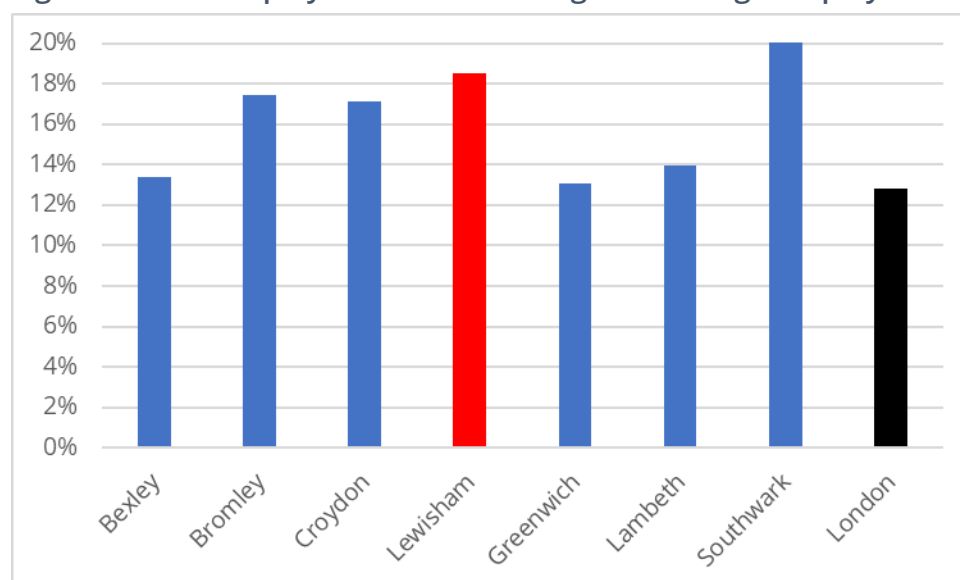
Source: BRES

²² Working owners are typically sole traders, sole proprietors or partners who receive drawings or a share of the profits. But this definition of employment does not include other self-employed workers.

Self-Employment

GLA Economics estimate there are 15,000 self-employed workers in Lewisham, giving an employment total of 81,000 in 2016²³. Self-employment therefore represents 18.5% of all jobs in the borough significantly higher than the London average of 12.8%. Of the comparator boroughs, only Southwark has a higher rate of self-employment.

Figure 6.2 Self-Employment as Percentage of Borough Employment



Source: APS

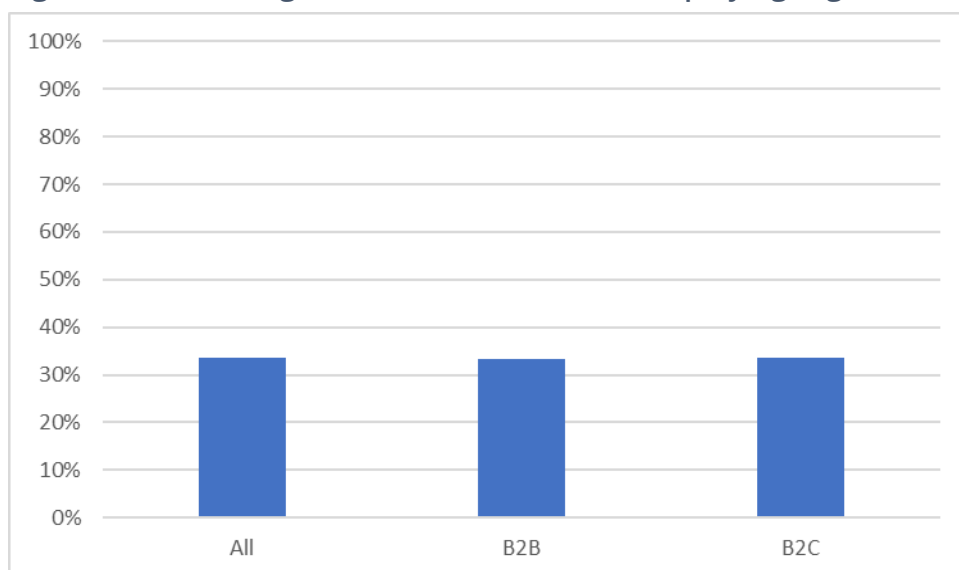
Night-time Workers

Whilst London is recognised as a 24-hour city and the London Mayor has a policy to grow the Night-Time Economy, there is limited data on how many people are night-workers. In our business survey we asked firms if they employed any night-workers (defined as people who worked after 8.00 pm). One-third of respondents (34%) said they did. The percentage was similar for B2B (33%) and B2C (34%) firms.

Of those business that said they employed night-workers, just over half (54%) said that 100% of their workforce were night-workers. This was higher for B2C firms (57%) than B2B (44%).

²³ London Labour Market Projections 2017 – GLA Economics

Figure 6.3 Percentage of Lewisham Business Employing Night Workers

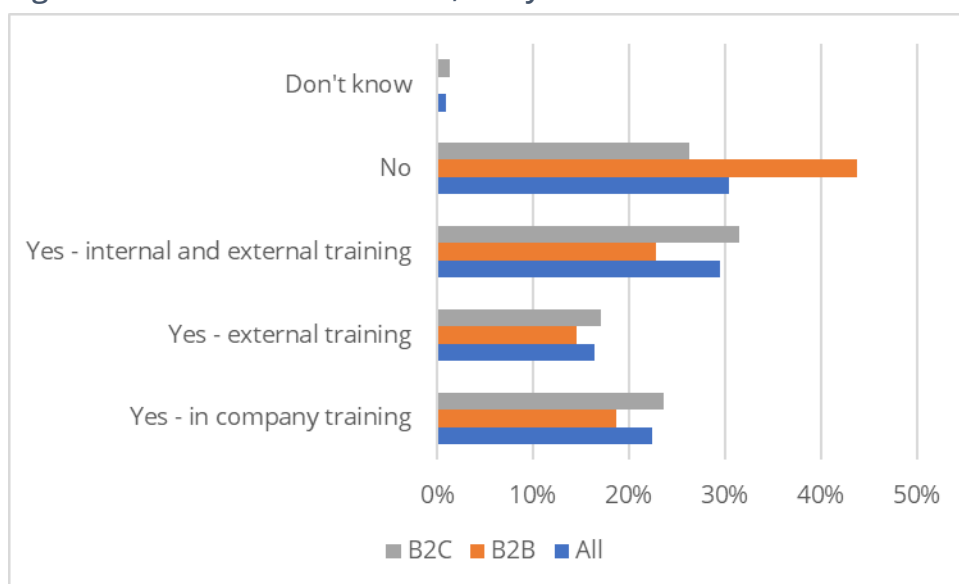


Source: Business Survey

6.3 Skills and Training

In our survey of Lewisham businesses 69% of respondents said their workforce had received some form of training in the past 12 months. This was delivered through a combination of in-house and external training.

Figure 6.4 In the last 12 months, has your workforce received training

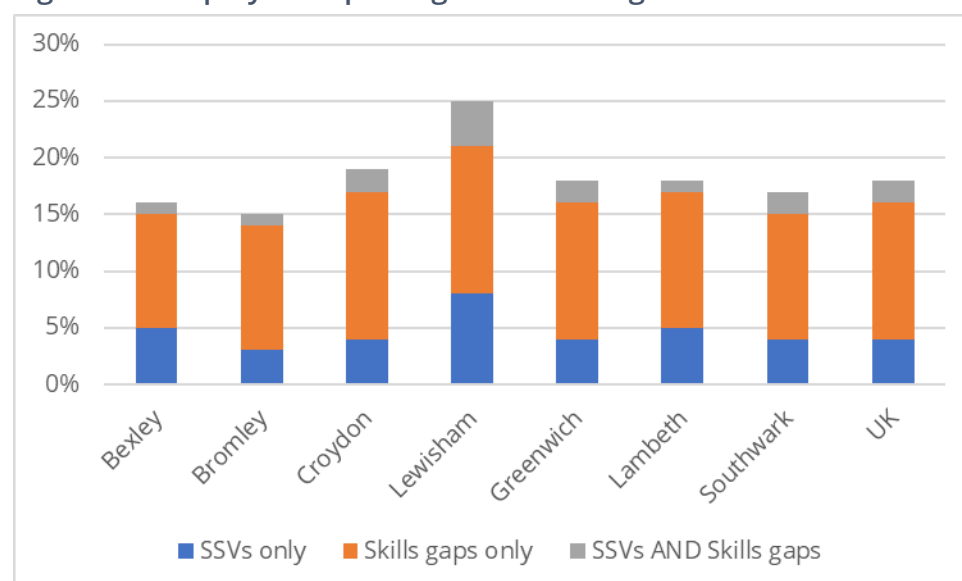


Source: Business Survey

Data from the 2015 UK Commission Employers Skills Survey showed that Lewisham businesses reported a higher level of skills shortages than either comparator boroughs or than the national average. 26% of Lewisham business reported having either skills shortages vacancies (SSVs), skills gaps or both, compared with a national average of 18%. The occupation with the highest level of reported vacancies in Lewisham was the caring, leisure and other service staff.

Whilst the survey sheds no light on why skills shortages are higher in Lewisham, a possible explanation is the competition for workers with close neighbouring areas offering better paid jobs or jobs with better career prospects.

Figure 6.5 Employers reporting Skills Shortages



Source: UK Commission Employers Skills Survey 2015

The impact of hard-to-fill vacancies arising from skill shortages were reported by businesses in the UKCES survey as having real adverse effects. Whilst the single largest impact was on other staff, high numbers of businesses stated that skills shortages affected their ability to meet customer demand.

Table 6.1 Impact of hard-to-fill vacancies that are all as a result of skill shortages

Increase workload for other staff	84%
Have difficulties meeting customer services objectives	49%
Lose business or orders to competitors	42%
Experience increased operating costs	42%
Delay developing new products or services	40%
Have difficulties meeting quality standards	35%
Have difficulties introducing new working practices	34%
Outsource work	30%
Withdraw from offering certain products or services altogether	24%
Have difficulties introducing technological change	23%
None	5%

Source: UK Commission Employers Skills Survey 2015

In our survey Lewisham businesses were asked about training needs for their workforce. Some were quite specific to that own business's needs: specialist skills or knowledge was the most widely cited, with knowledge of products and services also prominent amongst B2C businesses. But computer literacy was also widely cited as were standard skills such as writing and understating of instructions and reports, especially amongst B2B firms.

- *“Language is a huge issue; we have problems with progressing people internally because of their language – they can't communicate to the required level.”*

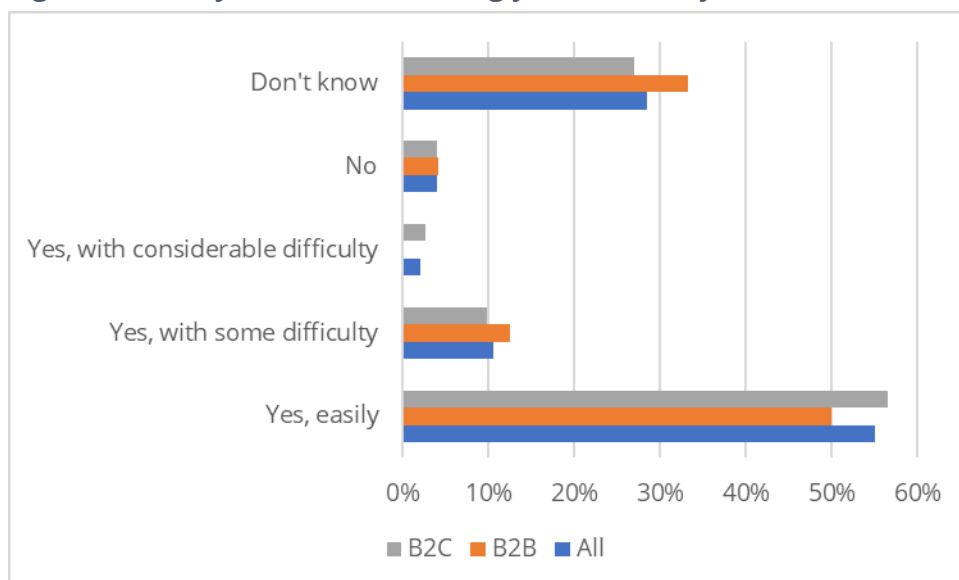
Figure 6.6 Top Three reported Training Needs



Source: Business Survey

But businesses reported that they were able to access the training they needed for their staff without much difficulty. The number of training providers used by Lewisham businesses was very wide ranging and a large number of providers were cited. This suggest there are no obvious gaps in training provision that are preventing Lewisham business from accessing the training they need for their workers.

Figure 6.7 Can you find the training you need for your staff?



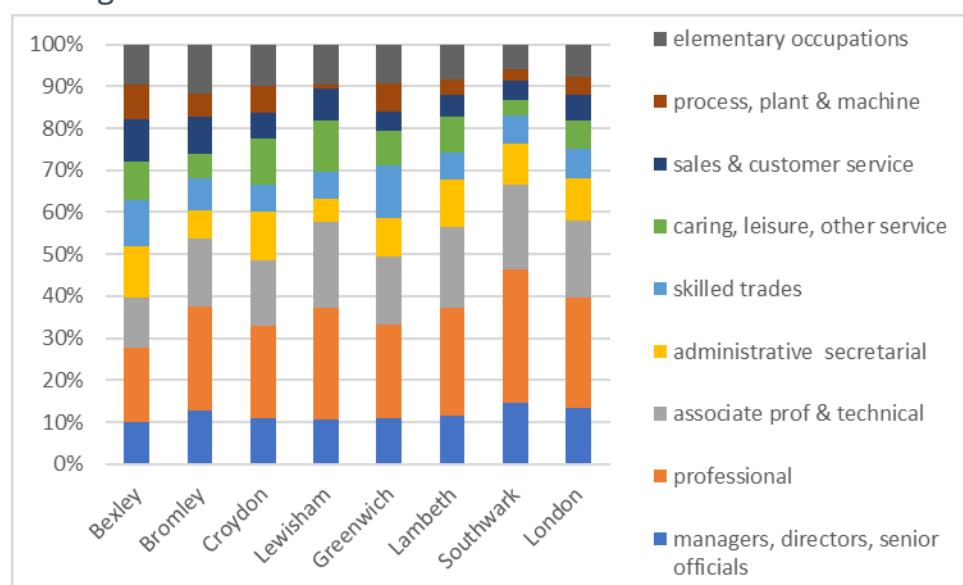
Source: Business Survey

6.4 Occupations

Lewisham has a higher proportion of its workplace workforce employed in 'caring, leisure and other services' occupations at 12.1% compared with 6.6% for London as a whole. Lewisham also has the highest proportion of its workforce employed in the in 'caring, leisure and other services' occupations of any of the comparator Boroughs.

Compared to London as a whole and comparator boroughs, Lewisham has a lower proportion of its workforce employed in administrative and secretarial occupations and in process plant and machine occupations.

Figure 6.8 Occupational Profile of Lewisham Workplace Workforce and Comparator Boroughs

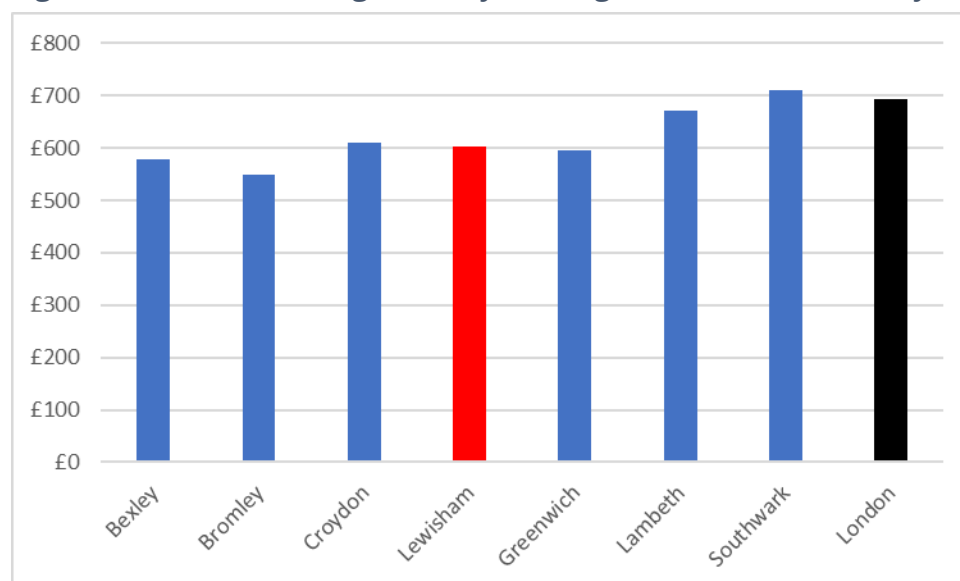


Source: APS

6.5 Earnings

Median average weekly wages for full time workers in Lewisham in 2017 were £603.10 per week (equivalent to around £31,400 a year). That was around 15% lower than the London average of £692.50 per week, Average weekly earnings for workers employed in Lewisham were similar to those in Croydon and Greenwich. They were higher than the average earning of workers in Bexley and Bromley. They were lower than the average earnings of workers in Lambeth and Southwark both of which include parts of the CAZ in their boroughs.

Figure 6.9 Median Average Weekly Earnings Full Time Workers by Workplace 2017



Source: Annual Survey of Hours and Earnings (ASHE)

The differential from the London average is similar for both male and female full-time workers. At £654.60 a week, median weekly earning of male full-time workers working in Lewisham are 85.4% of the London average. Median weekly earning of female full-time workers working in Lewisham, at £538.50, are 86.5% of the London average. But 40% of the people who work in Lewisham do not work full-time and median earning for part-time workers are only around one-third of those for full-time workers.

Whilst low compared to full-time earnings, median weekly earnings of female part-time workers working in Lewisham at £220.50 are above the London average of £204.40. (There is, however, is a wide confidence interval when reporting Borough level data for part time workers due to the small sample size, so the findings should be treated with a degree of caution.)

Figure 6.10 Median Weekly Earnings by Sex and Full-Time Part-Time

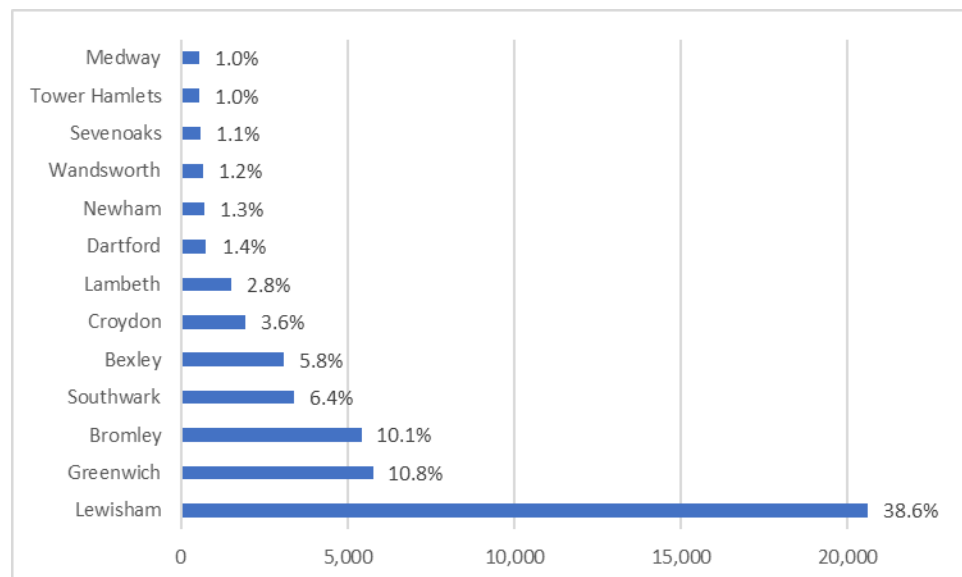


Source: ASHE

6.6 Linkages

A high proportion of people who work in Lewisham live in the borough. At the time of the 2011 Census, 20,600 of the people who worked in Lewisham also lived in the borough, with residents making up 38.6% of the total workforce. The six south east London boroughs that constitute the comparator areas for this study jointly contributed nearly 40% of the workforce, with each of Greenwich and Bromley supplying just over 10% of the Lewisham workforce.

Figure 6.11 Place of Residence of People Working in Lewisham



Source: Census 2011

6.7 Conclusions on Workforce

The workplace workforce in Lewisham reflects the job opportunities that are to be found there, with a high proportion of employment in the health and education sectors. Lewisham has a comparatively high proportion of its workplace employed in 'caring, leisure and other services' occupations. It also has a high proportion of self-employment and of part-time employment.

As a consequence of its employment structure, wage levels are lower than the London average and lower than those in most of the neighbouring comparator boroughs. This creates difficulties for some Lewisham firms in terms of recruitment because they are competing for a labour force that has access to a wide range of job opportunities elsewhere in London, particularly Central London. A high proportion of the Lewisham workforce comes from Lewisham itself and from neighbouring south east London boroughs, in particular Greenwich and Bromley. Lower wage jobs and part-time employment are more likely to have relatively local recruitment as the cost and time of travelling to jobs elsewhere are significant relative to earnings.

Respondents to our business survey reported a number of training needs with language and IT skills featuring prominently. But businesses also reported no difficulties in sourcing the training they needed, so training provision per se does not appear to be a barrier for business activity.

The limited size of the workforce and comparatively low earnings also limits the local multiplier effects that might be generated through workers spending in the local area. So, there are further consequential effects, which impact in particular on the town centre economies of Lewisham.

7 Lewisham's Residents

7.1 Introduction

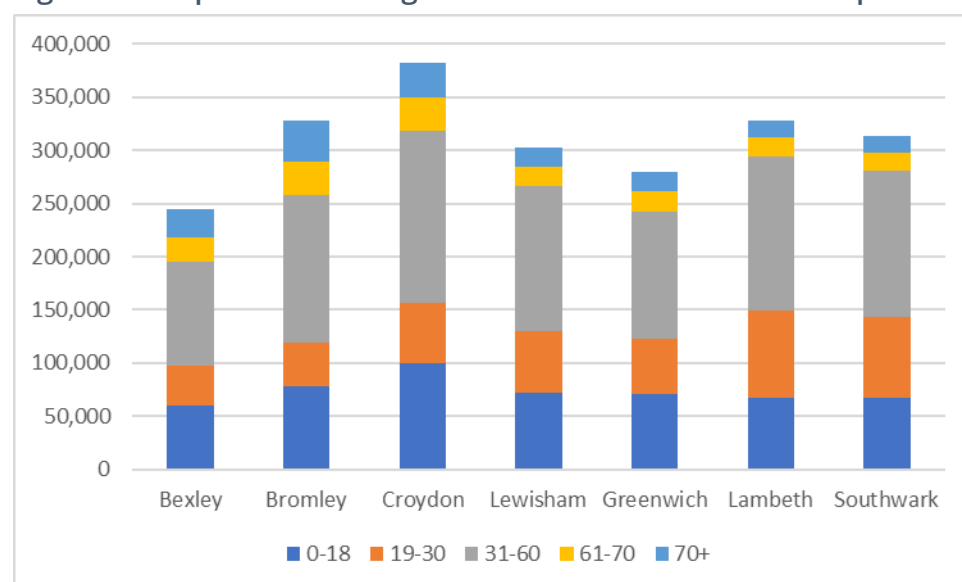
This chapter provides a profile of the resident economy of Lewisham. It sets out the economic characteristics of working age residents who live in the borough, regardless of where they work. It covers age structure, economic activity and employment status, skills, occupational profile and earnings.

7.2 Population and Labour Supply

In 2016 Lewisham had a population of just over 300,000. It had the largest proportion in the 31-60 age cohort of any of the comparator boroughs (at 45.1%): this is above the London average of 42.8%. However, Lewisham has a lower proportion of working age population than Lambeth and Southwark as they have a higher proportion in the 19-30 age cohort.

Lewisham has a significantly lower proportion of population in the older over 60 age cohort than the outer London boroughs of Bexley, Bromley and Croydon.

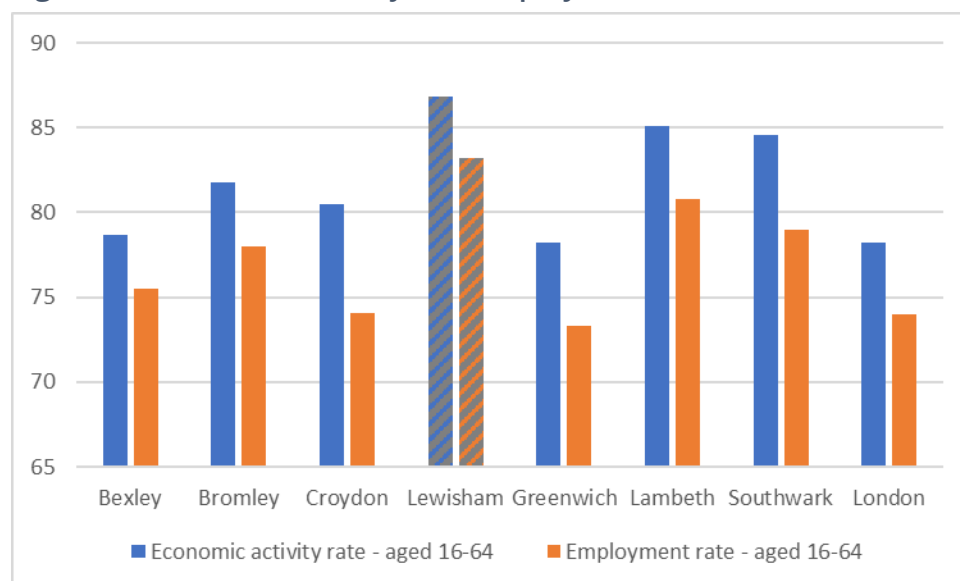
Figure 7.1 Population and Age Profile of Lewisham and Comparator Boroughs



Source: GLA

In 2017 there were 183,000 economically active residents of working age (16-64) in Lewisham. Of these, 175,000 were in employment. Economic activity rates in Lewisham are high: 86.8% of the working age population are economically active compared with 78.2% for London as a whole. Lewisham has the highest economic activity rate of any of the comparator boroughs. Its employment rate is also the highest of any of the comparator boroughs and, at 83.2%, is well above the London average of 74.0%.

Figure 7.2 Economic Activity and Employment Rates



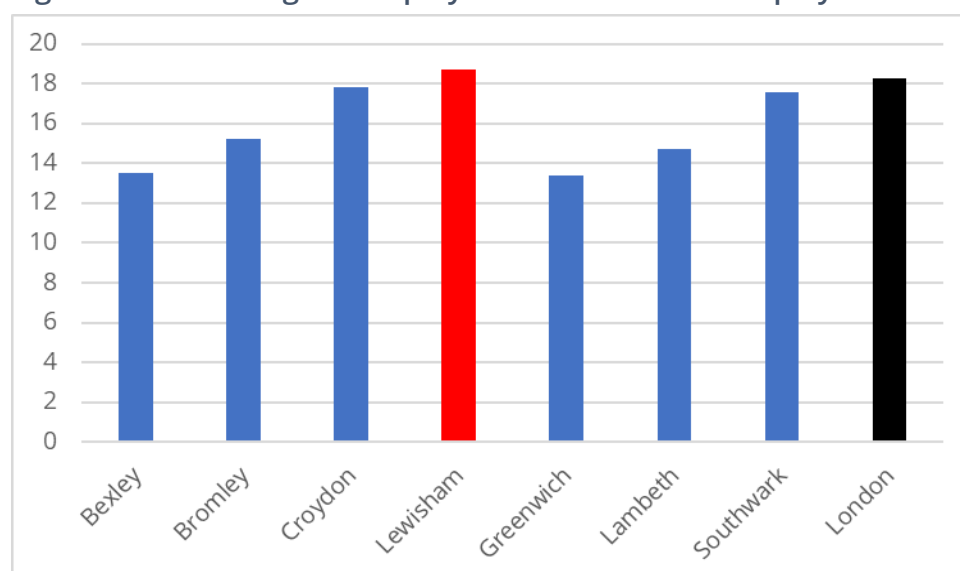
Source: APS (Jan 2017-Dec 2017)

In 2016/17 there were 7,273 National Insurance (NI) Number registrations in Lewisham for overseas adults entering the UK. That represents 34.3 per thousand working age population in Lewisham compared to 48.8 per thousand for London as a whole.

7.3 Employment Status

A higher proportion of Lewisham residents in employment are self-employed than in any of the comparator boroughs and the proportion is also higher than the London average. However, due to the wide confidence interval of this sample survey, these figures are volatile at the borough level and should be treated with some caution.

Figure 7.3 Percentage in employment who are self-employed - working age 2017

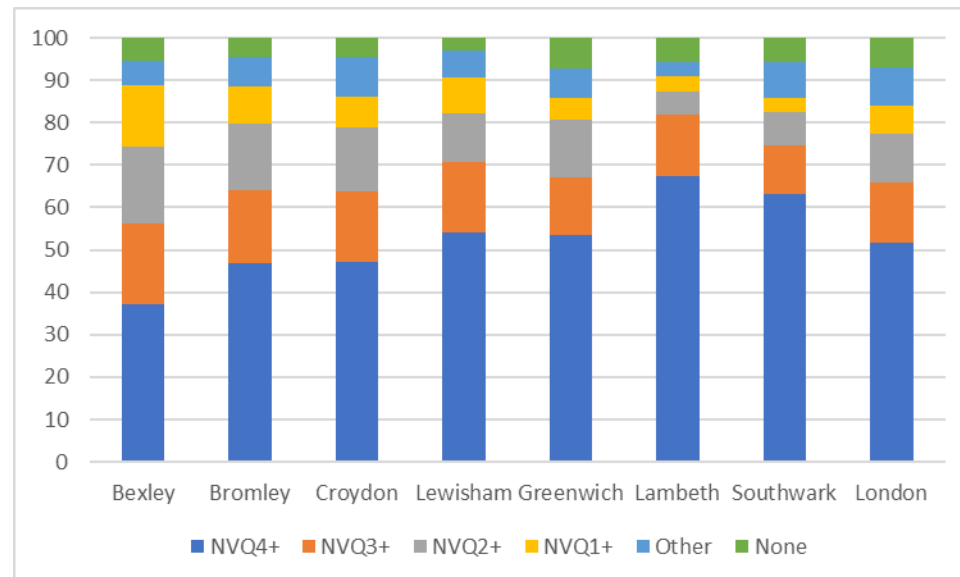


Source: Annual Population Survey (APS)

7.4 Skills

Figure 7.4 below shows the qualifications of the Lewisham resident workforce compared with its benchmark boroughs and London as a whole. The Lewisham resident workforce is marginally better qualified than that of London as a whole. 54.2% are qualified to NVQ4 or higher compared with 51.8% for London. The qualification levels of Lewisham residents are higher than those for the comparator boroughs in outer London but below those of Lambeth and Southwark.

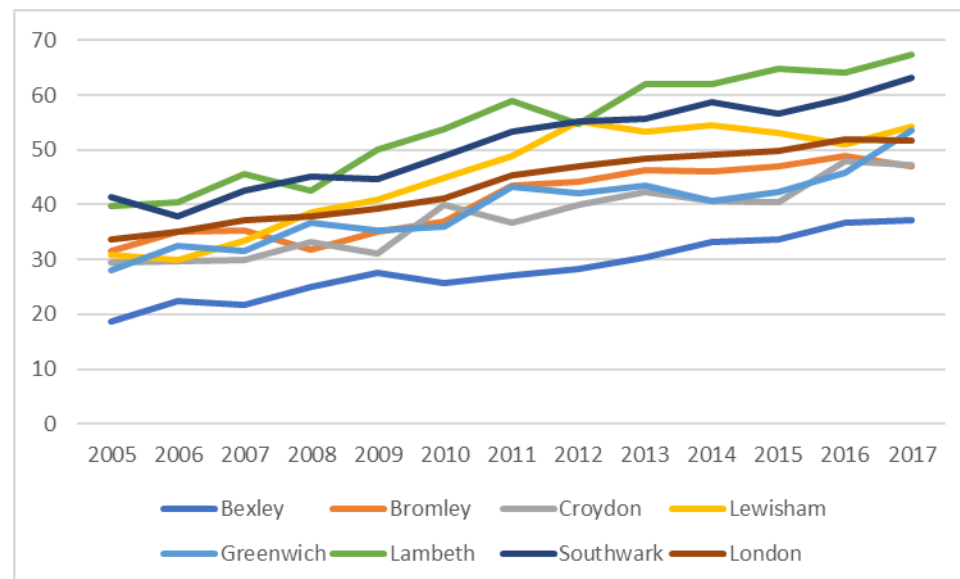
Figure 7.4 Qualifications of Lewisham Residents



Source: APS (Jan2017-Dec2017)

The percentage of the resident workforce qualified to NVQ4 or above has been rising rapidly in recent years in Lewisham. But this is a trend that has been seen in all the comparator boroughs and across London as a whole.

Figure 7.5 Percentage of Resident Workforce 16-64 Qualified to NVQ4+

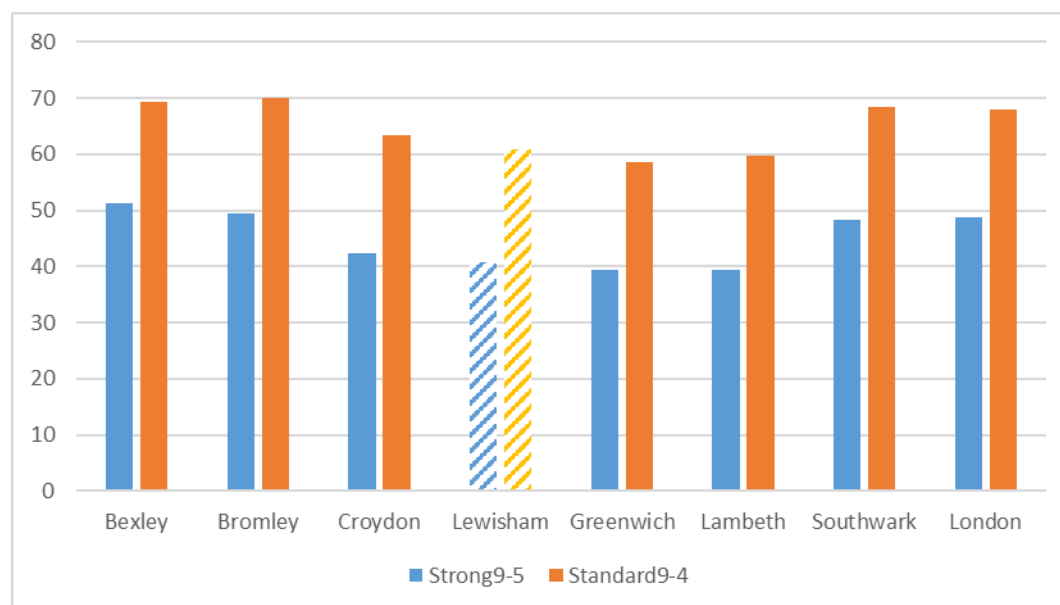


Source: APS (Jan2017-Dec2017)

Schools

In terms of schools' data, which is an indicator of the skills of the future workforce, Lewisham had a lower percentage of pupils achieving GCSE passes in Maths and English than the London average. In 2017/18 60.9% of Lewisham pupils achieved a standard 9-4 pass and 40.7% achieved a strong 9-5 pass. This compares to 67.9% and 48.7% respectively for London as a whole, though Lewisham's attainment rates are comparable with some neighbouring boroughs. The most recent data shows Lewisham's attainment improving at faster than the London or national rate.

Figure 7.6 Percentage of Students Achieving 9-5 GCSE pass in Maths and English 2017/18²⁴



Source: DfE – GCSE and Equivalent Results 2017/18 Table LA1

Table 7.1 Average Attainment 8 Scores 2016/17-2017/18

Attainment	2016/17	2017/18	Change
Lewisham	44.2	44.9	+0.7
National	46.5	46.6	+0.1

Source: DfE – GCSE and Equivalent Results 2017/18 Table LA2

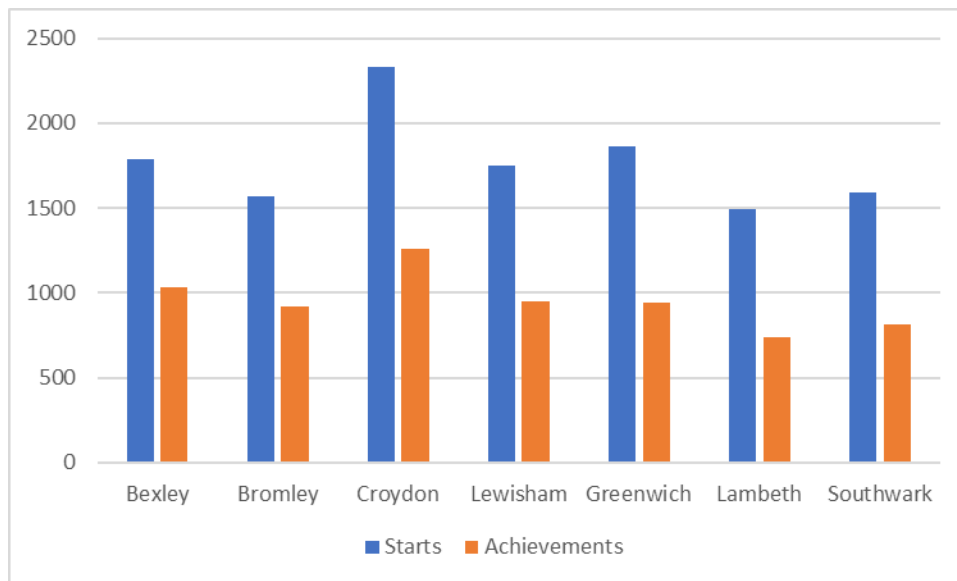
Whilst improving, the schools' achievements data contrast with the rapid increase in resident workforce qualification noted above. This perhaps suggest a dual labour market with in-migration of highly qualified workers sitting alongside a residual local resident labour force that remains relatively unskilled.

Apprenticeships

Figure 7.7 shows Apprenticeships starts and achievements for Lewisham and comparator boroughs. To some extent these figures will reflect relative population size for the relevant age cohorts, but levels in Lewisham can be seen as comparable with other boroughs. In 2016/17 there were 1,750 Apprenticeship starts and 950 Apprenticeship achievements in Lewisham.

²⁴ This Figure has been updated to reflect more recent Schools Attainment data

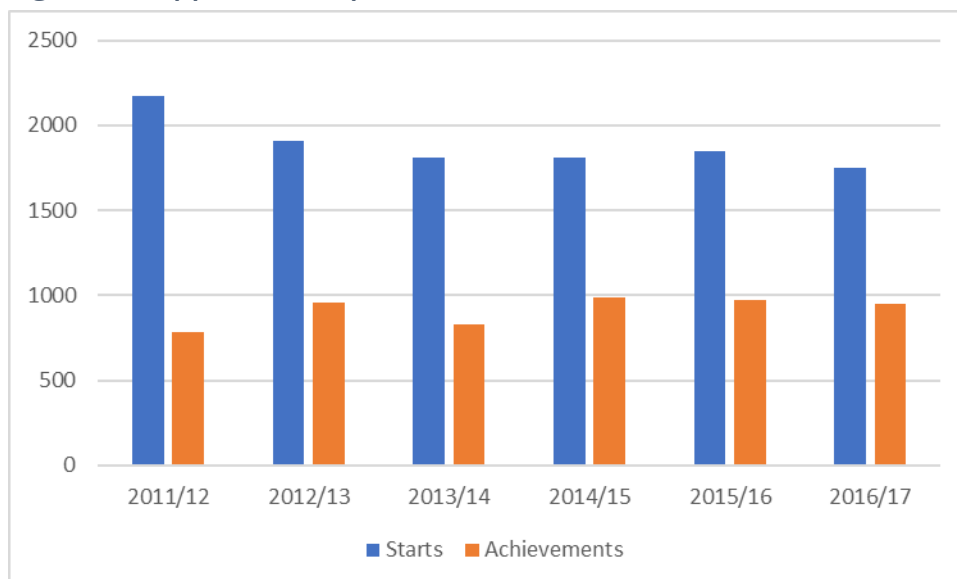
Figure 7.7 Apprenticeship Starts and Achievements 2016/17



Source: DfE

Over time the level of Apprenticeship starts in Lewisham has been declining but the level of achievements has been rising. There will be some time lag between the starts and achievements data.

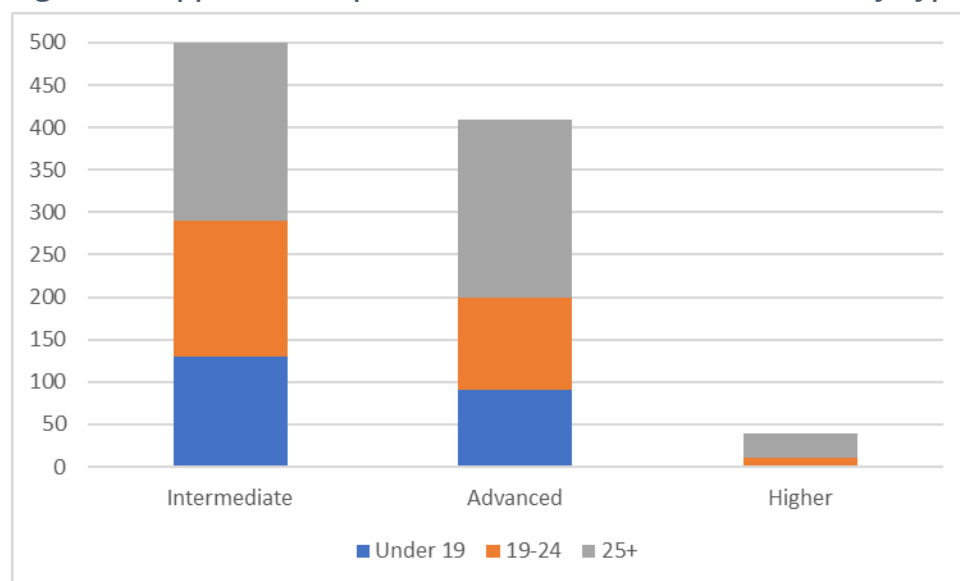
Figure 7.8 Apprenticeship Starts and Achievements Lewisham 2011/12-2016/17



Source: DfE

Figure 7.9 shows Apprenticeship achievements in Lewisham by type. The profile is not dissimilar to that found in London as a whole. In 2016/17 52.6% were Intermediate level Apprenticeships (London 54.2%), 43.2% were Advanced (London 41.3%) and 4.2% were Higher (London 4.5%). 23.2% of all achievements were in the under-19 age group (London 24.2%), 29.5% were in the 19-24 age group (London 29.9%), and 47.4% were among those age 25 and over (London 45.8%).

Figure 7.9 Apprenticeship Achievements Lewisham 2016/17 by Type

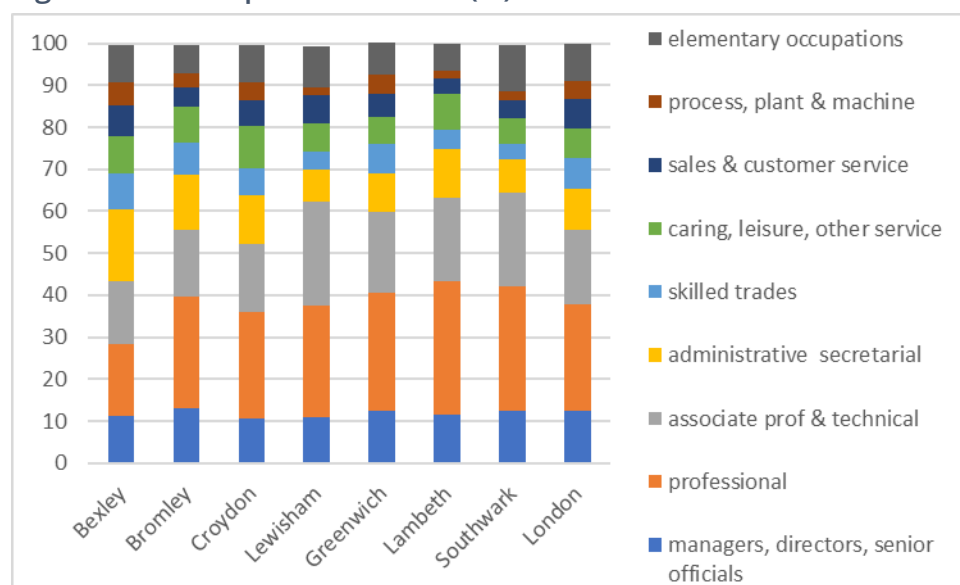


Source: DfE

7.5 Occupations

Figure 7.10 compares the occupational profile of Lewisham residents. Just over half are employed in either professional (26.5%) or associate professional and technical occupations (24.9%). The proportion employed in associate professional and technical occupations in Lewisham is significantly higher than that for London as a whole or for any of the comparator boroughs. Correspondingly Lewisham has a lower proportion of residents employed in administrative and secretarial occupations, skilled trades, or as process plant and machine operatives.

Figure 7.10 Occupational Profile (%) of Residents: Lewisham and Comparator Areas



Source: APS (Jan2017-Dec2017)

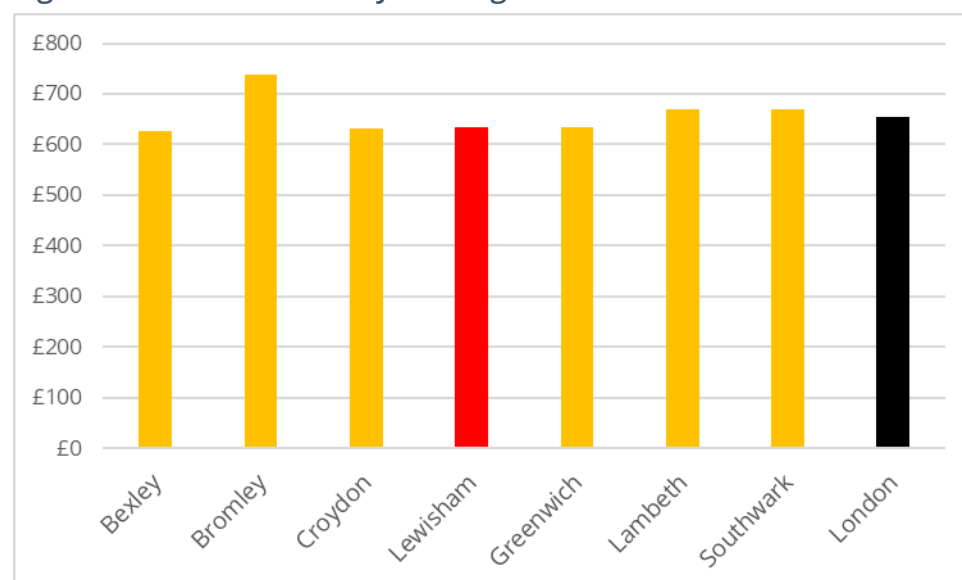
7.6 Earnings

In 2017 the median average weekly earnings of Lewisham residents were £633 (equivalent to just under £33,000 a year). That was around 3% lower than the London average. Over the period 2001-17 average weekly earnings of Lewisham residents grew by an average of 2.2% p.a. compared with 2.1% p.a. for London as a whole. The rate of growth has however slowed to just 1.3% p.a. over the last five years, the same as for London as a whole.

Resident earnings in Lewisham were 5% higher than workplace earnings, whilst for London as a whole they were 5% lower.

Average earnings of Lewisham residents were at a similar level to those in Croydon and Greenwich, though below those in Lambeth and Southwark and some 17% lower than those of Bromley residents. Resident earnings were higher than workplace earnings in all boroughs bar Lambeth, where they were roughly equal, and Southwark where resident earnings were lower.

Figure 7.11 Median Weekly Earnings of Full Time Workers 2017 Resident Workforce



Source: ASHE

Figure 7.12 shows the distribution of average earnings for Lewisham residents by sex and by whether they are full-time or part-time workers. Earnings of female full-time workers in Lewisham are 12% lower than those for male full-time workers. For London as a whole, the figure is 14% lower.

Earnings for female part-time workers are 20% higher than those for male part-time workers, compared to a differential of 9% for London as a whole. Earnings of female residents in Lewisham who are part-time workers are reported as 11% higher than the London average for female part-time workers, though the confidence intervals for this statistic are quite wide due to the sample size so this finding should be treated with a degree of caution.

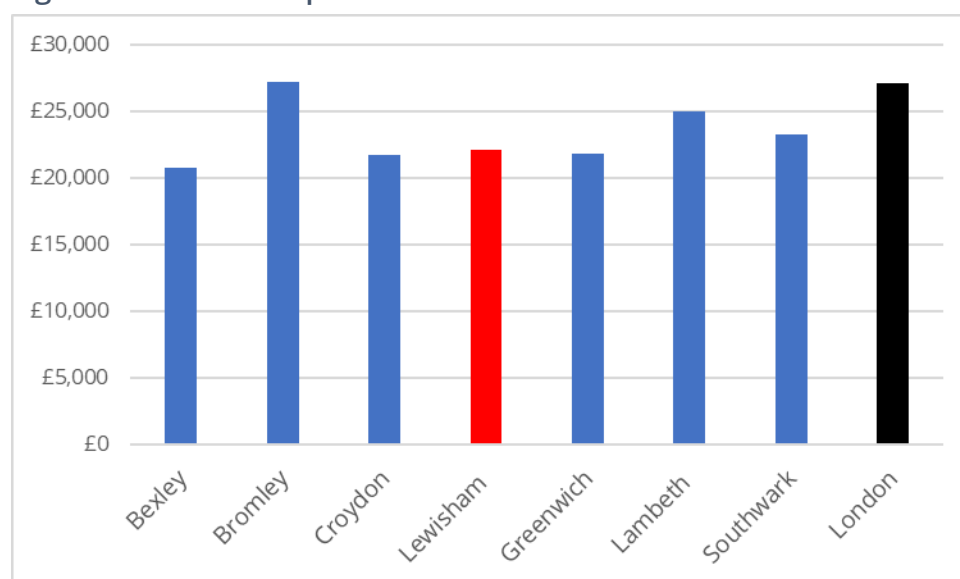
Figure 7.12 Median Weekly Earnings by Sex and Full Time Part Time



Source: ASHE

Gross Disposable Household Income (GDHI)²⁵ per head in Lewisham at £22,139 is nearly 20% lower than the London average of £27,151. Compared to the comparator boroughs the pattern is similar to that for earnings, as might be expected. GDHI per head in Lewisham is higher than Bexley, similar to that for Croydon and Greenwich, and lower than that for Southwark, Lambeth and Bromley.

Figure 7.13 Gross Disposable Household Income 2016



Source: ONS

The pattern of growth in GDHI mirrors that of London as a whole. Steady growth in income up until the recession was followed by three years in which incomes stagnated. Growth returned in

²⁵ Gross Disposable Household Income measures the amount of money that all of the individuals in the household sector have available for spending or saving after income distribution measures (for example, taxes, social contributions and benefits) have taken effect. GDHI does not provide measures relating to actual households or family units.

2012, but in 2016, the latest year for which data is available, growth had fallen to just 1.1% at the London level.

Figure 7.14 Annual Percentage Change in GDHI 1998-2016 Lewisham and London



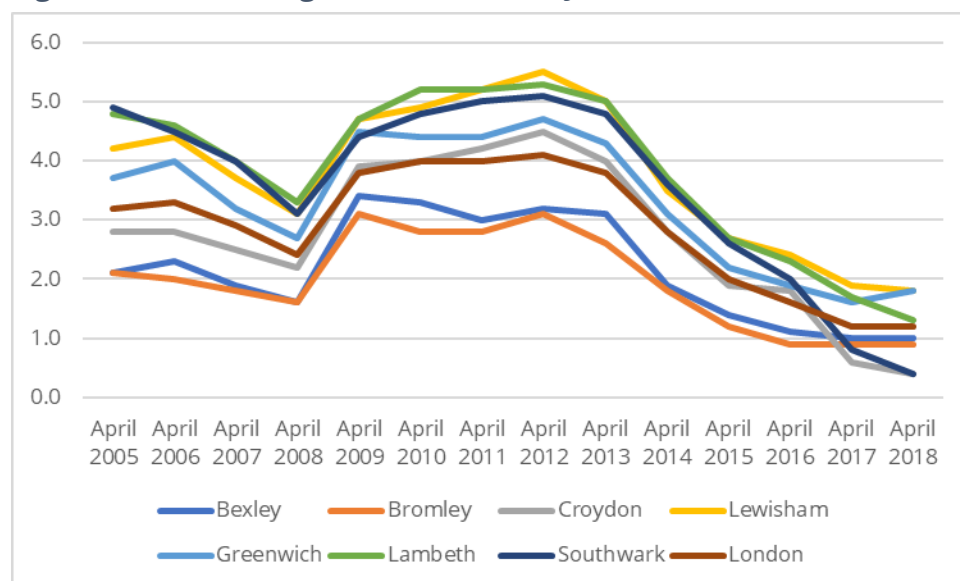
Source: ONS

7.7 Unemployment

As at April 2018 there were 3,727 Lewisham residents on Job Seekers Allowance (JSA). That represents 1.8% of the resident population aged between 16-64. Claimant Count unemployed numbered 5,590 or 2.6% of the resident population aged between 16-64. (Nationally the UK claimant count rate of 2.5% equates to an ILO unemployment rate of 4.0%).

The JSA rate of 1.8% represents a significant decline from a recent peak of 5.5% in April 2012. This decline reflects what has been happening elsewhere in London, though the unemployment rate in Lewisham has been consistently higher than that of its comparator boroughs. In 2010 Lewisham accounted for 4.2% of London's JSA claimants and by 2018 that share had increased to 5.3%.

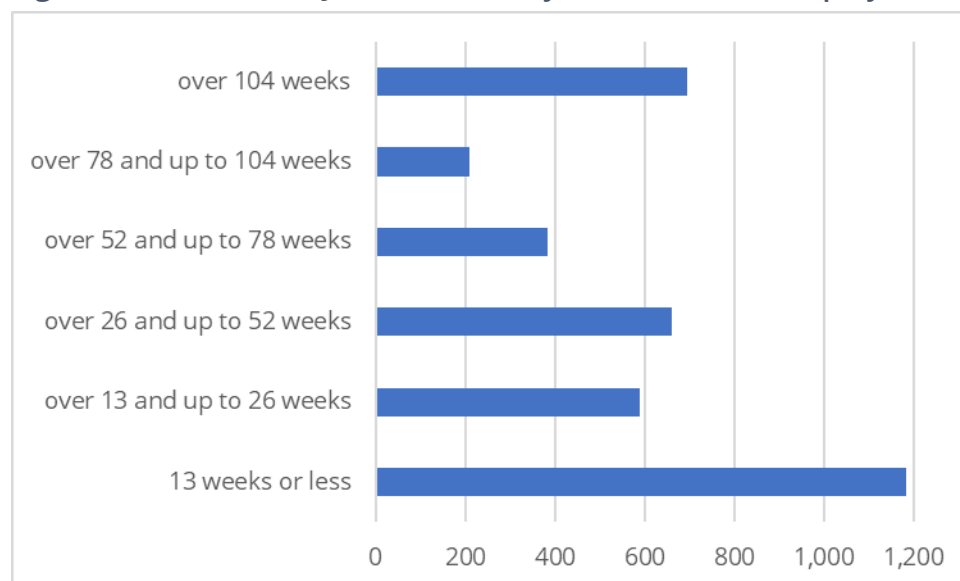
Figure 7.15 Percentage of Residents on Job Seekers Allowance



Source: ONS

Just over half of Lewisham's unemployed JSA claimants have been unemployed for more than 6 months whilst 35% have been unemployed for more than a year. Proportions of JSA claimants by duration are similar to those for London as a whole.

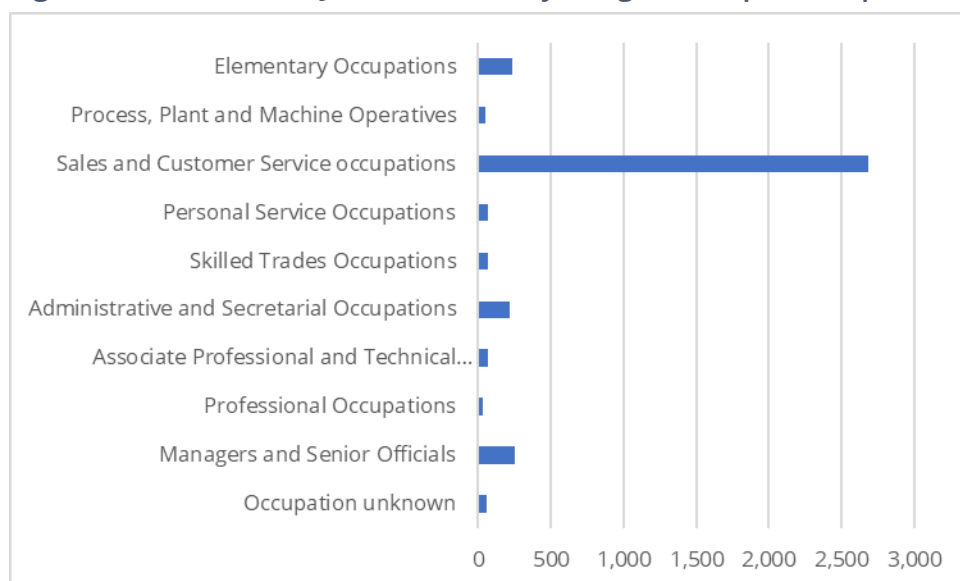
Figure 7.16 Lewisham JSA Claimants by Duration of Unemployment April 2018



Source: ONS

For those who are unemployed, the overwhelming majority (72%) are seeking work in Sales and Customer Service occupations. But that is not unique to Lewisham. For London as a whole 67% of claimants state sales and customers services as their sought occupation.

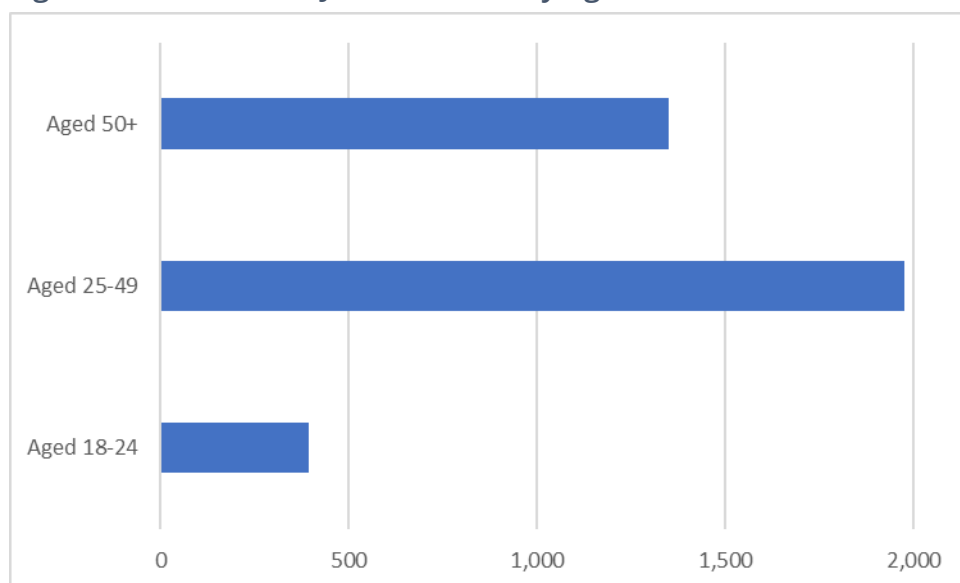
Figure 7.17 Lewisham JSA Claimants by Sought Occupation April 2018



Source: ONS

53% of Lewisham JSA claimants are aged 25-49, 36% are aged 50+ and 11% are aged 18-24. That is a very similar proportions to the age profile of JSA claimants for London as a whole.

Figure 7.18 Lewisham JSA Claimants by Age



Source: ONS

7.8 Education and Training Provision

Skills Provision

There are seven Ofsted registered Further Education and Skills providers in LB Lewisham. These are listed in Table 7.2 below. Three of the providers are classified as 'Good'; one as 'Satisfactory';

two as 'Requires improvement'; and one as 'Inadequate'. The training provision offered is generally focussed on lower level qualifications.

Table 7.2 Ofsted Registered Further Education and Skills providers in LB Lewisham

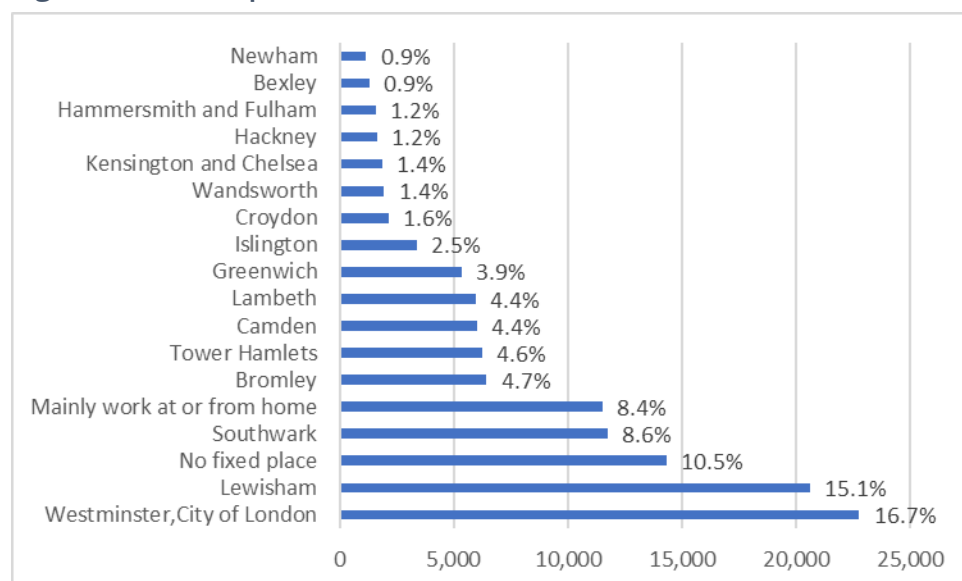
Provider	Type	Rating	Provision
Shears	Independent Learning Provider	Satisfactory	Hairdressing
LB Lewisham	Adult and Community Learning	Good	Community Learning
Be Totally You	Independent Learning Provider	Inadequate	Apprenticeships in business administration, childcare and health and social care
Christ the King Sixth Form College	Sixth Form College	Good	16 to 19 study programmes, mostly at level 3
LeSoCo	General Further Education and Tertiary	Requires Improvement	16 to 19 study programmes, mostly at levels 1 and 2
Goldsmiths, University of London	Initial Teacher Education	Good	Initial teacher training to primary and secondary teachers
Tower College of Further and Higher Education London Limited	Independent Learning Provider	Requires Improvement	Adult learners mainly studying health and social care at level 3

Source: DfE

7.9 Where they work, wider linkages

At the time of the 2011 Census, 15% of Lewisham's employed residents worked at workplaces within the borough, with a further 8% working mainly at or from home. So, in total, just under a quarter of the resident workforce were effectively working in Lewisham. The rest of them worked in a wide number of locations both inside and outside London, though the predominant commuting destination was Central London. 17% worked in the City and Westminster, with 9% working in Southwark.

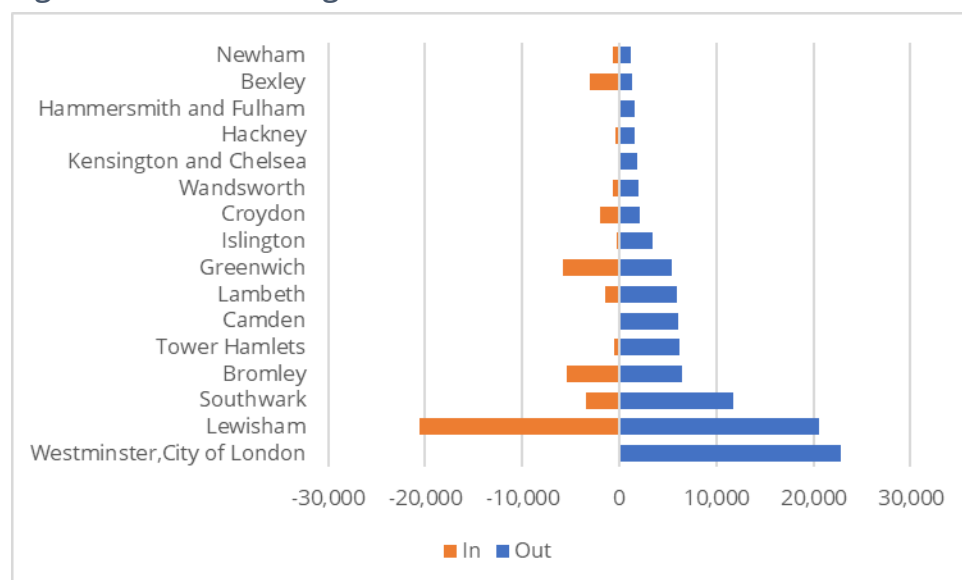
Figure 7.19 Workplace of Lewisham Residents 2011



Source: Census 2011

Census data shows that the outflow of workers to Croydon and Greenwich was more or less balanced by inflows in the other direction and there was a net inflow of workers from Bexley who worked in Lewisham. There was a significant flow of workers in both directions between Bromley and Lewisham though in overall terms there was a net outflow from Lewisham to Bromley.

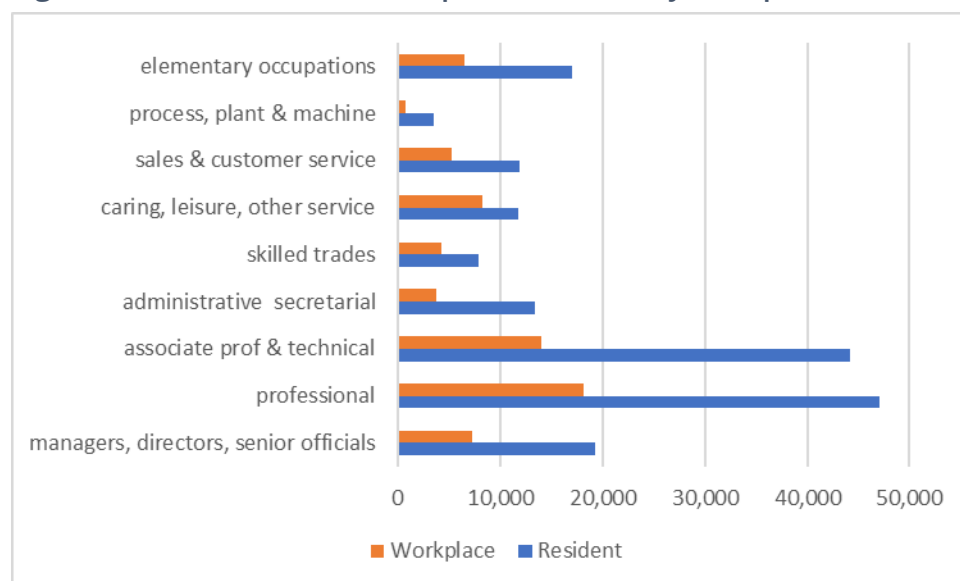
Figure 7.20 Commuting Flows In and Out of Lewisham



Source: Census 2011

There was a net outflow of workers across all occupational categories. In numerical terms the outflow was highest amongst the professional and associated professional and technical occupations. But, in proportionate terms, the net outflow is high across nearly all categories. In proportionate terms, the net outflow is lowest in the caring, leisure and other service occupations.

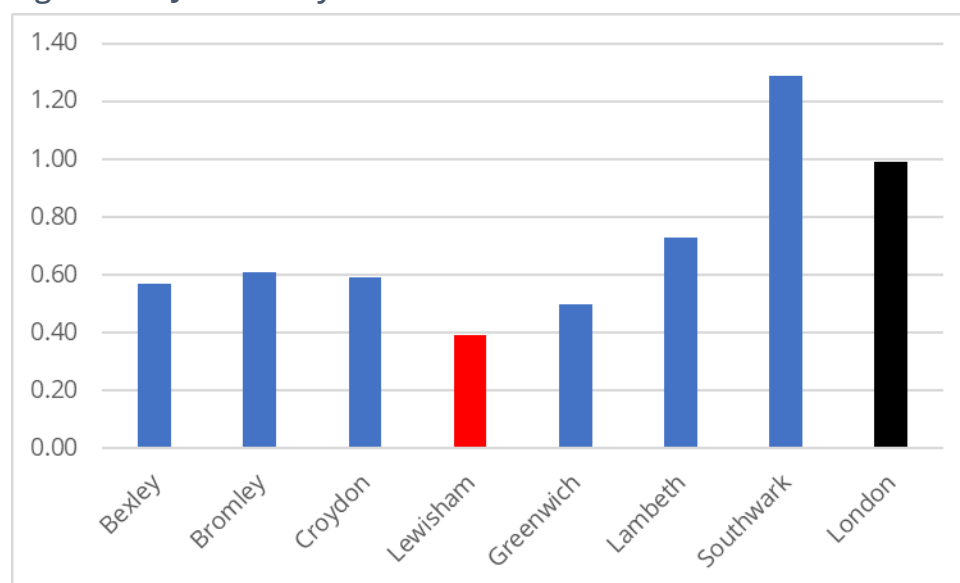
Figure 7.21 Resident and Workplace Workers by Occupation



Source: APS

The jobs density ratio measures the proportion of jobs in a borough in relation to the size of its working age population. The Lewisham jobs density ratio has consistently been around 0.4 for the past ten years falling from around 0.45 in the early 2000s. It is the second lowest of any borough in London (after Wandsworth).

Figure 7.22 Job Density 2016



Source: ONS

7.10 Consumer Spending

The Lewisham Retail Capacity study reports that the town and district centres support a predominantly local Lewisham catchment. In terms of expenditure it reports that²⁶:

²⁶ Lewisham Retail Capacity Study 2017 - GVA

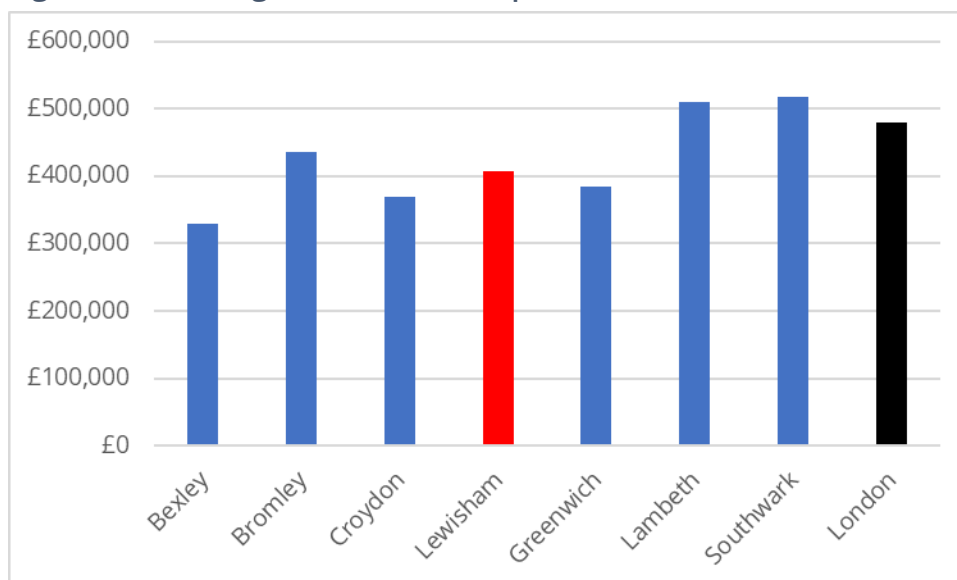
- “comparison goods per head spend ranges considerably across the survey area, from £2,995 in zone 2 (New Cross) to £4,443 in zone 10 (Forest Hill). The average spend per head across the survey area is £3,659, which is above the UK average spend per head on comparison goods of £3,353)
- convenience goods per head spend ranges from £1,713 in zone 2 to 2,348 in zone 3 (Blackheath & Greenwich), with an average spend per head of £1,977 per head. The average spend across the survey area is almost identical to the UK average convenience goods spend per head of £1,981”

Whilst Lewisham captures a fairly high proportion of its resident retail expenditure, it does not draw in much from outside of the borough. The principal leakage from Lewisham in terms of comparison goods expenditure is to Central London.

7.11 House Prices

Median average house prices in Lewisham, at just over £400,000, are high but below the London average. They are slightly higher than those in Croydon and Greenwich and slightly lower than in Bromley.

Figure 7.23 Average House Prices (April 2017)



Source: Land Registry

Median average house prices in Lewisham are 12.3 times median average resident earnings and 13.0 times median average workplace earnings. Historically and in terms of affordability these ratios are very high, but even so these ratios remain below the London average.

Figure 7.24 Ratio of Average House Prices to Average Earnings



Source: Land Registry/ASHE/CAG

7.12 Conclusions on Residents

Lewisham's resident workforce has high rates of economic activity and is well qualified. Average earnings are just below the London average. A relatively high proportion of its population are of working age and Lewisham residents work widely across London, taking advantage of the numerous labour market opportunities that are available. There are particularly high flows out to work in Central London and in professional and associated professional and technical occupations.

With this outflow of workers to better paid jobs, wages of Lewisham residents are on average 5% higher than workplace wages in Lewisham. So earnings of Lewisham residents are comparable to those in neighbouring boroughs.

Whilst qualification levels of the Lewisham resident workforce are high and have been rising, schools' attainment data is below the London average and that of neighbouring boroughs. This suggests some evidence of a dual labour market with well qualified workers moving in to the borough but a pool of existing residents at risk of being left behind. The existing training infrastructure to address these needs appears limited.

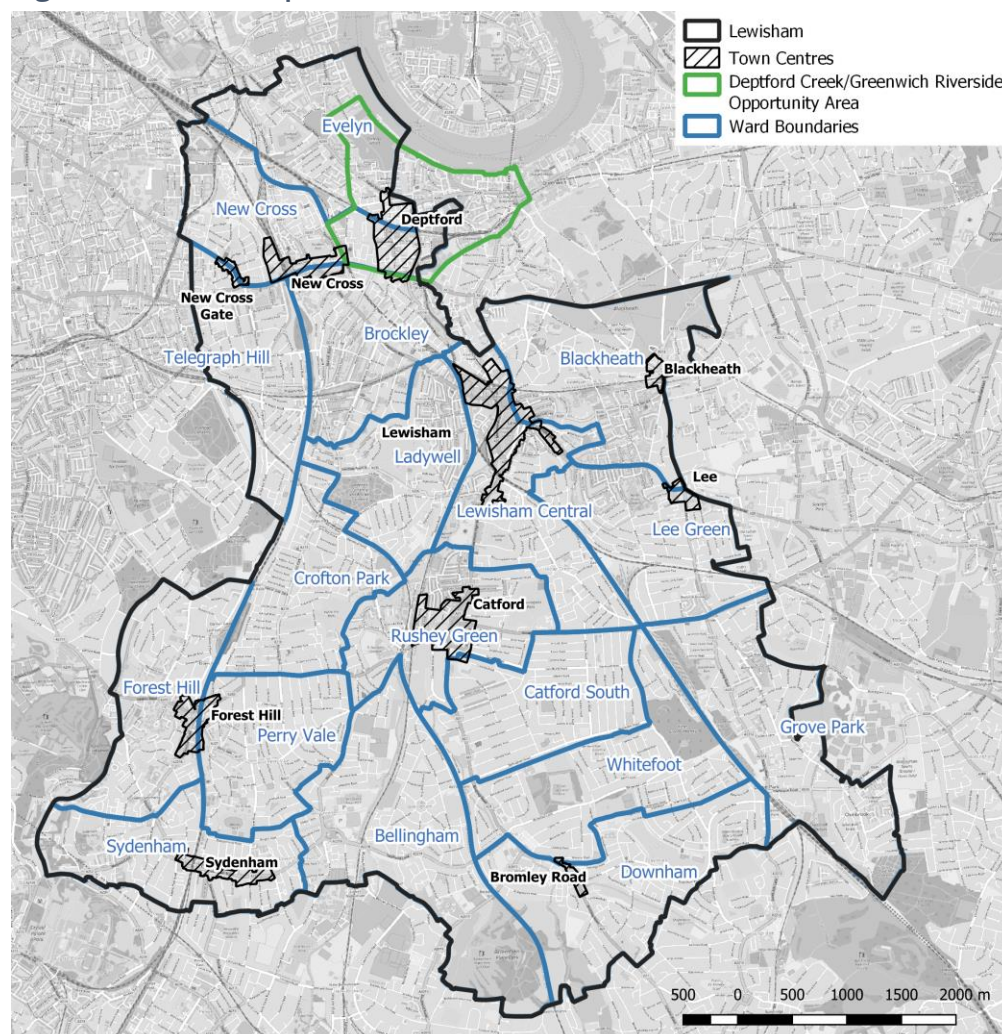
Unemployment rates are above the London average and those of neighbouring boroughs, but they have been declining since 2012. The current unemployment rate is just 2.6% of the resident population aged 16-64.

8 Economic Geography of Lewisham

8.1 Introduction

The preceding analysis has primarily assessed Lewisham's economic performance at the borough level. In this chapter we set out a spatial analysis at sub-borough level profiling distinctive characteristics of sub-areas of Lewisham. Some of this analysis will be presented at ward level so, to provide the context, Figure 8.1 shows a map of Lewisham identifying locations of wards and town centres.

Figure 8.1 Ward Map of Lewisham

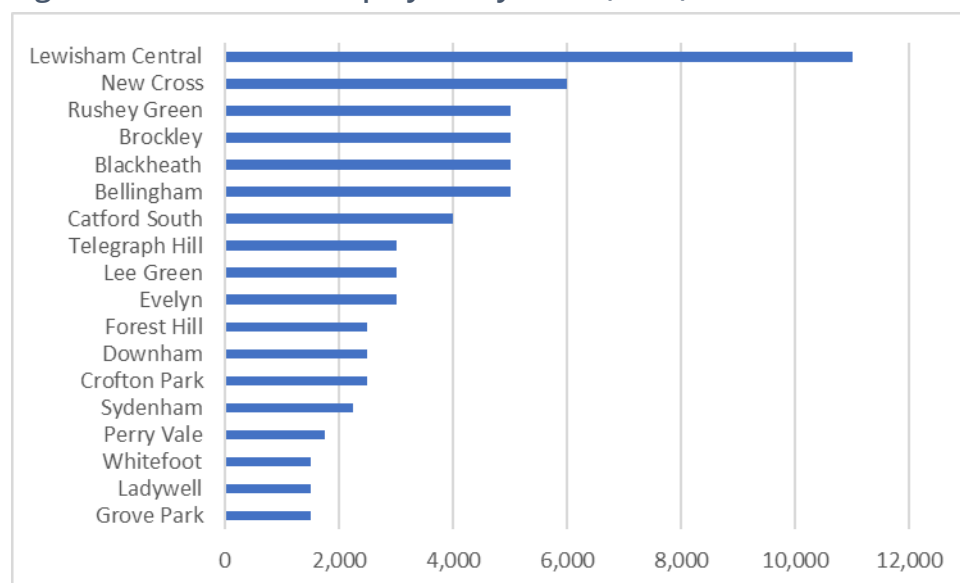


8.2 Spatial Distribution of Economic Activity

Employment

The distribution of employment is more evenly spread across Lewisham than in many other boroughs. This reflects the profile of economic activity identified previously as predominantly servicing the local resident population. The single largest concentration of employment by ward is in Lewisham Central which accounts for 17% of all employee jobs in the Borough.

Figure 8.2 Number of Employees by Ward (2016)



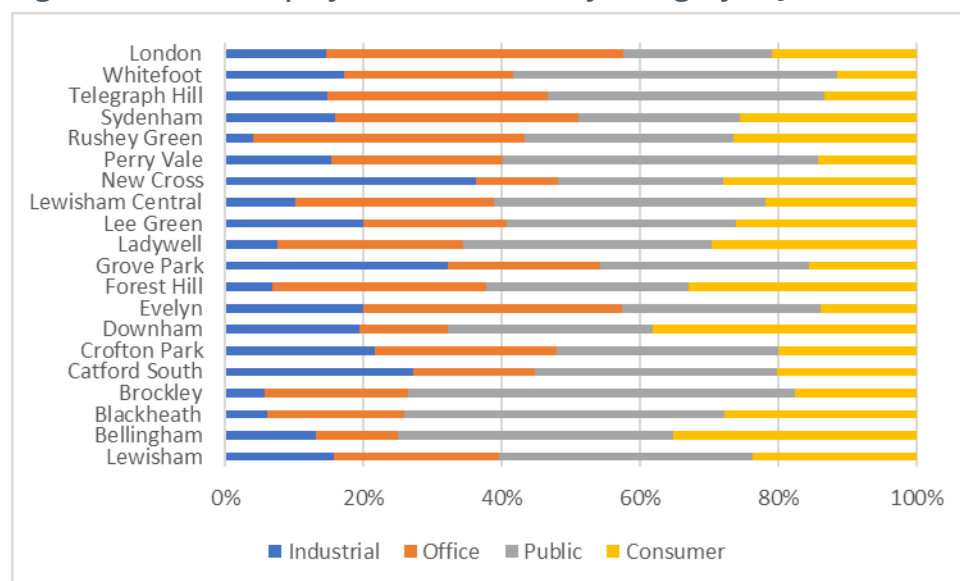
Source: BRES

Looking at the employment structure of Lewisham wards by broad groupings of activity, public services can be seen as the dominant source of jobs in most Lewisham wards. Figure 8.3 shows the share of employment in each ward in terms of broad category of employment.

- Industrial-type sectors are the largest category of employment in New Cross and Grove Park
- Office-type sectors are the largest category of employment in Rushey Green, Evelyn and Sydenham
- Consumer Services are the largest category of employment in Downham, Bellingham and Forest Hill
- Public services are the largest category of employment in all other wards as they are in Lewisham generally.

Only Evelyn ward, in the North of the borough, shows a combined proportion of 'Office' and 'Industrial' jobs approaching the London average. Jobs in these sectors are more likely to be accommodated in B-class properties. (i.e. planning use class covering B1 offices, B2 general industrial and B8 storage and distribution)

Figure 8.3 Ward Employment Structure by Category of Jobs



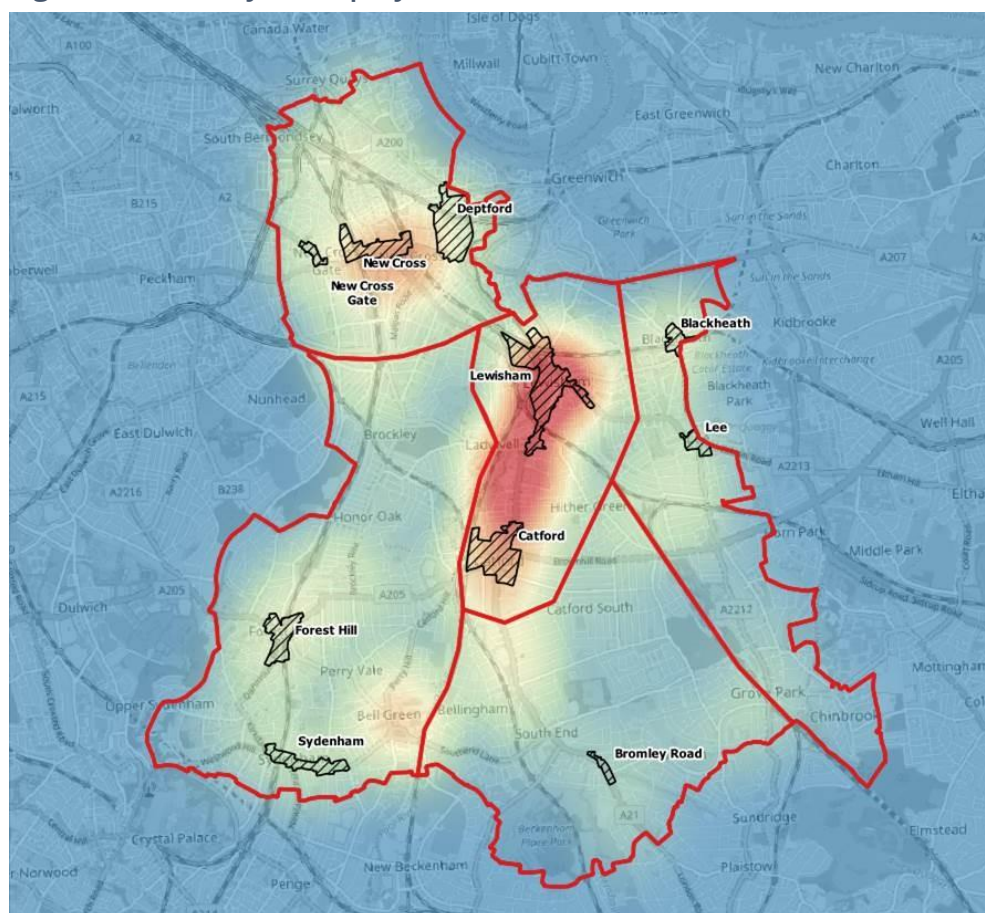
Source: BRES/CAG

Based on an analysis of employment clusters the economy of Lewisham can be thought of in terms of five broad geographic areas:

- North – centred on New Cross and Deptford
- Central – the Lewisham to Catford Corridor with its concentration, of health, retail and public administration employment.
- East – centred on the town centres of Blackheath and Lee
- West – from Brockley to Sydenham
- South – including Downham and Bellingham and area where there is relatively limited economic activity

These sub areas are illustrated in Figure 8.4 below.

Figure 8.4 Density of Employment and Economic Sub Areas of Lewisham



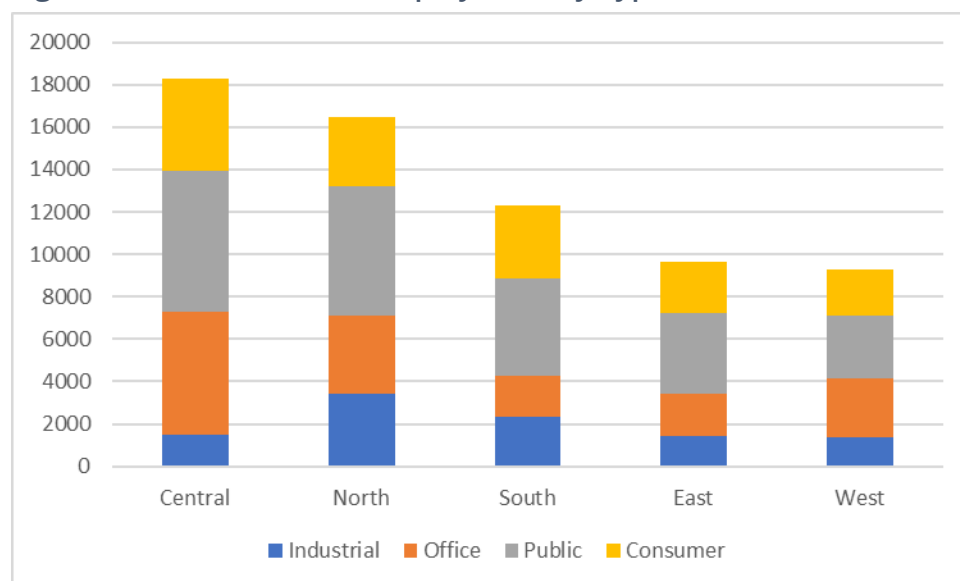
Source: BRES/CAG

Using ward-based approximations of these sub-areas, Figure 8.5 shows the distribution of employment by broad type and by sub-area. The sub-areas are defined as:

- **North** – Brockley, Evelyn, New Cross
- **Central** – Ladywell, Lewisham Central, Rushey Green
- **East** – Blackheath, Grove Park, Lee Green
- **West** – Crofton Park, Forest Hill, Perry Vale, Sydenham
- **South** – Bellingham, Catford South, Downham, Whitefoot

The predominance of public service and consumer services employment across all parts of the borough is clear to see. Across all sub-areas these two categories account for between 55%-66% of total employee jobs. There are relatively high proportions of industrial-type employment in the North and South of the borough where this accounts for 21% and 19% respectively of total employee jobs.

Figure 8.5 Distribution of Employment by Type and Sub Area²⁷

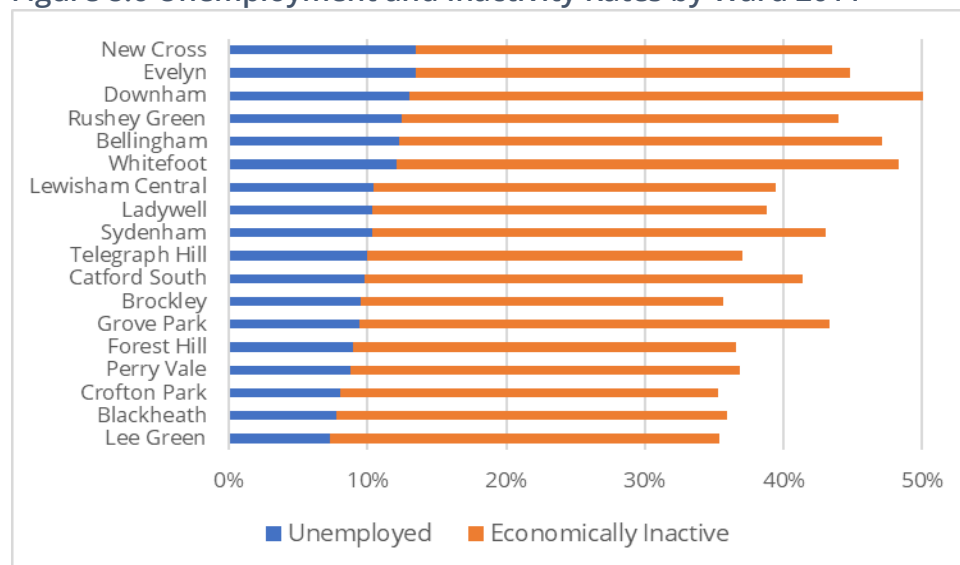


Source: BRES/CAG

8.3 Spatial Profile of Lewisham's Resident Workforce

Robust data at small spatial scales is limited and hence some of this profile relies on Census 2011 data. Whilst accurate at that point there will have been some changes in Lewisham's demographic profile since that time and overall unemployment has declined since 2011. Figure 8.6 shows unemployment and economic inactivity rates by ward. The highest rates of unemployment were to be found in the north of the borough in New Cross and Evelyn, followed by a number of wards in the south, namely Downham, Bellingham and Whitefoot. When economic inactivity rates are added, these statistics reveal that half of the working age residents in Downham ward were not in employment.

Figure 8.6 Unemployment and Inactivity Rates by Ward 2011



Source: Census 2011

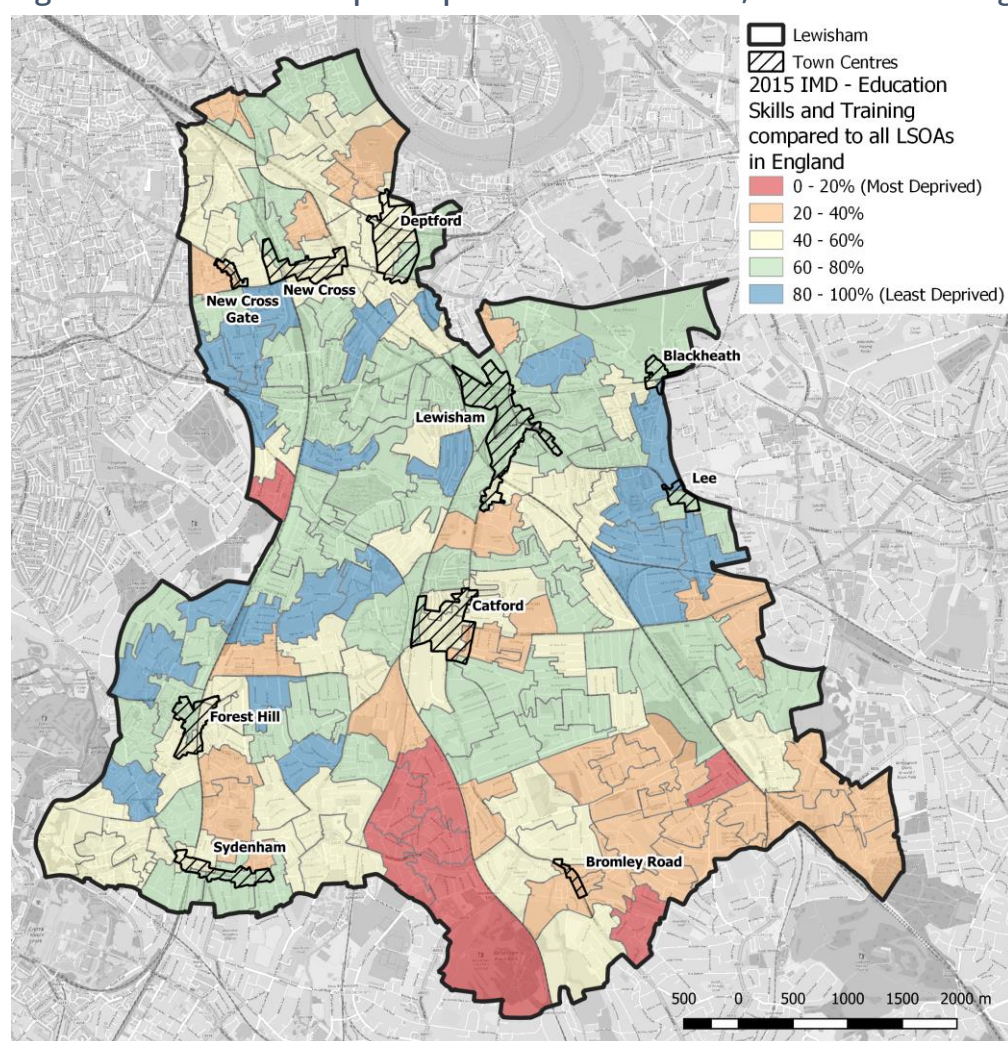
²⁷ This ward definition places Bell Green retail park in South as it is in Bellingham though it lies west of the rail line as shown in Figure 8.4.

Indices of Deprivation

The Index of Multiple Deprivation is the official measure of relative deprivation for small areas (or neighbourhoods) in England. It contains a number of sub-domains measuring different aspects of deprivation. On the Index of Multiple Deprivation (IMD) Education, Skills and Training Domain much of the borough shows up amongst the lesser deprived areas in the country. There are only a handful of clusters in the south of the borough that featured in the top 20% most deprived areas in the country.

That data is made up of two sub-domains: one relating to children and young people and one relating to adult skills. These two sub-domains are designed to reflect the 'flow' and 'stock' of educational disadvantage within an area respectively. On this measure Lewisham performs well compared to national comparisons.

Figure 8.7 Index of Multiple Deprivation – Education, Skills and Training Domain

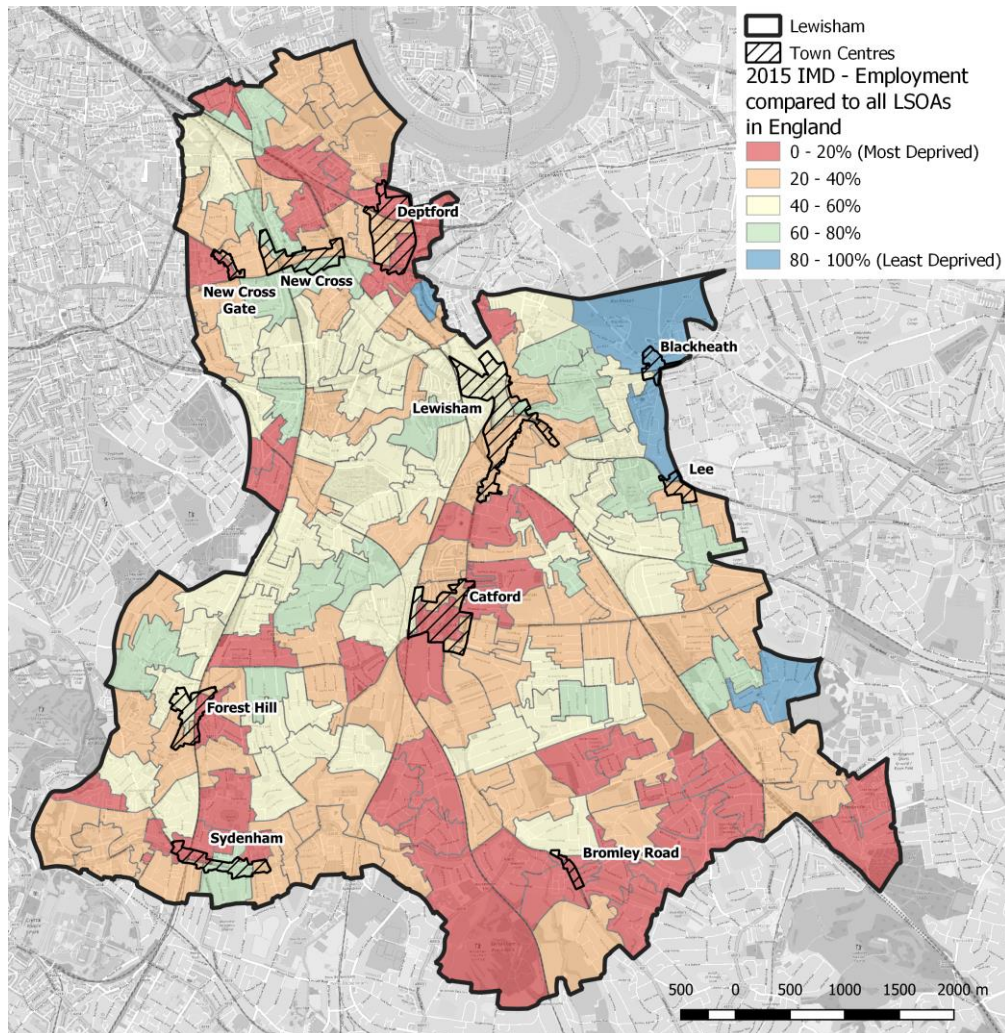


Source: IMD 2015

Viewed from the perspective of the Employment domain, which is effectively a measure of unemployment, there are many more areas throughout Lewisham that feature in the 20% most deprived LSOAs in England. The concentrations of employment deprivation are to be found in the south of the borough, in a central cluster around Catford, and in the north around New

Cross and Deptford. But the areas of employment deprivation in the north sit alongside other areas that are performing well on this measure. This probably reflect an influx of a new well-qualified population. Areas in the east of the borough around Blackheath and Lee are among the least employment-deprived in the country.

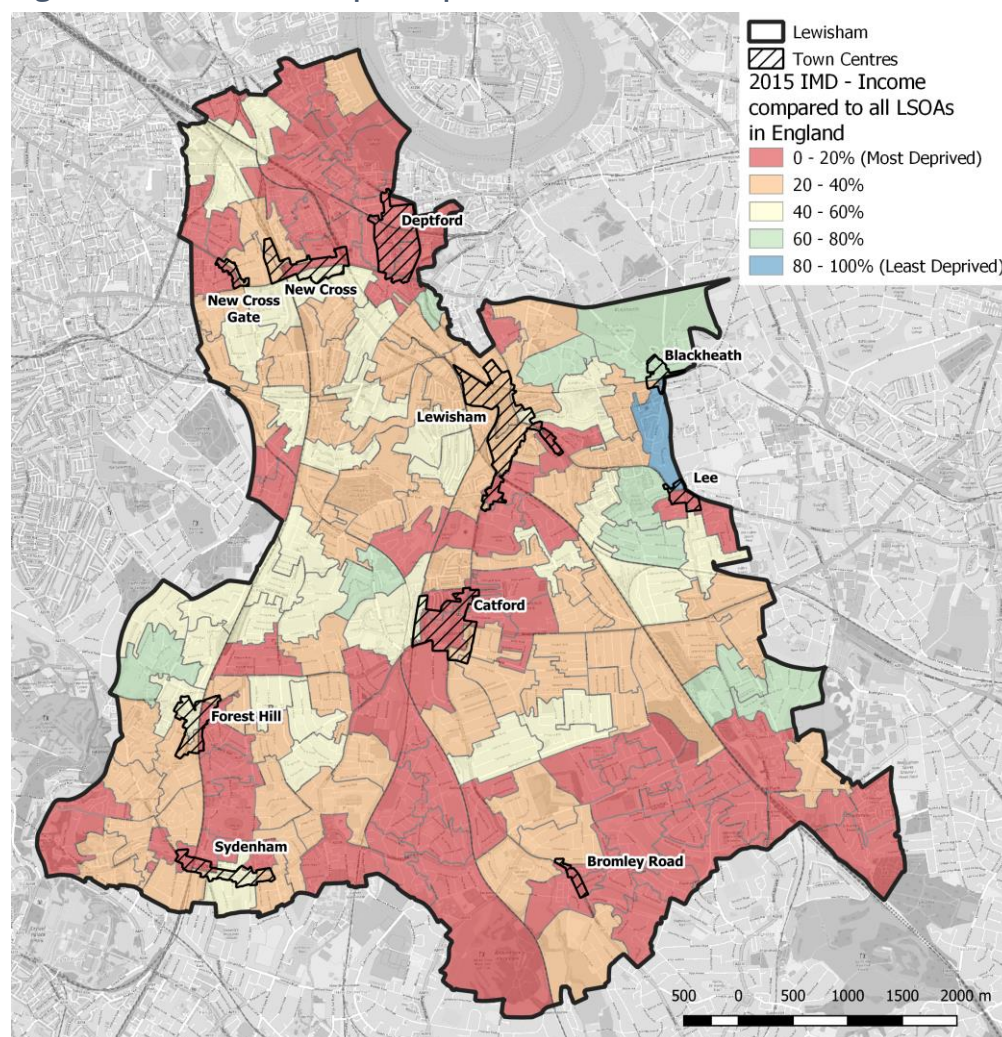
Figure 8.8 Index of Multiple Deprivation – Employment Domain



Source: IMD 2015

But in terms of the Income domain, which reflects the numbers of adults and children in families on Income Support and other benefits, the extent of deprivation appears more extensive. Much of the south of the borough, large parts of the central area between Lewisham and Catford, and most of the north of the borough featured in the top 20% most income-deprived areas in the country.

Figure 8.9 Index of Multiple Deprivation – Income Domain



Source: IMD 2015

8.4 Night-Time Economy

Market Context

From a property market context our focus on the night-time economy is the food and beverage (F&B) sector. The F&B sector has been the subject to many negative press headlines due to the decline of the casual dining sector leading to many well-known brands seeking Company Voluntary Arrangements (CVAs) to restructure their business²⁸.

Well-known brands that have sought CVAs include Jaime's Italian, Carluccio's and Prezzo. The reason why these mid-market chains have been struggling is that there has been a shift in casual dining habitats with Millennials choosing to eat in rather than out which has led to the rise of

²⁸ A CVA is a "Company Voluntary Arrangement is a procedure which enables a company to enter into a legally binding agreement with its unsecured creditors to compromise amounts owed to them. It is a flexible procedure with limited Court involvement and does not affect the rights of secured creditors. It is a contract between a company and its unsecured creditors and is set out in a proposal prepared usually by the directors."

app-based delivery services such as Uber Eats and Deliveroo. Furthermore, 'wet trade' is now performing well with accountancy firm BDO reporting that *"There has been strong momentum in the pub sector from both larger players and an emerging bunch of exciting, high quality, managed pub operators."*²⁹

However, the Lewisham night-time economy is less focused on the casual dining sector and is more focused on vertical drinking and independent restaurants. There is a presence of national chains throughout the borough such as Nandos (Catford and Lewisham), McDonalds and Wetherspoons. But there is a greater presence of independents such as Sapporo Ichiban (Japanese restaurant), Enish (Nigerian) and Ravensbourne Arms (independent pub).

Furthermore, Lewisham has success during the summer with the Model Market near Lewisham Town Centre. The Model Market is a good example how well independents can do in the borough, proving that the space does not have to be of high quality provided it is flexible and relatively affordable in a secure environment. The Model Market is run by Street Feast who describe themselves as a company that *"provide transformed derelict and disused spaces into unique eating and drinking environments, all bringing great street food, brilliant booze and vibes to people around London."* They have other venues across London at Wood Green N22, Woolwich, Shoreditch, Canary Wharf and Canada Water. The Model Market is not open all-year-round nor every day of the week. It operates from around April to September and is open just on Fridays and Saturdays during these months. Some of the other Street Feast locations are open after September.

Besides the variety of food and drink on offer, the Model Market also provides a controlled safe environment. Unfortunately, the main centres of the borough do not provide this controlled environment: Catford, Lewisham and New Cross have an 'unsafe feeling' at night. On the other hand, Forest Hill is a smaller centre which has a diverse offer and has proved a popular location.

To enable the borough to grow its F&B offer, new space needs to be affordable to attract independents, clustered with other users and offered in a good quality and safe environment.

Creative and Cultural Sector

The growing creative and cultural sector in Lewisham provides a further addition to the night-time economy. Theatres include The Broadway, The Albany, Brockley Jack, Goldsmiths University and The London Theatre whilst Trinity Laban provides a unique cultural venue. In addition, there are 39 art galleries and studios in the borough listed on the Council's website³⁰ (at time of preparing this report). Many of these are open in the evenings for viewings and events,

Stakeholder Views

As part of the Stakeholder consultations (see Appendix 1) Interviewees were asked about their opinions of the night-time economy in Lewisham. Most felt that this was largely non-existent in the majority of the borough, with the exception of Blackheath which has a well-established night-

²⁹ Restaurants and Bars Report (Summer 2018) - BDO

³⁰ <https://www.lewisham.gov.uk/inmyarea/arts/Your-local-arts/visual-art/galleries/Pages/Art-galleries-and-studios.aspx>

time economy with a number of restaurants and bars, and Deptford/New Cross which has a fledgling night-time economy centred around the Albany and Goldsmiths University.

- *"The only option (for eating out in Lewisham town centre) really is Nandos or KFC."*

It was felt that parts of the borough – particularly Lewisham town centre - are a 'dormitory' for residents, who sleep in the borough but work, shop and take part in leisure activities outside the borough.

- *"The new demographic - the young professionals - they treat Lewisham as a dormitory - go to work early, come back late and just sleep here."*

It was felt that there is scope to support growth in the night-time economy.

- *"This is really lacking. There's a huge opportunity."*

It was suggested that this should happen through:

- Promotion of events;
- Enhanced safety measures e.g. increased police/community support officer presence; and
- Joint working with neighbouring boroughs to create 'corridors' of night-time activity e.g. from Peckham up to Greenwich.

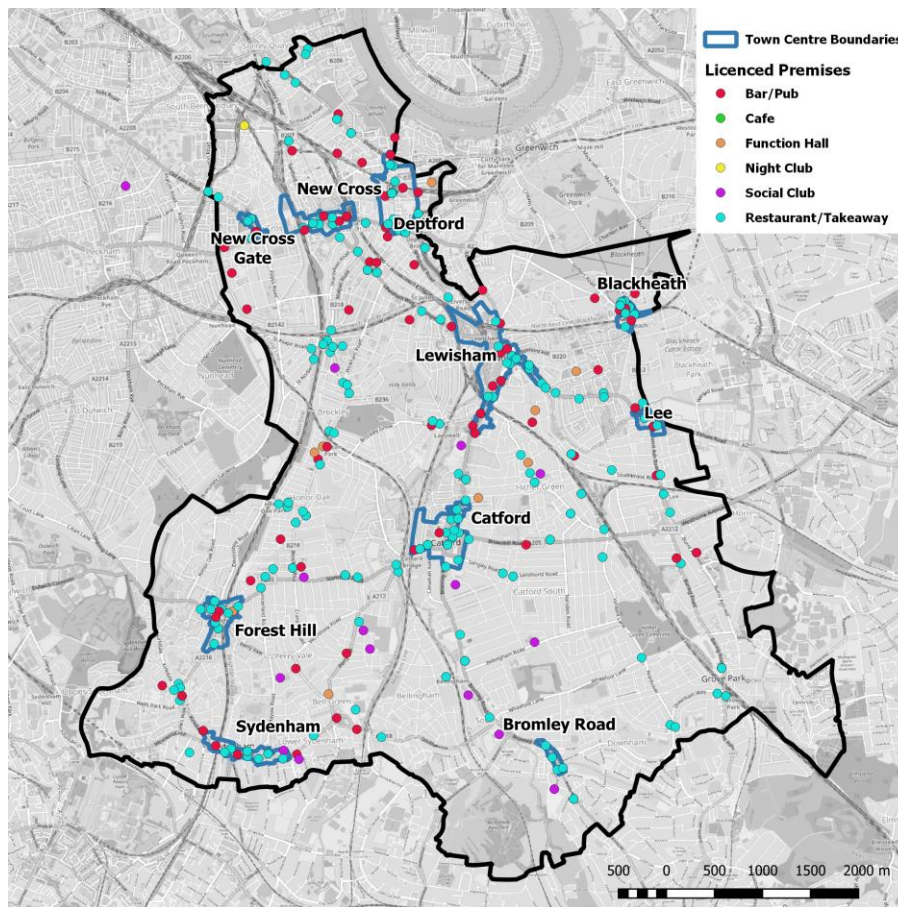
However, it was recognised that there can be potentially be tensions between the night-time economy and new housing developments. One stakeholder whose organisation runs evening events said that they have seen an increase in complaints as new housing developments have been built in their vicinity.

- *"We've had more noise complaints in the last two years than we've had in past 15 years."*

Mapping the Night-Time Economy

We have drawn together a number of sources to try to identify where clusters of night-time economy activity are located in LB Lewisham. Figure 8.10 shows the location of Licensed premises in Lewisham.

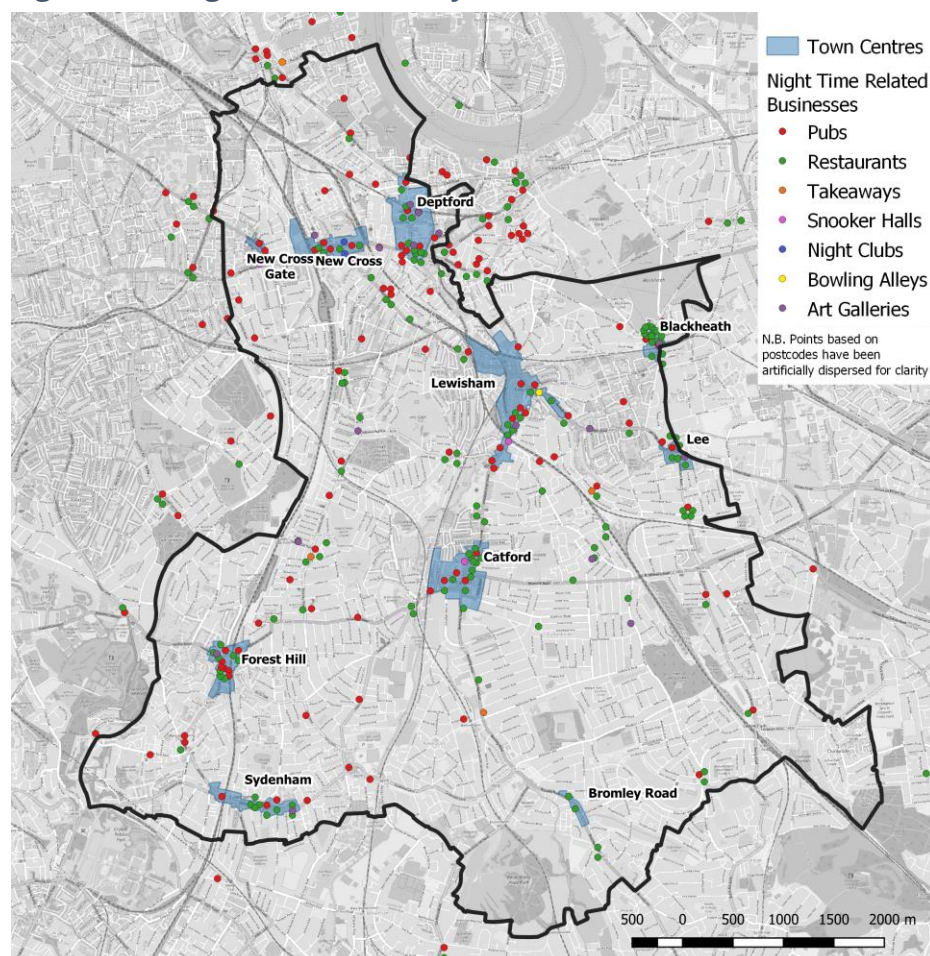
Figure 8.10 Licensed Premises in Lewisham, (excluding retail)



Source: LB Lewisham

Figure 8.11 looks at VOA data for the types of activity that might be expected to form part of the Night-time Economy. This shows clusters of activity around Deptford and New Cross. It highlights the number of restaurants on Blackheath and shows a combination of pubs and restaurants in most of the other town centres.

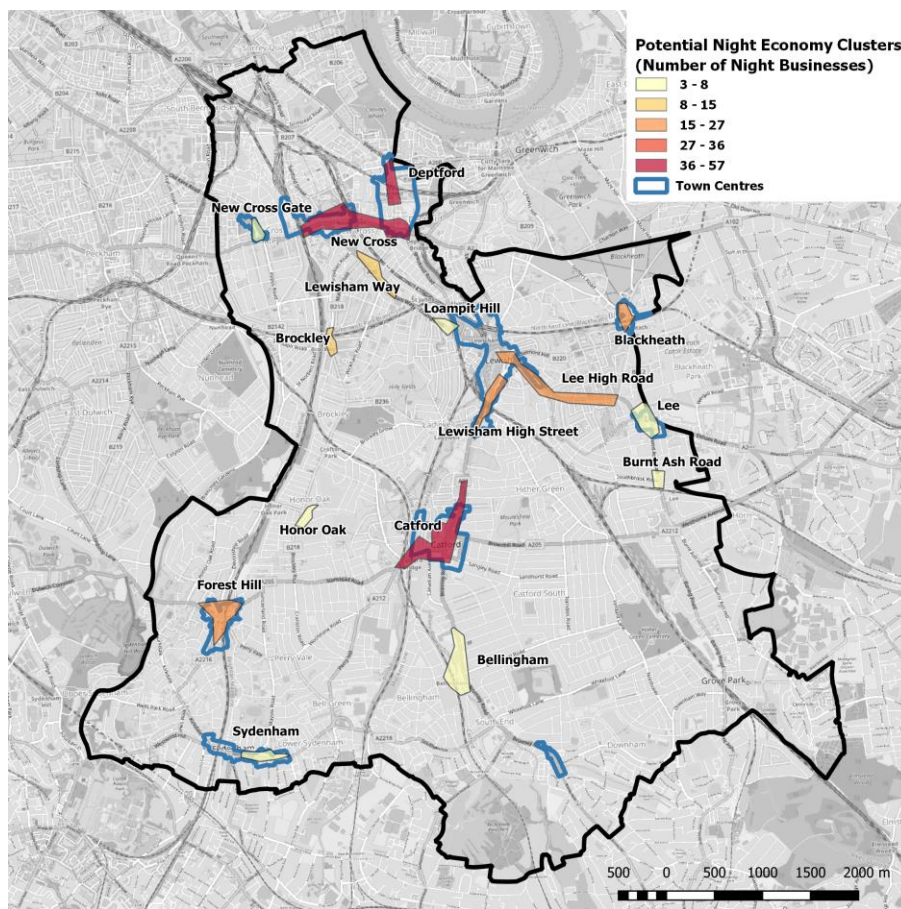
Figure 8.11 Night-Time Economy Businesses



Source: VOA

We have then combined this data on night-time economy businesses with data on crime and traffic to provide other indicators of activity and to try to give a better indication of the scale of activity. There are identifiable cluster of activity at New Cross and Deptford, around Catford and to a lesser extent in Blackheath and Forest Hill town centres. Lewisham, for an aspirant Metropolitan town centre, has a surprisingly limited night-time economy.

Figure 8.12 Night-Time Economy Clusters in Lewisham



Source: CAG

8.5 Conclusions on Economic Geography

Lewisham as a borough has no single dominant employment centre though there are two clear clusters of activity where much employment is focused. The Lewisham-Catford Corridor in the centre of the borough has the strongest concentration of employment with much of it based on public service activities. In the north of the borough there is a concentration of employment in the New Cross-Deptford area. New Cross-Deptford also contains the biggest concentration of Night-time economy activity in the borough, with other clusters to be found in Catford, Forest Hill and Blackheath.

9 Growth

9.1 Introduction

To date we have assessed the current economic profile of Lewisham and some of the past trends. In this section we look at projections of future growth. We start by examining projections of employment growth in total and by sector. We then look at projections of population and labour supply. Combining the employment and labour supply projections we then assess what this might mean in terms of demand for skills and occupations for both the resident and workplace economy.

Taking account of the general projections of growth for Lewisham and the drivers of growth set out in Chapter 3 of this report, we then examine the potential for key growth sectors in Lewisham and set out the skills and property market requirements that will be needed to deliver the growth potential.

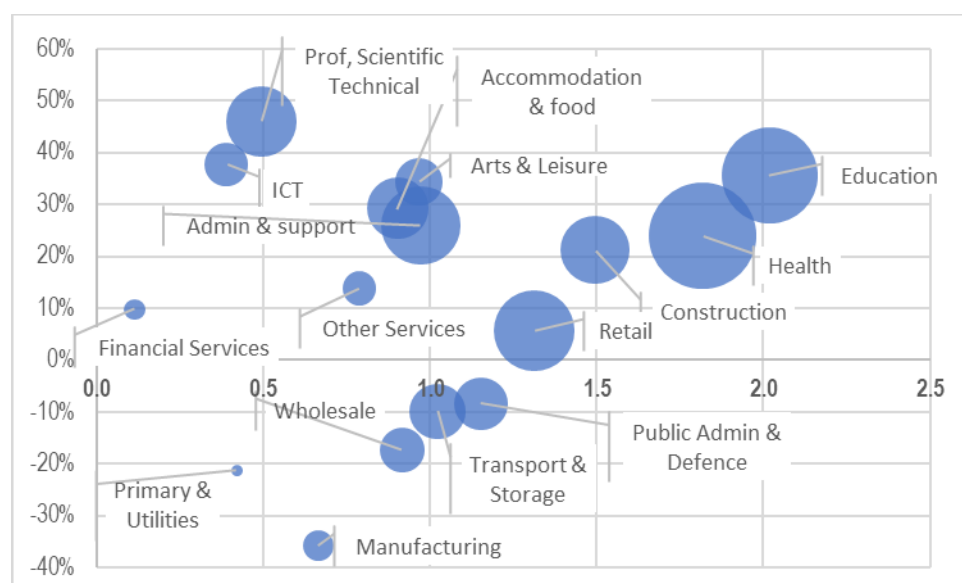
9.2 Employment Projections

We set out previously (in Chapter 4) the sectoral employment profile of the Lewisham economy. Figure presents the employment profile for Lewisham in terms of projected employment growth by sector. The vertical axis shows projected employment growth by sector at the London level over the period 2016-41. The horizontal axis shows the representation of that sector in terms of its Location Quotient (LQ), which is a measure of relative specialisation. An LQ of greater than one means it is relatively over represented in Lewisham compared to London as whole and an LQ of less than one means it is relatively under-represented.

The size of the discs represents the size of the sector in Lewisham in employment terms.

- The sectors in the top right quadrant of Figure show those where Lewisham is relatively over-represented and which are projected to grow faster than the London average. This is Lewisham's two largest employment sectors, health and education, so Lewisham should see significant growth in jobs from these sectors which will continue to form the bedrock of Lewisham's economy.
- The sectors in the top left of Figure are those that are projected to grow faster than the London average but in which Lewisham is comparatively under-represented. The challenge for Lewisham is to see if it can capture a greater share of growth in sectors such as professional, scientific and technical services and in ICT.
- The sectors in the bottom left of Figure are those where Lewisham is comparatively under-represented but are projected to grow slowly or even decline. Lewisham does not have many jobs in these sectors, so any adverse impacts are likely to be marginal.
- The sectors in the bottom right of Figure are those where Lewisham is comparatively over-represented and are projected to grow slowly or even decline. These sectors, notably public administration and retail, may cause some concern with replacement jobs being needed from other sectors to mitigate any adverse employment impacts.

Figure 9.1 Projected Employment Growth by Sector and Sector Representation in Lewisham



Source : GLA Economics/BRES/CAG

Table 9.1 summarises the sectors by quadrant from Figure 9.1 and shows the London average weekly earnings by sector. Sectors where earnings are above the total London average have been noted in red. If Lewisham is seeking to target higher value growth then it needs to attract a greater share of growth in professional, scientific and technical services and in ICT.

Table 9.1 Lewisham Sectoral Representation and Average Weekly Earnings

Above Average Growth Below Average Representation	Avg Weekly Earnings	Above Average Growth Above Average Representation	Avg Weekly Earnings
Prof, Scientific Technical	£766.60	Education	£574.90
ICT	£852.50	Health	£507.90
Accommodation & food	£339.90		
Admin & support	£457.10		
Arts & Leisure	£437.10		
Below Average Growth Below Average Representation	Avg Weekly Earnings	Below Average Growth Above Average Representation	Avg Weekly Earnings
Wholesale	£564.50	Construction	£659.50
Manufacturing	£574.90	Retail	£361.30
Other Services	£479.10	Public Admin & Defence	£689.40
Financial Services	£1,157.50	Transport & Storage	£684.10

Source : ASHE/CAG

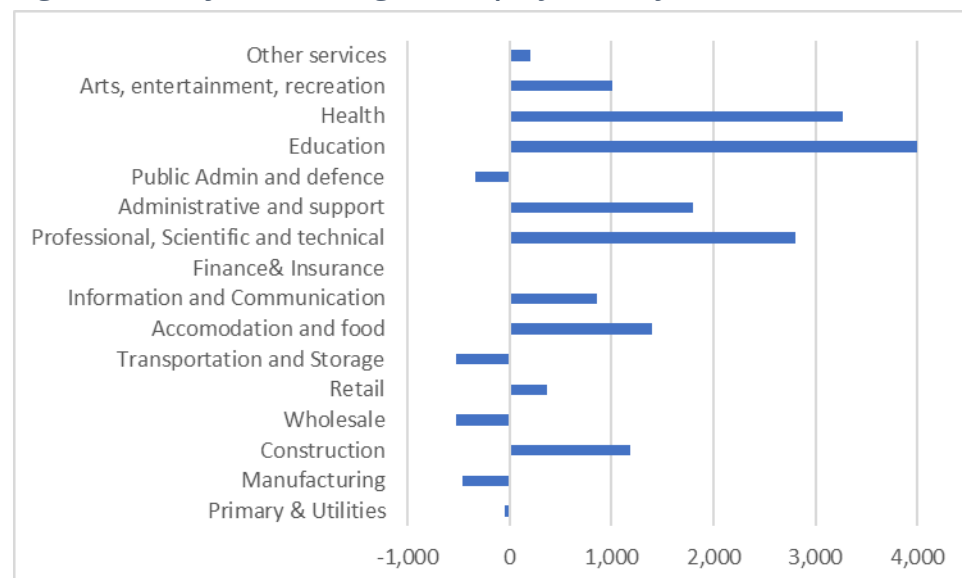
We have prepared a sectoral employment forecast for Lewisham consistent with the sectoral employment projections for London and Borough total employment projections prepared by GLA Economics.³¹

The total number of jobs in Lewisham is projected to increase by 15,000 over the period 2016-41, an increase from 81,000 to 96,000. Given the relatively flat employment trajectory we have noted for Lewisham in the recent past, this would represent quite a significant upturn in jobs growth.

The largest growth sectors are projected to be Education up by 4,000; Health up 3,300; Professional, Scientific and Technical Services up 2,800; Administrative & support services up 1,800. But there is forecast growth across a range of sectors with around 1,000 additional jobs projected for each of the construction, accommodation and food, information and communications, and arts, entertainment and recreation sectors.

There are small reductions in employment forecast for the more industrial sectors of manufacturing, wholesale distribution and transportation and storage.

Figure 9.2 Projected Change in Employment by Sector Lewisham 2016-41

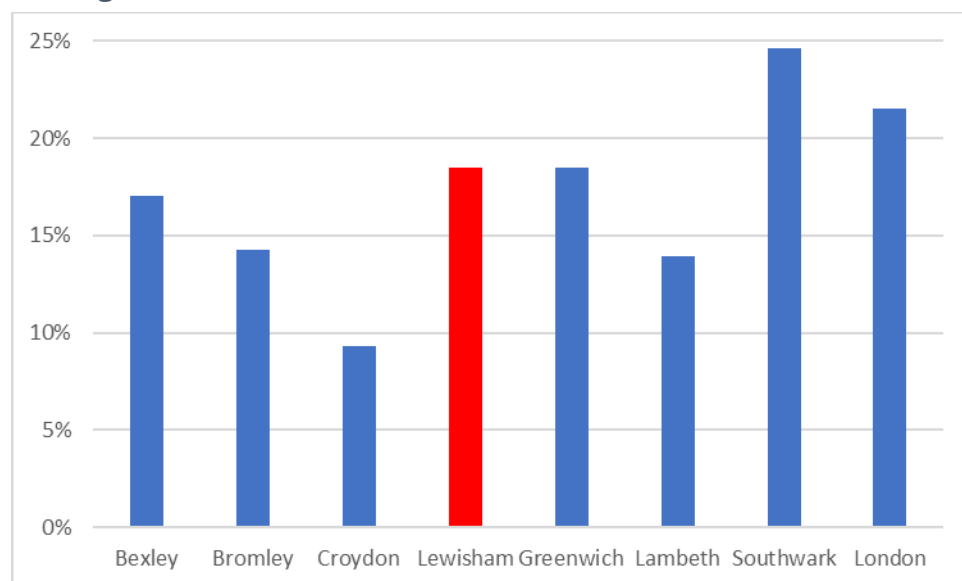


Source: GLA Economics/CAG

Lewisham's employment is projected to increase by 18.5% over the period 2016-41. This is slightly below the London average but is higher than the projected growth for many of the comparator boroughs. Only Southwark is projected to grow faster than Lewisham. The challenge for Lewisham is to make sure that it is able to capture this growth potential.

³¹ GLA Economics (2017) London Labour Market Projections

Figure 9.3 Projected Employment Growth 2016-41 Lewisham and Comparator Boroughs

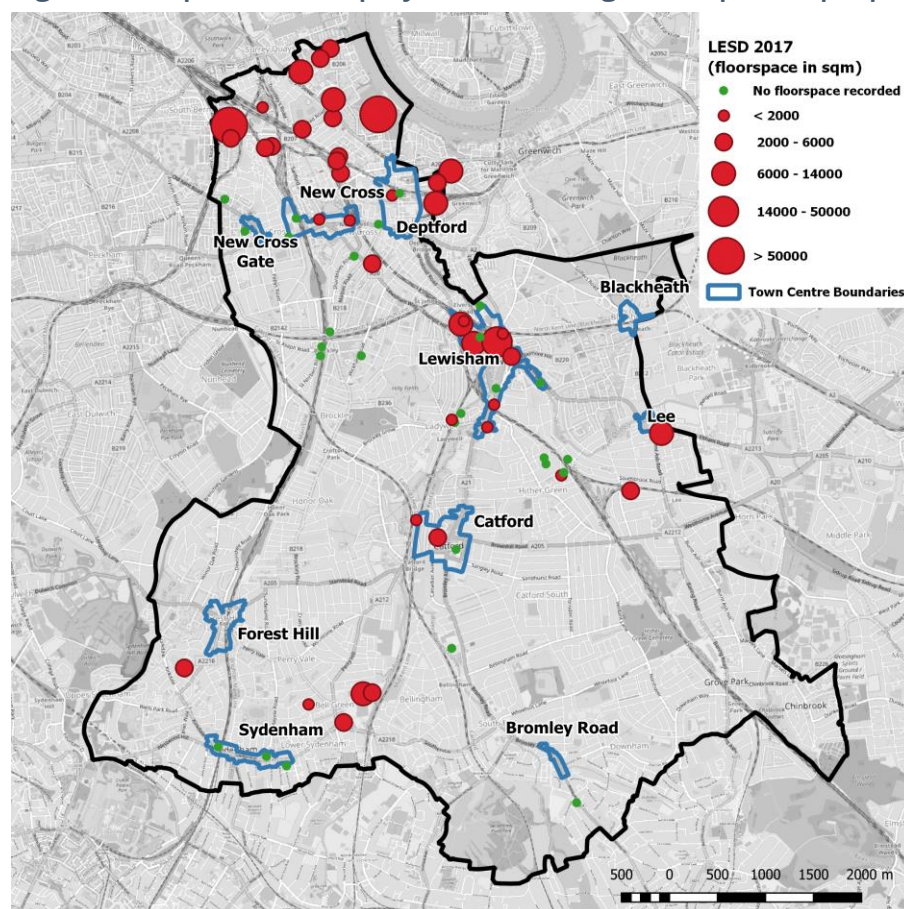


Source: GLA Economics

Commercial Development Proposals

Outstanding planning permissions and proposals for commercial floorspace provide data on the capacity of Lewisham to accommodate the projected growth and also indicate spatially in the borough where it might be accommodated. The map below illustrates employment-creating development proposals in Lewisham that are either under construction, have outstanding planning permissions or are some other form of identified proposal.

Figure 9.4 Pipeline of Employment creating development proposals



Source: LESD/CAG

The data is taken from the 2017 London Employment Sites Database (LESD). In total these proposed developments sum to around 165,000 sq m of floorspace, though the largest single development proposal at Convoys Wharf accounts for over half of this. The floorspace total is the net addition and includes a proposed loss of around 40,000 sq m of industrial space.

In total these development proposals would have the capacity to accommodate around 8,000 jobs, or just over half the projected growth for Lewisham.

As can be seen from the map the concentration of development proposals is in the north of the borough in the Deptford-New Cross area. Thus, this is where we would expect to see most of the employment growth in the future. There is also a cluster of development proposals in Lewisham Town Centre.

9.3 Population and Labour Supply

Lewisham's population is projected to grow by 61,000 over the period 2016-2041, from 302,000 to 363,000 – an increase of 20%. Figure 9.5 below illustrates the projected growth by broad age cohort. The biggest percentage growth is in the 70+ age cohort which is projected to grow by 91% over the period 2016-41, an increase of 16,200. If the projections are carried forward to 2050, the growth in this age group continues to rise further.

In economic terms the 70+ age cohort will be a largely economically dependent and will drive demand for health and care workers. It is also likely that large numbers in this age cohort may not have good occupational pensions to help maintain them through their retirement which may restrict growth in consumer expenditure.

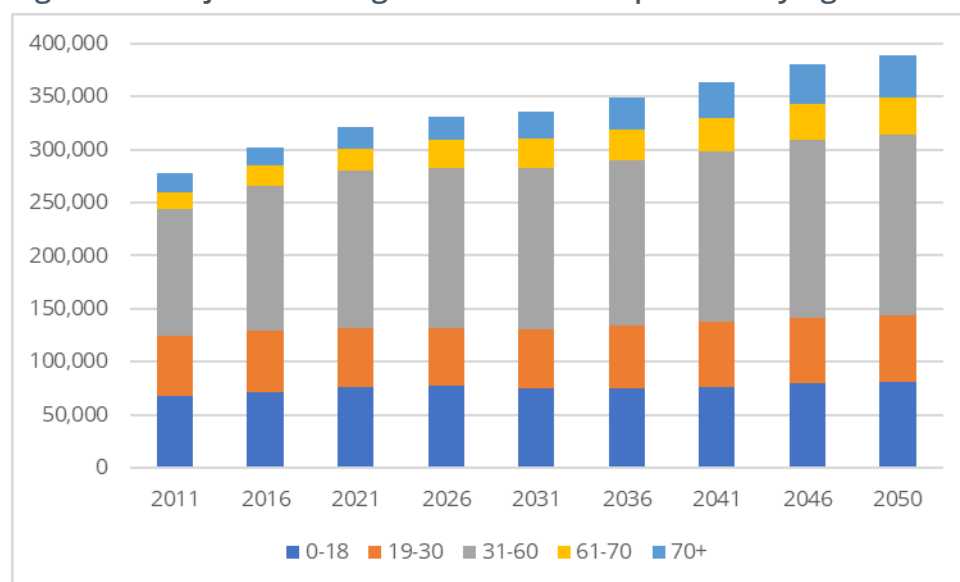
The next largest growth category is the 61-70-year-old age group which is projected to increase by 69% over the period 2016-41, an increase of 12,600 people. For this segment of the population much will depend on their willingness and ability to remain active in the labour market.

From 2019, the State Pension age will increase to 66 by 2020 with further increases to 67 between 2026 and 2028. Under the current law, the State Pension age is due to increase to 68 between 2044 and 2046. Following a recent review, the government has announced plans to bring this timetable forward. The State Pension age would therefore increase to 68 between 2037 and 2039, though this is subject to agreement by Parliament. So, it is the government's objective that most of this age cohort will remain economically active and in employment. If so this would boost the labour supply whilst providing a category of residents who would probably have relatively high disposable income.

The population aged between 31-60 is projected to grow by 18% or 24,600 between 2016-41. For younger workers aged between 19-30 there is projected to be an increase of just 5% or 3,000. And for those 18 and under, who will be creating demand for education and children's services, the increase is also modest at 6% or an increase of 4,600.

Whilst Lewisham's population is projected to grow by 20%, or 61,000 people, nearly half of this increase is accounted for by people over 60.

Figure 9.5 Projected Change in Lewisham Population by Age Cohort



Source: GLA

Drawing on data from a combination of the GLA's projections for both population and employment, we project that the number of residents in employment in Lewisham will grow by 30,600 over the period 2016-41, an increase of 19%. That is roughly twice the level of jobs growth

projected for the borough, with many Lewisham residents continuing to work outside the borough, particularly in Central London.

9.4 Occupational and Skills Projections

The latest UK Commission for Employment and Skills (UKCES) Working Futures report³² projects a continuation in recent trends that have seen an increase in demand for higher skilled workers and a reduction in demand for lower skilled workers. Reduced demand for lower skilled workers is driven in part by international trade and in part by technological change. Prospects for employment growth by occupational category can be summarised as:

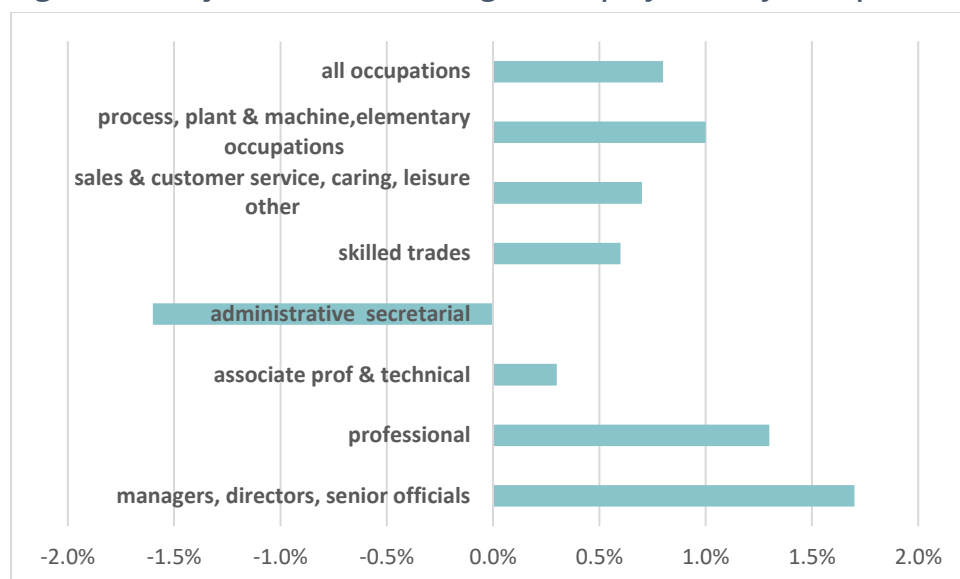
- **Managers, Professional, and Associate professional & technical occupations** are all expected to show significant increases in employment to 2024.
- **Caring, leisure & other service occupations**, are projected to experience some employment growth as the tasks they undertake are difficult to replace with machines.
- **Sales & customer service occupation** group are expected to experience modest jobs losses, especially for the less skilled sales occupations sub-category.
- **Administrative & secretarial occupations** have been one of the groups hardest hit by technological change and are expected to see further reductions in employment.
- **Skilled trades occupations, and Process, plant & machine operatives** are expected to experience further continued job losses due to the sectoral decline in manufacturing, primary and distribution activities.
- **Elementary occupations** are expected to see reductions in some types of occupation offset by growth in others. Many low skilled jobs still require a human response and cannot be automated.

Figure 9.6 below sets out forecast of occupational demand in London prepared by GLA Economics³³. For most occupational categories both projections are similar. Where the UKCES and GLA projections diverge, however, is that the GLA Economics projections show growth in the manual occupations of skilled trades and process plant and machine operatives. As noted earlier the GLA Economics project decline in industrial employment sectors; their positive demand for these occupations reflects the fact that large numbers of people are employed in these occupations in non-industrial sectors where growth is projected.

³² Working Futures 2014-24 - UK Commission for Employment and Skills (April 2016)

³³ London Labour Market Projections 2016 – GLA Economics

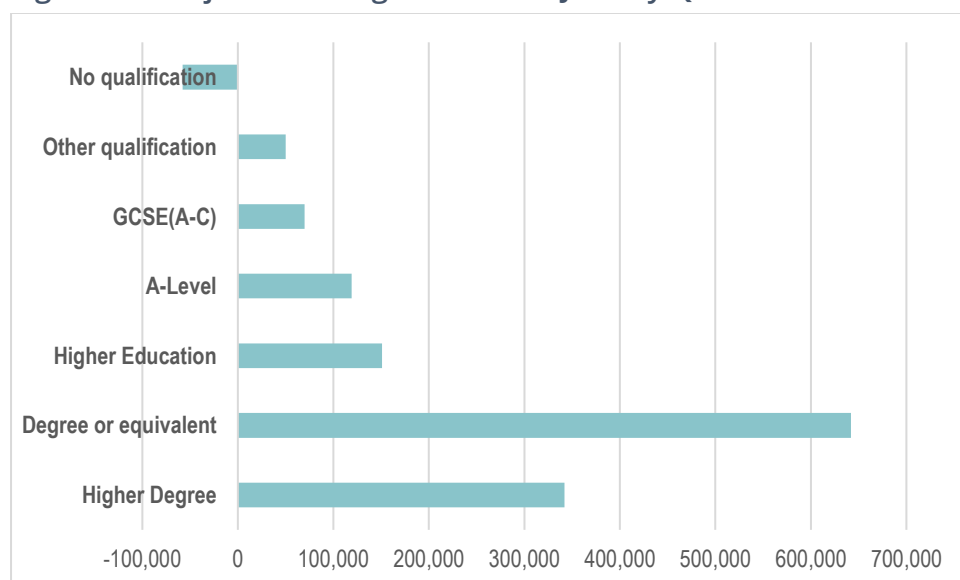
Figure 9.6 Projected Annual Change in Employment by Occupation 2014-41



Source: GLA Economics

GLA Economics and UKCES have also both prepared projections of the change in profile of London jobs by highest level of qualification. These show a substantial growth in the London workforce qualified to Degree level or higher. Whilst in part this may reflect increased skills required for particular jobs it will also reflect a labour market sorting process which employers use to sift through potential applicants.

Figure 9.7 Projected Change in London Jobs by Qualification 2014-2041

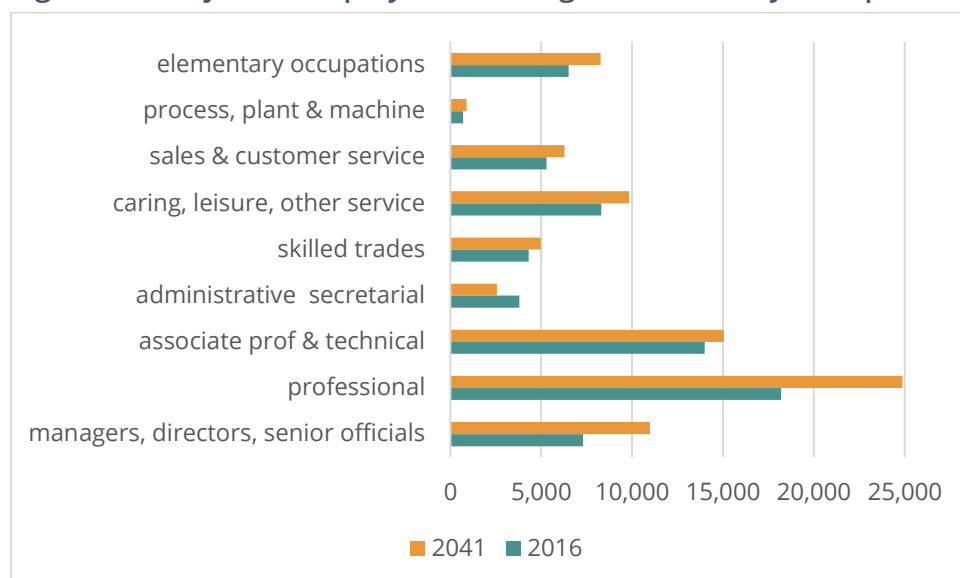


Source: GLKA Economics

Applying the occupational trends from the GLA Economics projections to the projected growth of 15,000 jobs in Lewisham over the period 2016-41 would produce a change in occupational profile as set out in Figure 9.8 below. The principal growth will be in the higher order occupations: Managers, directors, senior officials and professional occupation. An important

caveat is that the types of jobs within those broad occupational categories will be very different in twenty years' time to what they are today.

Figure 9.8 Projected Employment Change Lewisham by Occupation 2016-41



Source: CAG/GLA Economics

9.5 EDS Growth Sectors

The Mayor's Economic Development Strategy (EDS) identified seven sectors that were seen as having potential to drive growth in the London economy. We briefly review the potential for each of these sectors to develop in Lewisham before going on to consider other potential growth sectors more widely.

Advanced Urban services (AUS)

There is no standardised SIC definition of this sector, but the Future Cities Catapult states that worldwide, *"Estimates of this market's value range from \$600bn to \$1 trillion today, rising to over \$3 trillion by 2025"*.

The EDS refers to the ability of new technologies to enable services such as architecture, urban design, planning, engineering, property development, energy and transport to deliver smarter cities. We have therefore developed a definition drawing on parts of the professional services sector and parts of the ICT sector.

Lewisham is not currently well represented in these sectors which have tended to cluster due to agglomeration factors in Central London.

Financial and business services

There is some overlap between Advanced Urban Services and the broader categorisation of financial and business services sector which is the mainstay of the London economy. Financial and business services accounts for over a third of London's output and projected to account for one third of the net additional growth in jobs between 2016-41.

Business services more broadly remains one of the larger employment sectors in Lewisham albeit one that is very under-represented compared with London as a whole. There are segments of this market that should provide some opportunities for growth in Lewisham and we outline these further below.

Cultural and creative industries

The creative economy covers people with creative occupations working in the creative industries, as well as workers with creative occupations working in any other industry, and also people in a non-creative job working in a creative industry. Creative industries contribute £84.1bn to the UK economy and account for around 5% of national Gross Value Added (GVA) and are growing faster than the economy as a whole.

The wider creative economy contributes £133.3bn and represents roughly 8.2% of the UK economy. Nationally the creative industries account for around 1.2m jobs so are important for economic growth as well as the cultural value they bring. The Bazalgette Review projects that, “Based on current trends, the Creative Industries could deliver close to £130bn GVA by 2025 and approximately one million new jobs could be created by 2030.”

The EDS cites research showing that the *“creative economy is estimated to provide one in six jobs in London and the creative industries generate around £42 billion for the London economy. It is also one of London’s fastest growing sectors.”*

With one of the UK’s leading creative arts universities in the borough, Lewisham has a highly valuable asset to help stimulate and nurture growth in this sector.

Digital and Tech (digitech)

The digitech sector has been transforming economic development over the past two decades and has driven much of London’s recent growth. The Government is committed to investing in the sector for the future. The Industrial Strategy White Paper commits that, *“The government will invest £84m over the next five years to deliver a comprehensive programme to improve the teaching of computing and drive up participation in computer science”*.

The Creative and Digital sectors are ones that Lewisham has already identified as potential growth activities as noted through its bid for a Creative Enterprise Zone.

Life sciences

The life sciences sector is driven by a combination of demographic and technological trends. A growing elderly population has ever more complex health needs and expectations. The EDS cites evidence that in 2017, *“the sector in London and the wider south-east was estimated to generate £38.4 billion in turnover for the UK.”*

Life sciences is not a currently a large sector in employment terms and has little presence in Lewisham. The sector tends to develop out of and around major medical research establishments. So, despite health being a major employment sector, it is unlikely to be the source of much growth in Lewisham.

Low carbon environmental goods and services (LCEGS)

The low carbon and environmental goods and services sector includes both primary activities directly engaged in environmental goods and services, and secondary activities that can form part of developing the low carbon economy. The sector in London was estimated in 2014/15 to have sales worth £30.4bn.

The borough already has a flagship energy from waste power plant (SELCHP), which now provides low cost, low carbon heating to properties in neighbouring Southwark, and a well-established community energy organization (South East London Community Energy). The Mayor of London has a number of initiatives designed to encourage and enable the development of a low carbon economy and Lewisham could be well placed to capitalise on these. The industrial site in which SELCHP is located has been identified as potentially offering a location for a new green hub. For example:

- Opportunities related to fuel poverty reduction and housing retrofit. There is a skills shortage in terms of energy efficiency retrofit and a growing demand arising from GLA investment (in line with the fuel poverty action plan) and new minimum standards for energy efficiency in the private rented sector.
- Encouraging renewable energy. At the moment, most of London's power is generated in power stations outside of the capital (with the heat from these going to waste). The London Plan aims for a quarter of London's heat and power to be generated in the capital by 2025. Lewisham is already ahead of the curve in this respect being home to the SELCHP power plant. Unlocking further opportunities in this area will depend on effective working with the local electricity network operator, UK Power Networks, which controls connections into the local network.

Tourism

The tourism sector is subject to different types of demand drivers to the other EDS sectors. But it is nevertheless a major economic sector and one that is projected to grow. The EDS notes that 700,000 people, or one in seven of London's workforce, are employed in tourism. In 2016 the combined spend by international and domestic visits was estimated to be £14.9 billion and this is projected to rise to £22bn by 2025. But in order to capture this potential the EDS highlights the need for London to develop its tourism offer.

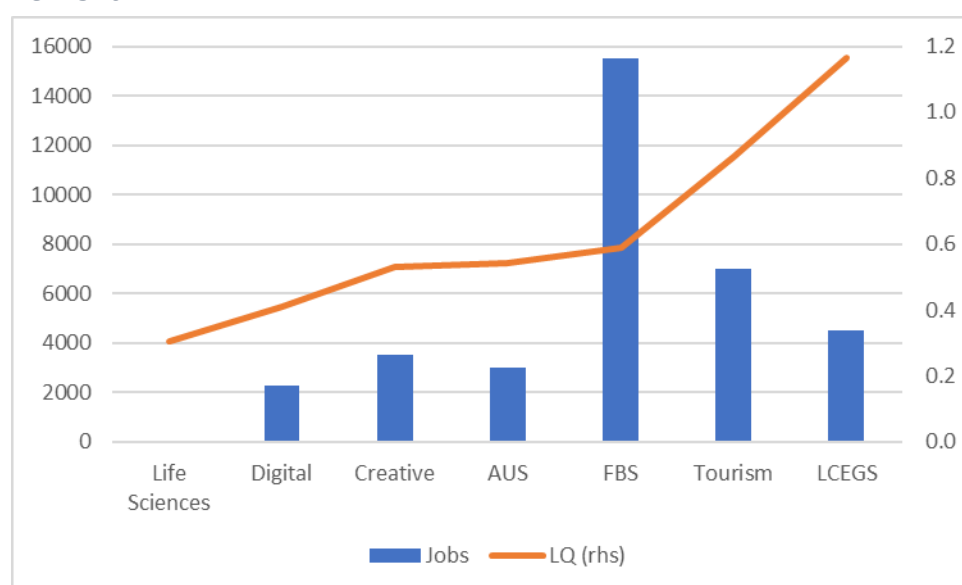
As broadly defined, the tourism and leisure sectors accounts for just over 10% of Lewisham's current employment, which is close to the London average. Lewisham's aims of growing the Night-time economy should help it capture part of the projected growth. The outcome of the Convoys Wharf development may determine how much further this sector grows in Lewisham. Developing the supporting infrastructure in terms of the food and drink and accommodation offer will help Lewisham benefit from growth in the visitor economy more broadly.

Lewisham's Representation in EDS growth sectors

Figure 9.9 shows the total number of jobs in Lewisham in each EDS growth sector represented by the bars with the scale on the left-hand axis. The line signifies the Location Quotient (LQ) compared to London as a whole, using the scale on the right-hand axis.

Only in the Low Carbon Environmental Goods and Services sector does Lewisham have a higher relative representation of jobs than the London average (with an LQ greater than 1). But that does not mean it is the only sector with potential to grow. Lewisham has some comparative advantage in the Creative and Digital sectors and should also be aiming to capitalise on growth in the Financial and Business Services sector and the Tourism economy.

Figure 9.9 EDS Sectors: Employment Levels and Comparative Representation in Lewisham



Source: BRES/CAG

In setting out the sectors where we consider there is potential for growth in Lewisham, we consider them in terms of the market demand they are serving. We start by considering population-related sectors as we know population growth is one of the most significant drivers of demand in the Lewisham economy. We have divided this population-dependent demand into two market segments: the segment related to household demand or consumer expenditure and the segment related to provision of public services. Both of these are already important components of the Lewisham economy and both have the potential to create more jobs in the borough.

9.6 Growth Sectors – Household Demand

Construction

With around 1,400 dwellings per year scheduled to be built in Lewisham alone, the construction sector will generate a large number of jobs in Lewisham. In addition to the housebuilding programme, the construction sector will be given a further injection of demand through infrastructure projects such as the Bakerloo Line Extension, and wider commercial

developments projects such as Convoys Wharf and the proposed redevelopment of Catford Town Centre.

Construction is an important growth sector that will provide entry-level opportunities both within Lewisham and in the wider London economy that are accessible to Lewisham residents. It is a sector within which there are opportunities for the local authority to engage with the industry through planning agreements and similar processes and there are many good practice examples to draw upon.

Whilst each construction project may be time-limited, there is a lengthy pipeline of development and infrastructure projects that will generate a steady demand for construction workers even though the specific jobs and employers may change over time.

Skills Needs

The UKCES report *The Future of Work*³⁴ identified the following future skills requirements for the Construction sector:

- Across the sector, and across different roles, the increasingly technical demands of trade and crafts jobs require sufficient technical skills (for example in ICT, renewable energy technologies, and new materials);
- Increased integration of technologies into residential and office buildings (e.g. home automation) requires workers to obtain new installation, maintenance and repair skills;
- It is anticipated that there will be an increased demand for skilled project managers to manage both offsite and onsite construction projects;
- An increased demand for installation, repair and maintenance skills in the sector, is likely to be driven by increased automation (integration of technologies into residential and office buildings), and renewable energy technologies; and
- An increased demand for ICT skills is expected in building modelling and building management.

The sector offers opportunities for training and recruitment initiatives to help local residents into work. These can be written in to Section 106 agreements. With a significant proportion of the new dwellings being delivered by housing associations, there should be opportunities for partnerships to develop long-term and high quality training programmes.

Property Needs

Much of the construction sector does not occupy commercial floorspace in the same way as other sectors. Based on research for the London Industrial Land Demand study³⁵ we estimate that around 25% of construction employment in London occupies industrial floorspace. The rest is predominantly working on site on construction projects.

³⁴ The Future of Work: Jobs and skills in 2030 – UKCES (2014)

³⁵ London Industrial Land Demand study (2017)

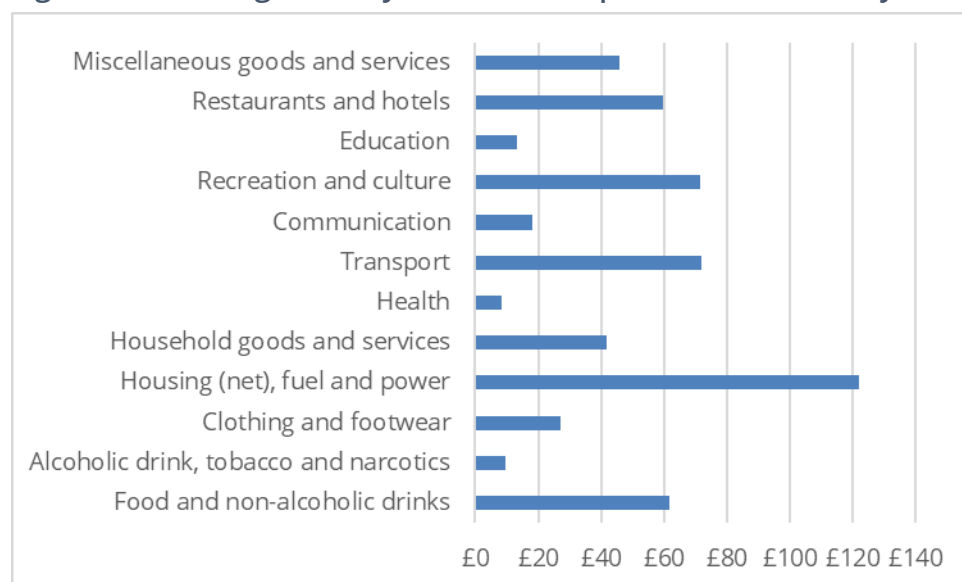
The Leisure Economy

This does not fit neatly under one category, but there are a range of sectors including food and drink, arts, leisure and culture and personal services whose market is consumer expenditure. As the population grows so does the size of this market. The challenge for Lewisham is to capture a growing share of it. This has already been recognised in the Night-time Economy Strategy, but the leisure economy also includes the day-time economy.

The household economy in Lewisham is a large and important component of demand. As noted earlier Gross Disposable Household income in Lewisham is £22,139.

The average London household weekly expenditure by category is illustrated in Figure 9.10 below. Using 'restaurants and hotels' and 'recreation and culture' as a broad proxy for leisure expenditure, then the average London household spends £6,800 a year on goods and services in this sector. As there are projected to be around 170,000 households in Lewisham by 2041 that amounts to a very large sum of expenditure on leisure by residents of Lewisham alone.

Figure 9.10 Average Weekly Household Expenditure London by Category



Source: ONS Family Spending Tables

Ambitions for the Catford Masterplan and New Cross Gate Area Action Plan and the initiative to develop the Night-time Economy all align with expanding this sector in Lewisham. The combined sectors of retail; accommodation and food; arts, entertainment and recreation; and other services are projected to grow by 3,000 jobs in Lewisham between 2016-41, accounting for 20% of total projected growth. With the right offer, there is potential to increase the number of jobs in these sectors further.

Whilst there is a direct economic benefit of creating more jobs there is a wider placemaking effect of creating a more 'liveable' Lewisham. This is picked up further in the next chapter.

Skills Needs

According to a UKCES report, recommended actions to include productivity in the retail sector include:

- Upskill existing workers, with training linked closely to skills needs, especially in rapidly changing fields such as data-handling and new technology, and in customer service
- Increase training amongst older workers and SME owners
- Reduce the current under-utilisation of skills. Need to recognise and develop skills potential, with jobs and progression routes that support employees to use their skills

Skills that need improving to fill skills gaps in the sector include³⁶:

- Planning and organising skills 59%;
- Customer handling skills 55%; and
- Technical and job specific skills 53%.

Property Needs

This sector occupies a wide variety of different property types ranging from hotels, bars and restaurants, through cinemas and museums to sporting venues such as Millwall football club. So it is not possible to specify any property market type that this sector needs. Plans are already advanced, for example to bring a cinema to the borough.

But the principal requirement will be enhancing the town centre leisure and cultural offer. As noted on the Lewisham Retail Capacity Study:

*"The principal qualitative gap in the offer in Lewisham town centre is the relative lack of a commercial leisure offer. The absence of a cinema is particularly noticeable, but there are also a shortfall in cafes, casual dining restaurants and similar facilities which encourage longer periods of dwell time in a centre. The opening of the Glass Mill Leisure Centre is an important addition to the wider leisure offer of the centre, and some of the floorspace which is expected to come forward at Lewisham Gateway will be given over to the use of class A3/A4 uses, which should assist in addressing some of this shortfall."*³⁷

9.7 Growth Sectors – Public Services

Growth in population of 20% in Lewisham will also create demand for public services in sectors such as education and health. The overall scale of growth will also depend on national government decisions on the level of public investment. There is a growing recognition across the political spectrum of the need for a long-term funding commitment to the health and social care sector.

³⁶ Skills and performance challenges in the retail sector – UKCES (2015)

³⁷ Lewisham Retail Capacity Study 2017

Education

Schools-based education will continue to be driven largely by a combination of demographic change and government expenditure decisions. In the fields of Further and Higher Education the sector is more subject to market forces and technological change. The growth of Massive On-line Open Courses (MOOCs) have provided new work-based learning opportunities but have also impacted on the growth in student numbers. The UKCES sees continued growth in on-line and blended learning. In terms of implications for skills in the sector it expects³⁸:

- Increased integration of ICT and technological equipment, requiring employees to acquire necessary digital skills whilst also developing necessary interpersonal skills that give them the ability to act as a mentor.
- Strong need for STEM skills to sustain an innovative economy, and to meet societal needs in areas such as energy and environment.
- Brokering and intermediary skills are in demand, to ensure that employers become co-producers of a more effective skills system
- ICT-related skills such as programming, information design; audio-visual editing, etc. will be at the heart of future skills delivery

Health

The health sector in particular has additional factors which would be expected to drive growth. The UKCES Sector Insights identified four main factors driving skills demand in the health and social care sector³⁹

- Demographic change – increasing overall demand for the services delivered by the sector.
- Social and political factors – including the push for resource efficiency and structural reform.
- Technology and innovation – including advances in treatment modalities and use of technology to support self-care
- Changing user expectation of care – more person-centred, compassionate, and integrated care.

Social Care

Health and Social care has also been identified as a sector in which there is projected to be high demand for labour due to both demographic trends and the nature of occupations in the sector. The number of employers reporting current skills gaps in the health and social care sector is slightly higher than the national average⁴⁰. Amongst the factors identified by The Future of Work⁴¹ report that will impact on demand for skills in this sector are:

³⁸ The Future of Work: Jobs and skills in 2030 – UKCES (2014)

³⁹ Skills and performance challenges in health and social care – UKCES (2015)

⁴⁰ Sector insights: skills and performance challenges in the health and social care sector – UKCES (2015)

⁴¹ The Future of Work: Jobs and skills in 2030 – UKCES (2014)

- Demand for technological skills requiring older workers in particular to update their skills to keep up with technological advancements. As the life sciences industry develops there will be increased demand for higher-skilled roles. Including at postgraduate level.
- Workers in health and social care will need to acquire the skills to analyse, manage and translate the increasing amount of data that will be generated by automated monitoring and diagnostic equipment.
- Increasing demand for new skill sets in areas of prevention, diagnosis and treatment driven by wider adoption of personalised treatments.
- Increased demand for managerial skills in facilitating health care remotely, including managing a diverse workforce.
- The introduction of 'care robots' will require social care workers to learn how to handle this equipment.
- Increased demand for inter-disciplinary skill-sets, especially the combination of medical knowledge and programming skills, as automated diagnosis tools become widely adopted.
- Demand for social/behavioural skills (empathy and a customer service ethos) alongside new technical skills in operating technology especially for new workers to the sector.

9.8 Growth Sectors – Servicing London Economy

As noted amongst the growth drivers has been the growth of the Central London economy. Concentrated in the Central Activities Zone (CAZ) this has grown more rapidly than the London economy as a whole and it is the highest value part of the London economy. But these activities themselves require servicing and as demand for Central London services grows so does the demand to service that activity.

In the projection by SIC category set out earlier, these will be found with the 'Professional, Scientific and Technical Services, Administrative and Support services. These sectors have much greater potential for growth in the event of the Bakerloo Line Extension being built as this will provide enhanced connectivity with the Central London economy.

In addition to the sectors identified above, areas for potential growth include the sorts of activities occupying what is known as 'Hybrid' space. The table below provides a list of such activities. These are the sorts of business service activities for which there will be growth and for which Lewisham could develop an appropriate property market offer. In sectoral terms these will cut across many of the traditional sectoral classifications including some manufacturing activity, though the biggest representation will be in the Information and Communications sector and especially in Administrative and Support service activities. It will include some production and repair activity.

The figure below summarises the typical types of activity that take place in Hybrid space.

Figure 9.11 Typical Activities in Hybrid Premises

Production	Support
Assembly	Management and administration
Craftwork	Goods dispatch/receipt
Customisation	Customer support (call centre)
Design	Customer consultation
Engineering	Demonstration
Food Preparation	Retail & wholesale sales
Graphic Design	Sales & marketing
Maintenance	Technology
Packing	Training
Printing	Software development
Repair	Showroom
Storage & Consolidation	Entertainment and hospitality

Source: Ramidus

Skills Needs

With the range of activities noted above each activity will have its own specific skills requirements. But as many jobs in these sectors are vulnerable to increased automation, there will be a demand for greater cognitive skills an emphasis on creative and design inputs.

Property Market Needs

These sectors include both office-type activities as well as production-type activities. Their premises needs are not necessarily driven by the type of building but rather by availability, cost and location. For many businesses operating in these sectors, their principal requirements are affordable premises that relatively close to their principal markets in Central London. In the words of one business, what they require is *“good coffee and good connectivity”*.

Lewisham is seen as a good business location for businesses that currently operate in Lewisham and who have a predominantly local market. Whilst external perceptions of Lewisham as a business location are less positive, perceptions can be changed provided the fundamental assets are in place. Parts of the north of the borough are quite well placed to service central London. As more of Lewisham appears on the tube map, this sense of connectivity will grow.

These activities do not require high frequency movements of goods or labour and are suited to co-location with residential development, provided the design, access and servicing are sorted out correctly. Much of this activity is currently located on industrial estates but could be accommodated within town centres. A recent report has coined the term, ‘New London mix’ to describe the close co-location of light industrial, distribution and productive workspace with homes in a way that works for occupiers and residents⁴².

⁴² Places that Work – GVA, Dan Hill, Architecture 00 (July 2018)

9.9 Growth Sectors – ‘Export’

We have labelled this set of sectors as ‘Export’ due to their potential market as being wider than just London. These are sectors with the potential to sell their goods and services UK-wide or overseas.

Creative and Digital

As noted above the ‘creative and cultural industries’ sector and the ‘digital and tech’ sector are two of the Mayors EDS Growth sectors. We have noted that, with Goldsmiths University and an emerging cluster of activity in these sectors, Lewisham is well placed to capitalise on this growth. LB Lewisham has already undertaken a large amount of development work with regard to this sector. A detailed analysis of this sector in Lewisham has been prepared which we will not repeat here.⁴³

At time of finalising this report it was announced that SHAPES Lewisham- New Cross & Deptford Creative Enterprise Zone bid had been successful and further work will be undertaken on developing this sector as part of that initiative.

Skills Needs

According to a UKCES report⁴⁴ the key occupations currently in this sector are:

- IT business analysts, architects and systems designers
- Programmers and software development professionals
- Graphic designers
- Arts officers, producers and directors
- Photographers, audio-visual and broadcasting equipment operators

Skills gaps are currently most prominent in the digital sector with demands for advanced IT or software skills as due to the rapidly changing nature of the sector skills are constantly becoming outdated and in need of refresh.

Forecast demand is for big growth in skills needs in this sector and particularly for computer programming, consultancy and related occupations⁴⁵.

Among the conclusion of the UKCES report with regard to future demand for skills were that⁴⁶:

- *“Further changes in technology will be the key driver of the number of workers needed, and the types of skills that will be in demand. Employers and employees will need to work together to develop innovative ways of constantly renewing their skills.”*
- *“Employers will increasingly seek staff who can think strategically to capitalise on the opportunities provided by new technologies, and who possess skills in areas at the forefront*

⁴³ Lewisham Creative and Digital Industries Study Baseline Report – Regeneris, We Made That, Tom Fleming Consultancy (2018)

⁴⁴ Sector insights: skills and performance challenges in the digital and creative sector – UKCES Evidence Report 92 June 2015

⁴⁵ Working Futures (2014) - UKCES

⁴⁶ Sector insights: skills and performance challenges in the digital and creative sector – UKCES Evidence Report 92 June 2015

of technological change, such as: cyber security; the ability to develop content across multiple platforms; mobile and cloud computing; and big data.”

- *“Demographic factors could influence demand for digital goods and services in areas such as health technologies. Stronger people management skills may be needed as older workers work alongside young ‘digital natives’ with very different skillsets”*

Property Market Needs

LB Lewisham has already commissioned and published guidance on the property market needs of this sector. This is set out in detail in the Lewisham Creative & Digital Industries Spatial Guidance⁴⁷. This covers workspace needs across a range of property types namely:

- Small office space
- Large office space
 - Managed workspace
 - Incubator / accelerator / co-working
- Creative studio
- Small industrial / warehouse space
- ‘Live-work’

9.10 Conclusions on Growth

The total number of jobs in Lewisham is projected to increase by 15,000 over the period 2016-41. Given the relatively flat employment trajectory that we have noted for Lewisham in the recent past, this would represent quite a significant upturn in jobs growth.

Population is projected to grow even faster than employment and increase by 61,000 over the period 2016-41. Around half of this will be in the over 60s age group. The Lewisham resident workforce in employment is projected to increase by around 30,000 and many Lewisham residents will continue to work outside of the borough, particularly in Central London.

The largest growth sectors are projected to be Education, up by 4,000 jobs, and Health, up 3,300. These are currently the largest single sectors in the borough. Demand for growth will come from the increase in population.

The increased population will also bring increases in consumer expenditure for sectors such as retail, accommodation & food and arts, entertainment and recreation. How much growth Lewisham sees in these sectors will depend to a large extent on how it is able to shape its offer to capture a greater share of local consumer expenditure.

Another potential growth area of activity is in providing services to the Central London economy. This is a huge market on Lewisham’s doorstep and, given its location, one in which Lewisham currently has a very small share. Lewisham is projected to have an increase of 2,800 jobs in Professional, Scientific and Technical Services; 1,800 in Administrative & support services; and around 1,000 in information & communications. This would raise the value of activity in the borough, but it is by no means certain to happen. The projections indicate what might happen if

⁴⁷ Lewisham Creative & Digital Industries Spatial Guidance – We Made That, Regeneris, Tom Fleming

Lewisham achieves its share of London's growth. In order to capture this, Lewisham needs to provide an attractive market offer.

There is also potential for Lewisham to achieve growth in the Creative and Digital industries. This is a growth sector nationally (and globally). Lewisham has a stock of assets which should give it a comparative advantage and enable it to pick up a share of this growth.

10 Towards a strategy

10.1 Introduction

This Local Economic Assessment is not intended to develop an Economic Strategy for Lewisham, but the conclusions suggest some themes that would form a framework for an Economic Development Strategy. These themes are set out below, followed by a series of priority interventions designed to advance the objectives of each theme.

A stakeholder workshop held towards the end of our study helped to inform and develop these priority interventions.

10.2 Strategy Themes

Figure 10.1 below summarises six strategy themes to encourage growth and performance of the Lewisham economy. We expand on the rationale for and objectives of each of these themes in turn.

Figure 10.1 Strategy Themes

Theme	Objective
Attractive Town Centre Leisure Destinations	Capture a greater share of resident (and visitor) consumer expenditure
SME Workspace provision	To provide local premises for Lewisham residents to grow their own business
Labour force skills	To ensure Lewisham residents are not left behind by changing workforce needs
Capturing Opportunity from new Housing	Retain high levels of consumer expenditure within Lewisham and provide employment opportunities for local residents
Creative Cluster	To maximise cluster benefits from the growing creative digital sector and links with University
A Sense of Place	To improve external perceptions of Lewisham as a place to do business

Bakerloo Line Extension

The spine running through all these themes and holding together any strategy will be the Bakerloo Line Extension. We have separated this out from the other themes as a specific investment decision that is ultimately beyond the control of LB Lewisham and its partners in the borough. At this stage the principal task is to build the case for the BLE. If a decision is made to go ahead with the scheme, then there will be additional opportunities to plan for. But regardless of whether the BLE is built or not actions will be needed under each of the strategy themes set out below.

Attractive Town Centre Leisure Destinations

LB Lewisham has plans to grow the Night-time Economy and improving the attractions and attractiveness of town centres will be one ingredient in this strategy. But this extends beyond the night-time economy to creating destinations where people want to spend their money during the day as well. This is both with the aim of capturing a higher proportion of Lewisham residents spending that currently leaks out to more attractive destinations, but also to aim to create places in Lewisham that become destinations that attract others from outside.

This theme has two aims in that it first seeks to growth the service economy in sectors such as food and drink, and arts, culture and entertainment. The second aim, once this attractive town centre environment has been created, is to use this environment to attract and develop the professional services economy.

SME Workspace provision

Lewisham has a small business structure. Its stock of commercial property consists primarily of small units, and vacancy rates are currently very low. Whilst there have been significant changes in the way businesses occupy stock, there will be a need for new and additional workspace if Lewisham is to achieve growth in certain sectors of the economy such as professional and technical services and ICT. But new commercial office development is not currently viable in Lewisham and is unlikely to be so in the foreseeable future.

Interventions under this theme will therefore need to develop mechanisms for delivering a range of workspace types to ensure that Lewisham captures its share of growth in growing sectors of the economy and is able to achieve its objective of diversifying its economic base.

Labour force skills

Skills has been the key driver of economic growth for many years and there will be demand for higher and more adaptable skills in the years to come. Whilst Lewisham's workforce as a whole is quite well qualified, there are three distinct areas where focussed training and skills interventions will be required.

Firstly, not all the Lewisham workforce is well qualified. Basic skills interventions are needed, both to ensure residents can access the labour market and to provide businesses with the skills they need.

Secondly, there are skills needs amongst those who will be entering the labour market in the future. The schools' attainment data suggests there is need for improvement and our consultations have suggested more careers guidance is needed.

Finally, many people in the workforce today will find that their jobs will be change and be replaced over time by the adoption of new technologies such as increased automation. New job opportunities will emerge, but workers will need to adapt to and prepare for changing skills demands throughout their working life. For many this transition will be difficult, and help will be required to see them through it.

Capturing Opportunity from new Housing

With a London Plan target of 2,117 net additional dwellings a year, there will be substantial investment in housing in Lewisham in coming years. This is investment that has a high probability of being delivered, representing a significant economic opportunity for the borough.

This housing development will generate a large number of jobs in construction-related activity over a sustained period. Given the nature of construction employment, there will be a high propensity for labour market leakage outside of the area. This can be mitigated to some extent through construction training and placement schemes providing a higher proportion of local job opportunities than would be evident in the absence of such interventions.

The new households will also create demand for goods and services in sectors such as retail, leisure, cultural and public services. The strategy should seek to capture a high proportion of this additional demand in Lewisham. Much of Lewisham's economy is already based around servicing local demand so many of the jobs will be accessible to local residents. But the strategy will need to build on the existing service sector economy to create a wider and more attractive offer, minimising leakage of consumer expenditure outside the borough. There is thus a link with the theme on Attractive Town Centre Leisure Destinations.

There is also a link with the theme on SME Workspace provision in that residential development will provide an opportunity to secure new forms of commercial floorspace within mixed-use developments, that would not otherwise be developed.

Creative Cluster

This initiative is already being advanced through the successful SHAPES Lewisham- New Cross & Deptford Creative Enterprise Zone bid. Lewisham is home to one of the country's leading creative arts institutions and the creative industries will be an important growth sector in the coming years. So Lewisham is uniquely placed to take advantage of this growth to develop a new cluster of activity.

A Sense of Place

There was a clear sense coming through from the business survey and wider stakeholder consultations that whilst Lewisham was valued by those who live and work in the borough, that external perceptions were not so positive. There was also a view expressed that Lewisham, as a borough, did not have an obvious image or identity to explain to the outside world.

This is likely to mean that Lewisham is missing out on some external investment opportunities. If external investors under-value or do not understand the market opportunities that Lewisham presents, they will not invest.

The objective of this theme is therefore to change external perceptions of the borough and, in particular, to change perceptions of Lewisham as a business location.

10.3 Priority Interventions

For each of the six strategy themes we have developed a set of priority interventions designed to deliver the objectives of that theme. The choice of interventions is informed by what is known to

be effective, drawing on past evidence. It is also informed by what is realistic and deliverable given the resources and powers of Lewisham Borough Council and partner organisations.

In many cases these interventions reflect, or build on, initiatives already underway in the borough. An economic strategy is a framework for bringing together these initiatives and the Local Economic Assessment is providing the evidence base to support both new and existing policy initiatives.

Attractive Town Centre Leisure and Cultural Destinations

Lewisham Town Centre

Lewisham town centre has ambitions to become a Metropolitan centre. Yet whilst Lewisham has quite a large and diverse retail offer, its culture, leisure and entertainment offer is somewhat limited. Furthermore, this function of town centres is likely to become of increasing importance over time. The London Plan sets out that the typical range of uses found in a Metropolitan town centre are:

- High-order comparison retail
- Department stores
- Large shopping malls
- Town halls and civic buildings
- Larger offices
- Sub-regional culture, leisure and entertainment function

Lewisham as a centre is a very accessible location and should be well placed to provide a sub-regional culture, leisure and entertainment function. It also has a growing population in its immediate vicinity. So, a key priority for Lewisham town centre should be to expand its culture, leisure and entertainment offer with the type of destination attractions that will appeal to a sub-regional market, to help achieve its aims of becoming a Metropolitan centre.

Catford Masterplan

A Catford Town Centre Masterplan study has recently been commissioned and plans are in train for the transformation of Catford Town Centre. The Masterplan needs to ensure that it integrates an interesting culture, leisure and entertainment offer as part of the redevelopment even if this does not maximise values. There will no doubt be pressures to maximise development values, especially if this is seen as a mechanism for funding the Bakerloo Line Extension. But our economic assessment suggests that the Masterplan should primarily aim to increase the attraction of Catford as a town centre leisure destination and as a 'place to be', rather than a market-led solution.

New Cross Area Framework

The emerging vision for New Cross was summarised in Chapter 3. The economic and land use objectives of the strategy are to, *"Grow and safeguard space for the local economy through*

*industrial and high street intensification and new build provision.*⁴⁸ The strategy seeks to support the existing retail frontage and introduce more cultural and leisure uses.

Night-Time Economy

The Night-time Economy strategy is another initiative that is already underway that fits within the priority interventions for a Lewisham economic strategy. As we have noted there is a growing night-time economy in the New Cross Deptford area and an established restaurant sector in Blackheath, but in much of the rest of the borough there is scope for growth.

Deptford Market Yard

Deptford Market Yard is an example of the type of space that can be offered to enhance the F&B market in the borough as part of a mixed-use development. It is new market space transformed from derelict railway arches as part of wider regeneration of a 2-acre site near Deptford station, including 132 new apartments. The railway arches include a number of independent occupiers which are not typically found on the high street such as The Tapas Room, Mama's Jerk, and Taproom. Deptford Market Yard, along with the Model Market discussed earlier, further illustrate the importance of independent businesses in rejuvenating the borough's night-time economies. These examples also emphasise that space needs to be delivered in a more 'controlled environment' to attract the public. We see a similar type of offer working in areas such as Catford, New Cross and Lewisham Town Centre.

SME Workspace provision

Provision of Workspace – targeted at micro-businesses

The exact amount of new commercial workspace that Lewisham should be seeking to provide is open to some debate. This is examined in more detail in the Lewisham Employment Land Study. But there is projected growth of 5,500 jobs in the combined sectors of ICT, professional and technical services and administrative and support services. It is unlikely this level of growth will come forward without provision of new workspace.

There is wide recognition that the Dek programme has provided a good resource in terms of co-working space, but the total capacity in terms of overall numbers of jobs and businesses this can accommodate is still relatively limited.

The type of space offered should be flexible in nature to accommodate traditional offices through micro business and Technology, Media and Telecommunications sector (TMTs). Currently the space is offered to 'shell' only, which is not suitable for the type of occupiers seeking space in the borough. The nature of the occupiers in the borough mean that they cannot afford expensive 'fit outs' or wait for the lead-in time to do the works. Therefore, space should be flexible in nature to accommodate a range of size requirements and be 'fitted out' to enable occupiers to be ready to move in. The current trend for fit out to accommodate occupier requirements is commonly referred to as 'defurbed'. Savills (04 June 2018) explain *"To keep things fresh and boost creativity the traditional office, with its stock blue carpet tiles and suspended ceiling,*

⁴⁸ New Cross, What's New – Draft Area Framework 2018

has gone out of fashion. Instead 'defurbishment' has taken the market by storm with firms removing dated features to expose brickwork, concrete and services to create larger, less uniform spaces."

Space which has all the services, electricity, water, heating, WCs and kitchenette finished to a defurbished standard will be sufficient to attract occupiers. This type of space should be offered in and around the town centres and could be accommodated as part of mixed-use development.

With new commercial office development not currently viable in its own right, these premises may need to be brought forward as elements of wider regeneration schemes. This will require partnership between residential developers and commercial workspace providers within an overall masterplan set by the Council.

Approved Workspace Provider Schedule

Commercial workspace delivered as part of Section 106 agreements on residential-led mixed-use development has often in the past delivered workspace that is not suited to occupiers needs. Lessons have been learned from this and new policies have been developed to ensure better outcomes. Many London boroughs have developed an approved workspace provider list⁴⁹ to help ensure delivery of commercial workspace that meets local demand. Other boroughs have developed design guidance to give a more precise specification of what is required.⁵⁰

Protect or intensify existing stock

The commercial floorspace stock is small and it is in decline across Lewisham. With limited amounts of new commercial development coming through, this places a greater emphasis on retaining existing stock. This includes the retention of some older secondary and even tertiary stock in order to maintain a supply of affordable workspace for local low-threshold enterprises.

There may be some opportunities to re-provide employment space through the intensification of existing industrial land. Further guidance will be provided on this in the Lewisham Employment and study.

Town centre placemaking

This links with the 'Attractive Town Centre Leisure Destination' theme above. Whilst availability and price are key considerations in choosing a workspace location, entrepreneurs also choose to locate or establish their business in interesting dynamic locations with good connectivity and good facilities. Provision of the right type of workspace alone will not create a dynamic cluster of economic activity. The places first need to be made interesting. This should be a key consideration in developing any of the town centre masterplans.

Labour force skills

The Skills for Londoners Strategy summarises the key skills challenges for London as:

⁴⁹ See for example LB Hackney - <http://investinhackney.org/workspace>

⁵⁰ See for example Guidance on Affordable Workspace, provided by LB Islington (2014).

- Changing skills requirements due to technological change, including automation, and the threat to the availability of talent following Brexit.
- Limited progression opportunities from lower tier jobs due to a lack of 'middle tier' occupations.
- Significant requirement for higher-level skills to maintain London's position as a high-skilled economy and labour market.
- A historic low level of employer investment in workforce training and apprenticeship places.
- Challenges in meeting employer skills requirements, with increased skills shortage vacancies.

Raise level of 16-19 Training provision

Currently Apprenticeship training in Lewisham is focussed on lower level qualifications. To equip the resident workforce to compete effectively for better quality jobs there is a need to progress these workers to higher level qualifications.

According to a BIS research paper⁵¹ the lifetime earnings differential between people completing a Level 3 apprenticeship and those holding a Level 2 qualification is between £77,000 and £117,000.

As noted in research prepared for the GLA, whilst it is important to provide the basic skills it does not take you far as a workforce qualification, *"Sector stakeholders interviewed for the project confirmed most FE college provision up to Level 2 is focused on pre-employment work-readiness training for young people and adults, including basic skills English and maths."*⁵²

Poor progression rates from Level 2 to Level 3 are not unique to Lewisham but this does seem a priority area for intervention.

Prepare Workforce for Disruptive Change

According to the World Economic Forum Future of Jobs report, "By 2022, no less than 54% of all employees will require significant re- and upskilling. Of these, about 35% are expected to require additional training of up to six months, 9% will require reskilling lasting six to 12 months, while 10% will require additional skills training of more than a year."⁵³ Even if change is neither as fast nor as extensive as this report predict, it is coming.

But whilst recognising the importance of learning and upskilling to support career development,⁵⁴ there are well-documented market failures with regard to skills which lead to both firms and individuals under-investing in skills training⁵⁵.

⁵¹ Department for Business, Innovation & Skills (2011) 'Returns to Intermediate and low level vocational qualifications: economic returns'. BIS research paper number 53.

⁵² London's further education colleges meeting the needs of London's economy – SQW report to GLA (September 2015)

⁵³ The Future of Jobs Report 2018 – World Economic Forum

⁵⁴ See polling evidence cited in Skills for Londoners Strategy

⁵⁵ These are described in detail in the Leitch Review of Skills – Prosperity for all in the Global Economy

Much of the required re-skilling will be undertaken in-house. Small firms typically have fewer resources to plan for and implement investment in skills retraining. So Lewisham, with its small-firm economy, may find itself being left behind.

Devolution of the Adult Education Budget to the London Mayor should enable more flexible and responsive provision. As the Skills for Londoners strategy notes, more can be done to build on London's further and higher education network. *"London's higher and further education sector is high quality and diverse, with world-leading universities, creative colleges and business schools. Universities and further education colleges have strong local connections with businesses in London, often in areas reflecting London's specialisms (for example, finance, professional services, life sciences, digital and technology). There is, however, scope to strengthen and broaden these connections."*

Capturing Opportunity from new Housing

Construction Training Scheme

The planned investment programme in Lewisham, in particular in housing development, will create jobs across a wide range of occupational types and skills levels requirements range. This will provide an opportunity to put in place training and recruitment schemes to ensure jobs are accessible to local residents. The basis for this seems to be in place with the Lewisham Construction Hub which works with developers and construction employers to promote opportunities to residents and businesses in the borough.

The Lewisham Construction Hub brings together experts from the construction industry to offer advice, training and employment services. It also provides a brokerage and business-development service to help Lewisham-based businesses secure local contracts and recruit skilled workers. This hub likely to become more important in future as the levels of commercial and residential development continue to rise.

Targeted Job Brokerage

LB Lewisham used to run a job brokerage scheme but has moved away from this. There may, however, be a case for reintroducing a targeted jobs brokerage scheme with regard to major projects such as Convoys Wharf or the Bakerloo Line Extension. For such developments there is both greater labour market intelligence about the types of jobs that will be required and also more potential for leverage to be applied on developers.

Intensification of activity at high PTAL nodes

This is a key London Plan objective set out under Policy GG2 Making the best use of land, which states:

"To create high-density, mixed-use places that make the best use of land, those involved in planning and development must:

(2006) see Box 3.1 'Market Failure in Skills'

- *Prioritise the development of Opportunity Areas, brownfield land, surplus public sector land, sites which are well-connected by existing or planned Tube and rail stations, sites within and on the edge of town centres, and small sites.*
- *Proactively explore the potential to intensify the use of land, including public land, to support additional homes and workspaces, promoting higher density development, particularly on sites that are well-connected by public transport, walking and cycling, applying a design-led approach."*

Lewisham has a number of opportunities to implement this policy, especially if the Bakerloo Line Extension is developed. From an economic development perspective, it is important to ensure that delivery of an appropriate scale and type of commercial workspace forms part of the development mix. This links with the project below.

Integrating Employment Uses

LB Lewisham has previously adopted a policy aimed at producing mixed-use employment developments as a mechanism for intensifying former industrial land. In many cases this has not brought forward the type or scale of new commercial activity that was the original intention of the policy. But things have moved on, both in terms of lessons being learned from past experience and in terms of new forms of economic activity having different requirements for space and facilities. There are a growing number of developments now coming through that successfully integrate commercial workspace and residential development.

The companion volume to this report provides design guidance that will help to ensure the right type of employment space is provided, meeting the demands of occupiers in the future economy.

Creative Cluster

Creative Enterprise Zone

At time of finalising this report it was announced that SHAPESLewisham- New Cross & Deptford Creative Enterprise Zone bid had been successful. The Creative Enterprise Zone aims to capitalise on the growing strength of the sector around Deptford and New Cross and the anchor institution of Goldsmith College.

Lewisham's CEZ ambition is to become London's most significant digital creative production hub at the gateway to the Thames Estuary Cultural Production Corridor. The SHAPESLewisham Website states that, *"New Cross and Deptford is where the arts meets technology, where socially engaged creative practice realises its commercial potential, and where global excellence in research and teaching connects with one of London's most radical and high growth creative industries clusters. The area host one of London's fastest growing clusters of creative activity and a hugely significant centre of creative research, education and entrepreneurship. Anchored by Goldsmiths University of London, Trinity Laban and The Albany, it has an array of distinctive cultural and creative assets stretching across all art-forms and converging commercial, grassroots and social outcomes."*⁵⁶

⁵⁶ <https://www.shapeslewisham.co.uk/page/about/>

University Innovation links

Lewisham is home to one of the country's leading creative arts Universities. According to Times Higher Education World University Rankings 2018, *"Goldsmiths has an excellent reputation as an academic and research institution with a famously strong arts and social sciences offering and there are several world-renowned artists among its alumni."*

Universities are key motors for economic development. The Higher Education Business and Community Interaction Survey (HE-BCI) for 2015- 16 found that universities contributed £4.2 billion to the economy through services to business, including commercialisation of new knowledge, delivery of professional training, and consultancy⁵⁷. Goldsmiths already provides a number of economic development services to the wider economy, such as:

- Careers Services
- Conference services
- Short courses
- deK Growth programme
- Goldsmiths Enterprise office
- 12-media research
- Print services

In 2016 LB Lewisham and Goldsmiths College signed a Memorandum of Understanding aimed at boosting the links between the two organisations and seeing Goldsmiths take a lead role both in the Lewisham skills economy and in terms of business development through encouraging support for start-ups.

Proximity to Higher Education Institutions is also critical in developing technology transfer which is the necessary part of getting innovation embedded in business activity. Goldsmiths can be an important source of technology transfer and innovation benefits. Research activity at Goldsmiths can be the starting point for spin-off companies and clusters where the university, its staff or students become directly involved in the market place and create new jobs.

Adopt smart city technologies

Technologies are delivering an increasingly networked environment with an ever-growing number of sensors gathering large amount of intelligence about places. A earlier BIS paper defined five key aspects to smarter approaches, which are strongly information driven⁵⁸:

- *"a modern digital infrastructure, combined with a secure but open access approach to public re-useable data, which enables citizens to access the information they need, when they need it;*
- *a recognition that service delivery is improved by being citizen centric: this involves placing the citizen's needs at the forefront, sharing management information to provide a coherent service, rather than operating in a multiplicity of service silos (for example, sharing changes*

⁵⁷ Higher Education – Business and Community Interaction survey 2015-16 - BEIS

⁵⁸ Smart Cities: Background paper – BIS (October 2013)

of address more effectively), and offering internet service delivery where possible (at a fraction of the face to face cost);

- *an intelligent physical infrastructure ("smart" systems or the Internet of Things), to enable service providers to use the full range of data both to manage service delivery on a daily basis and to inform strategic investment in the city/community (for example, gathering and analysing data on whether public transport is adequate to cope with rush hour peaks);*
- *an openness to learn from others and experiment with new approaches and new business models; and*
- *transparency of outcomes/performance, for example, city service dashboards to enable citizens to compare and challenge performance, establishment by establishment, and borough by borough."*

Even in the time since that paper was written the uptake of such technologies has accelerated. The information will be there. The challenge is how Lewisham can adapt it to local benefit.

A Sense of Place

Build Image of Lewisham to market to external investors

Lewisham London is an existing marketing campaign aimed at attracting investment into the borough to deliver the Council's vision of good growth. The website contains details of major development projects in the borough as well as news items and case studies. The latest newsletter, for example contains features on Backing the Bakerloo Line campaign, Deptford Market Yard and plans for a Cinema in Catford.

This type of profile-raising exercise is important to change external perceptions of the borough. Key features to bring out in any marketing campaign targeted at potential investors will be:

- Lewisham is a growth borough
- It is very accessible
- It has a highly qualified workforce
- It has got a huge amount of untapped potential

Arriving in Lewisham

For visitors or people on business trips to Lewisham, impressions are often formed by their arrival point. For those travelling by train/overground/DLR, the image is formed by their arrival at the station and the immediate route to their destination. For many stations in Lewisham this is not a welcoming or inspiring experience. Improving this through public realm or other initiatives would impact on this first impression.

This is something to build in to future town centre Masterplan proposals. It is also an important consideration for the future BLE development. When the Jubilee Line Extension was built, the quality of stations was one element that helped change the image of the local area.

For those arriving in Lewisham by road the actions are less obvious: many of Lewisham's boundaries are fairly blurred with its neighbouring boroughs and there is no real sense of arrival.

Bakerloo Line Extension

We have again separated the Bakerloo Line Extension from the rest of the themes. This is for two reasons. Firstly, in the short term the key action is around building the campaign. There will need to be a strategic and well-led campaign to make the case for the BLE. There is a need for the campaign to generate a very broad base of support and to have a sustained programme of activity to keep the message in the public eye. There will need to be a robust business case and the key messages from this business case to be distilled for their target audiences.

In the longer term, the aim is to ensure that the BLE is not an isolated piece of transport infrastructure but part of a package of measures aimed at regenerating Lewisham and other parts of south east London. Co-ordinated activity will be needed to ensure that the regeneration potential of the scheme is maximised. This will draw on lessons from past investment such as Crossrail, the London Overground and the Jubilee Line Extension. The economic activity and labour market impacts evaluation study of the Jubilee Line Extension (JLE) identified a number of themes that captured the way the JLE had an impact. These were:

- Policy – it influenced local authority planning policy with regard to the station catchment areas.
- Integration – it integrated well with the rest of the transport network. It was not an isolated piece of infrastructure moving people from one place to another.
- Accessibility – it had a wide labour market catchment area.
- Image – it brought a new quality of built form to the area with its stations presenting a good image.
- Perceptions – the enhanced image and accessibility helped change people's perceptions about the area.

11 CONCLUSIONS

11.1 Summary

Economic Context

At time of writing this Local Economic Assessment the economic outlook is uncertain. Brexit is looming but at present it is unclear what form this will take. UK economic growth is sluggish, partly as a result of uncertainty holding back investment, and partly as a consequence of high household debt following years of austerity.

London's economy has proved resilient following the recession and has grown strongly in recent years, but even here there are signs that growth is slowing. Nevertheless, significant levels of growth are still projected for the future and the new Draft London Plan seeks to accommodate this growth albeit with a new emphasis on the concept of 'good growth'. Lewisham, like other London Boroughs, faces the challenge of accommodating residential growth whilst not crowding out opportunities for a range of economic activities to flourish.

Lewisham, which has not experienced the same levels of economic growth as London more generally in recent years, is seeking to secure a greater share of London's growth. As Lewisham tries to diversify its economy towards growth sectors, recent trends in the London economy do suggest some opportunities. Whilst the higher value activities will still want to concentrate in Central London, flexible teams that can provide support or services will be a significant part of the future labour market. Lewisham is geographically well placed to fulfil this type of role, but does not as yet have the labour market or property market base to attract such activities.

Lewisham Businesses

Currently, the Lewisham economy is predominantly a local service economy servicing its resident population. This is a role it performs well: it is a fairly stable economy with the principal threats relating to downturns or leakages in consumer expenditure.

Lewisham's economy is also characterised by a large proportion of micro-businesses and high levels of self-employment. These may form a source of future growth in the borough both in terms of growth of existing micro-businesses and in terms of new start-ups. Provision of new workspace targeted as micro-businesses is one way to support their growth.

Lewisham has a relatively small proportion of businesses that serve the wider (and very large) London economy. It has not experienced that same levels of growth in economic activity that have occurred elsewhere in inner London, possibly because it is not viewed externally as an obvious location for business.

But a number of the fundamentals are sound and potential infrastructure investment may strengthen Lewisham's economic asset base.

Property Market

Lewisham industrial market is much stronger than its office market. Vacancy levels for offices in the borough are reasonable but supply is tight for industrial space: this is where there is greatest demand. Both industrial and office spaces are facing pressure from higher value residential use.

Demand for office space in the borough is from traditional occupiers servicing the local area. The borough does not attract large 'footloose' requirements for office space. The nature of demand for office space means it is not viable for standalone development. If new space was to be brought forward it would need to be small units, delivered as part of a mixed-use development to enable higher value uses to cross-subsidise the unviable office space. It would be important to consider how this space was brought to the market, not as 'shell and core', but appropriately designed and 'fitted out' to meet occupier requirements.

Industrial development is viable in the borough and space would be occupied if brought forward. The general strategy in London to increase/maintain industrial floorspace is to seek to intensify existing industrial areas and bring forward new development through mixed-use. Both of these approaches are still unproven and this is where the challenge lies. Existing industrial areas need to be protected and mixed-use development should be encouraged in appropriate areas.

Workplace Workforce

The workplace workforce in Lewisham reflects the job opportunities that are to be found there, with a high proportion of employment in the health and education sectors. Lewisham has a comparatively high proportion of its workplace employed in 'caring, leisure and other services' occupations. It also has a high proportion of self-employment and of part-time employment.

As a consequence of its employment structure, wage levels are lower than the London average and lower than those in most of the neighbouring comparator boroughs. This creates difficulties for some Lewisham firms in terms of recruitment because they are competing for a labour force that has access to a wide range of job opportunities elsewhere in London, particularly Central London. A high proportion of the Lewisham workforce comes from Lewisham itself and from neighbouring south east London boroughs, in particular Greenwich and Bromley. Lower wage jobs and part-time employment are more likely to have relatively local recruitment as the cost and time of travelling to jobs elsewhere are significant relative to earnings travel.

Respondents to our business survey reported a number of training needs, with language and IT skills featuring prominently. But businesses also reported no difficulties in sourcing the training they needed, so training provision per se does not appear to be a barrier for business activity.

The limited size of the workforce and comparatively low earnings also limits the local multiplier effects that might be generated through workers spending in the local area. So, there are further consequential effects, which impact in particular on the town centre economies of Lewisham.

Resident Workforce

Lewisham's resident workforce has high rates of economic activity and is well qualified. Average earnings are just below the London average. A relatively high proportion of its population are of working age and Lewisham residents work widely across London taking advantage of the numerous labour market opportunities that are available. There are particularly high flows out to work in Central London and in professional and associated professional and technical occupations.

With this outflow of workers to better paid jobs wages of Lewisham residents are on average 5% higher than workplace wages in Lewisham. So earnings of Lewisham residents are comparable to those in neighbouring boroughs.

Whilst qualification levels of the Lewisham resident workforce are high and have been rising, schools' attainment data, whilst also rising, is significantly below the London average. This suggests some evidence of a dual labour market with well qualified workers moving in to the borough but a pool of existing residents at risk of being left behind. The existing training infrastructure to address these needs appears limited.

Unemployment rates are above the London average and those of neighbouring boroughs, but they have been declining since 2012. The current unemployment rate is just 2.6% of the resident population aged 16-64.

Economic Geography of Lewisham

Lewisham as a borough has no single dominant employment centre though there are two clear clusters of activity where much employment is focused. The Lewisham-Catford Corridor in the centre of the borough has the strongest concentration of employment with much of it based on public service activities. In the north of the borough there is a concentration of employment in the New Cross Deptford area. New Cross Deptford also contains the biggest concentration of Night-time economy activity in the borough, with other clusters to be found in Catford, Forest Hill and Blackheath.

Drivers of Growth

Much of Lewisham's economic future will be determined by global economic trends and technologies over which LB Lewisham has little control. This will include the growth of automation, changes in working practices and the introduction of other new technologies that will change them demand for skills and the types of commercial premises that businesses want to occupy. Whilst increased adoption of automation and Artificial Intelligence (AI) will create a threat to many jobs, it will also create opportunities and Lewisham has potential to build on existing expertise in these fields at Goldsmiths University.

There are also a number of specifically local factors that will provide opportunities to catalyse economic growth or help determine the spatial distribution of activity. This includes potential new infrastructure such as the proposed Bakerloo Line Extension and infrastructure improvements, such as the re-alignment of the South Circular. It includes major development proposals such as Convoys Wharf and proposals for regenerating town centres as at Catford and New Cross.

Future Growth

The total number of jobs in Lewisham is projected to increase by 15,000 over the period 2016-41. Given the relatively flat employment trajectory that we have noted for Lewisham in the recent past, this would represent quite a significant upturn in jobs growth.

Population is projected to grow even faster than employment and increase by 61,000 over the period 2016-41. Around half of this will be in the over 60s age group. The Lewisham resident

workforce in employment is projected to increase by around 30,000 and many Lewisham residents will continue to work outside of the borough, particularly in Central London.

The largest growth sectors are projected to be Education up by 4,000 jobs and Health up 3,300. These are currently the largest single sectors in the borough. Demand for growth will come from the increase in population.

The increased population will also bring increases in consumer expenditure for sectors such as retail, accommodation & food and arts, entertainment and recreation. How much growth Lewisham sees in these sectors will depend to a large extent on how it is able to shape its offer to capture a greater share of local consumer expenditure.

Another potential growth area of activity is in providing services to the Central London economy. This is a huge market on Lewisham's doorstep and, given its location, one in which Lewisham currently has a very small share. Lewisham is projected to have an increase of 2,800 jobs in Professional, Scientific and Technical Services; 1,800 in Administrative & support services; and around 1,000 in information & communications. This would raise the value of activity in the borough, but it is by no means certain to happen. The projections indicate what might happen if Lewisham achieves its share of London's growth. In order to capture this, Lewisham needs to provide an attractive market offer.

There is also potential for Lewisham to achieve growth in the Creative and Digital industries and the low carbon environmental goods and services sector. These are growth sectors nationally (and globally). Lewisham has a stock of assets which should give it a comparative advantage and enable it to pick up a share of this growth.

There are a number of global economic trends that will help shape the future of the Lewisham economy and the economic well-being of its residents. New technologies will drive changes in not only the types of goods and services we consume but will also drive profound change in the way businesses operate and the skills that workers will need.

Towards a Strategy

We have identified six strategy themes to encourage growth and performance of the Lewisham economy. These are summarised below in Figure 11.1 which also sets out the objectives of each theme and notes priority interventions that would advance these objectives.

Figure 11.1 Strategy Themes and Priority Interventions

Theme	Objective	Priority Interventions
Attractive Town Centre Leisure and Cultural Destinations	Capture a greater share of resident (and visitor) consumer expenditure	Lewisham Town Centre Catford Masterplan New Cross Area Framework Night-time Economy Deptford Market Yard
SME Workspace provision	To provide local premises for Lewisham residents to grow their own business	Provision of Workspace – targeted at micro-businesses Approved Workspace Provider Schedule Protect or intensify existing stock Town Centre Placemaking
Labour force skills	To ensure Lewisham residents are not left behind by changing workforce needs	Raise level of 16-19 Training provision Prepare Workforce for Disruptive Change
Capturing Opportunity from new Housing	Retain high levels of consumer expenditure within Lewisham and provide employment opportunities for local residents	Construction Training Scheme Targeted Job Brokerage Intensification of activity at high PTAL nodes Integrating Employment Uses
Creative Cluster	To maximise cluster benefits from growing creative digital sector and links with University	Creative Enterprise Zone University Innovation links Adopt smart city technologies
A Sense of Place	To improve external perceptions of Lewisham as a place to do business	Build Image of Lewisham to market to external investors Arriving in Lewisham

Appendix 1

Stakeholder Consultations

1 Stakeholder interviews

1.1 Introduction

A series of semi-structured phone/face to face interviews were conducted with representatives from key stakeholder organisations in the borough to find out:

- Their current situation and plans for the future;
- Their perception of Lewisham; and
- Their thoughts on barriers and opportunities in relation to economic growth in the borough.

1.2 Interviewees

We spoke to representatives from organisations that are or which represent major employers in the borough as well as those involved in adult education/skills, as follows:

- CIS Security
- Goldsmiths
- The Albany
- Lewisham Shopping
- Lewisham Adult Education
- Phoenix Housing
- The Hyde Group
- Lewisham Local
- South East London Chamber of Commerce

We also tried to speak to representatives from the following organisations but were unable to secure interviews within the required time period.

- Lewisham Hospital
- Regular Cleaning
- Deptford Lounge

1.3 Stakeholder perceptions of Lewisham

Stakeholders were largely positive in terms of their perceptions of Lewisham, describing the borough as being multi-cultural and vibrant.

- *"It's diverse. It's quite a vibrant place; there's a vibrant atmosphere and a busy high street."*

It was also felt that the borough has a strong sense of community with many very active grass-root organisations who bring a great deal of value to the area.

- *"It's got a very strong community sector. It's very ground-up."*

It was also suggested that the borough is improving.

- *"It's a rough diamond. It's getting there."*

However, the view was also expressed that the vibrancy of the borough is limited to daytime.

- *"But this (the vibrant atmosphere) is limited to day time opening hours. There's nothing happening in the evenings."*

These comments are summarised in the Word Cloud shown in Figure 1.



Figure 1.1 - Stakeholder perceptions of Lewisham

However, when interviewees were asked what they felt about the perception of Lewisham of people who do not live or work in the borough, comments were more negative, with the view that external stakeholders may perceive the borough to be rundown and unsafe.

- *"People tend to feel sorry for us."*
- *"The name conjures up anti-social behaviour issues."*

It was felt that these views were largely unfounded or out of date and that work is needed to change these perceptions.

- *"People think it's rough, gritty, unsafe. They're pleasantly surprised when they come here."*
- *"This (perception of anti-social behaviour) is historic for 35-40 years; we need to lift it and change this."*

It was also suggested that many people living or working outside of the borough would have no impression at all of Lewisham – that the borough is lacking an identity and that it's not a 'destination'.

- *"The people who live or work in central London don't visit Lewisham – they don't see the regeneration around the central areas."*

However, it was felt that Deptford has a more positive reputation as an appealing neighbourhood.

- *"It (Deptford) is a bit hipster. People like that. It's a good thing."*

These comments are summarised in Figure 2.



Figure 1.2 - External perceptions of Lewisham

1.4 Night-time economy

Interviewees were asked about their opinions of the night-time economy in Lewisham. Most felt that this was largely non-existent in the majority of the borough, with the exception of Blackheath which has a well-established night-time economy with a number of restaurants and bars, and Deptford/New Cross which has a fledgling night-time economy centred around the Albany and Goldsmiths University.

- *"The only option (for eating out in Lewisham town centre) really is Nandos or KFC."*

It was felt that parts of the borough – particularly Lewisham town centre – are a 'dormitory' for residents, who sleep in the borough but work, shop and take part in leisure activities outside the borough.

- *"The new demographic - the young professionals - they treat Lewisham as a dormitory - go to work early, come back late and just sleep here."*

It was felt that there is scope to support growth in the night-time economy.

- *"This is really lacking. There's a huge opportunity."*

It was suggested that this should happen through:

- Promotion of events;
- Enhanced safety measures e.g. increased police/community support officer presence; and
- Joint working with neighbouring boroughs to create 'corridors' of night-time activity e.g. from Peckham up to Greenwich.

However, it was recognised that there can be potentially be tensions between the night-time economy and new housing developments. One stakeholder whose organisation runs evening events said that they have seen an increase in complaints as new housing developments have been built in their vicinity.

- *"We've had more noise complaints in the last two years than we've had in past 15 years."*

1.5 Investment/expansion plans

Many of those we spoke to are planning to expand and grow their organisation and will be recruiting staff in relation to this. All of those interviewed have a loyalty/commitment to remaining within Lewisham. However, it was reported that finding premises can be a challenge. As a result, one stakeholder is looking to extend their current site rather than relocate within the borough.

For example:

- Goldsmiths are looking to develop an enterprise hub in the shops it owns along New Cross Road;
- Lewisham Shopping Centre is looking to further develop its 13 acre site with leisure facilities, more retail, residential;
- CIS Security is planning to take on another 150 staff in the next couple of years. They were looking for new premises within the borough to accommodate this growth but could not find anything suitable; they have therefore expanded on their current site;
- Phoenix Housing is planning a number of new homes over the next 5-10 years on an infill site; and
- Hyde Housing has a number of housing development projects planned for the borough.

1.6 Labour market

Most of those we spoke to said they do not have any problems recruiting the staff they need. However, some reported difficulties finding staff with:

- The necessary English language skills to progress from entry-level positions;
- Good IT skills.
- *“Language is a huge issue; we have problems with progressing people internally because of their language – they can’t communicate to the required level.”*

Council support for employment initiatives and adult education is recognised – but stakeholders feel there is scope for it to be more targeted to the skills that are most lacking.

- *“The adult education – it seems to be all painting and basket weaving. We need people with IT skills.”*

It was also suggested that the council could usefully offer a job brokerage service (with stakeholders citing similar services being offered by Greenwich and Newham).

- *“Could Lewisham offer a job brokerage service? There’s a danger we’ll duplicate effort at the moment.”*

1.7 Infrastructure

Stakeholders felt that the following aspects of the borough’s infrastructure is positive:

- Transport in the north of the borough is felt to be largely good, with the Overground line really benefitting the borough.
 - *“Close proximity to central London; you can get to the West End quickly.”*
- The availability of low cost premises compared to other boroughs.
- The council’s DEK coworking space are considered to be good though the view was expressed that the space in Catford (which was reportedly oversubscribed) is better than that in Deptford (which was felt to need to improve its offer).
 - *“The DEK stuff is really good. But there’s not enough of it”*

Stakeholders felt that the following aspects of the borough’s infrastructure are less good:

- Poor transport in the south of borough including a lack of bus services connecting different areas within the south of the borough and a lack of options in terms of travelling across the borough.
 - *“It’s relatively well connected in terms of travelling in to central London but it’s not easy to get across the borough.”*
- Lack of high quality office premises. One stakeholder spoke of the challenges of having their head offices next to a drug rehabilitation centre; though sympathetic to the objectives of the centre, and understanding of the fact that it needs to be located somewhere, they felt that this doesn’t create the best impression with prospective clients.

- *"Next door, there's a drug rehab centre which can be quite lively. It can be an issue when bringing clients and prospective clients to our premises; it doesn't create a good impression."*
- Lack of shared workspace facilities. This was felt to be holding back the very high number of micro-businesses that exist in Lewisham.
 - *"You need to help micro-businesses grow – enable them to move up from the kitchen table."*
- Lack of hotels/meeting spaces in which to arrange networking events.
- Lack of leisure facilities with, for example, no cinema or lido within the borough. The lack of festivals in the borough's parks was also commented on, though it was recognised that festivals are not always popular with local residents.

It was suggested that the council has struggled to maintain two town centres (Lewisham and Catford) and that Lewisham is getting most of the resources leaving Catford (which is in closer proximity to the poorer residents in the south of the borough) neglected, with poor facilities and major traffic congestion by Catford bridge.

- *"Lots of the borough's poorer people (in the south) live closer to Catford so they are missing out at the moment."*
- *"What's the point of Catford? The council needs to figure this out."*

1.8 Opportunities for growth

A number of opportunities for economic growth within the borough were identified. These included:

- Support for the night-time economy to encourage residents to spend their money in the borough. It was suggested that Lewisham could be promoted as an alternative to overpriced and congested central London
 - *"Central London is seen as sterile, corporate and congested. Lewisham offers old school London as it was 25 years ago."*
 - *"Young professionals are moving in with money to spend. You need to attract restaurants to trade later; and stop the town bleeding out to competitors."*
- Encourage the micro business sector to grow by providing them with low cost shared work spaces
 - *"Offer them space, support and networking."*
- Nurture the creative sector; keep Goldsmiths graduates in the borough by providing affordable premises.
- Upskill local people particularly in terms of IT and language skills.
- Unlock key sites for housing development; it was suggested that the council could do more to work in partnership with others to unlock and join up key development sites.

- *"Lewisham still makes sense for us in terms of cost; the cost per square foot (for new housing development) is doable."*

1.9 Constraints to growth and suggestions for tackling these

Constraint	Suggested action
Premises There is a lack of quality office premises <i>"We're expanded and needed more space. We looked at relocating our HR and training departments but there were no suitable buildings in borough. We've expanded our current building instead."</i>	Better provision of work spaces: high quality premises; affordable premises (particularly for creative sector); spaces for networking and meetings
Night-time economy Poor external perceptions of the borough may be holding back development of the night-time economy.	Support development of the night-time economy – publicise what's on, promote safety. <i>"Publicise everything that's happening in the evenings. Focus on public safety; tackle perceptions of the borough as being unsafe."</i>
Housing There is a lack of affordable housing for employees	Work in partnership with others to free up potential new housing sites.
Skills There is a lack of IT and language skills	More investment in young people and routes into work; offer a job brokerage service
Transport Transport links in the south of borough are poor	Ensure better transport in south of borough
Employee parking Lack of parking for employees <i>"Our staff want to drive to work, but they can't get permits without spending £500. If they wanted to travel by public transport they could travel 10 mins more into central London and earn more."</i>	Consider parking permits for employees.

Community Infrastructure Levy The CIL is reported to make some potential schemes unviable	Ensure that CIL doesn't impede development <i>"Review CIL; you need to encourage businesses not put them off."</i>
Neglect The neglected nature of some of the borough is off-putting to businesses; litter, drug users, locked up parks.	Smarten up the borough; reduce litter; open up the parks; make it more attractive; push ahead with Convoys Wharf development (though the latter is recognised to be out of the council's control). <i>"The sooner Convoys Wharf is developed, the better - for the whole borough. We've been waiting 10 years for that."</i> <i>"Smarten it up. It looks rundown. The Catford cat looks very tired."</i>

1.10 Council engagement with businesses

Stakeholders generally felt that the council is good at engaging with local businesses, particularly in comparison with other boroughs, though there is a recognition that they can only achieve so much due to their limited resources.

- *"Lewisham are one of the better ones in my experience."*

However, one stakeholder commented that there is sometimes a lack of follow through on engagement. They gave the example of their neighbouring park becoming inaccessible in recent months as it is now permanently locked up.

- *"There was no communication with us so we don't know the reason. We were never given opportunity to come up with a solution."*

Appendix 2

Business Survey

Lewisham Business Survey

Preamble

This business survey is designed to assist with the Lewisham Economic Assessment which in turn will inform the Lewisham Local Plan and other Council policies.

The key function of the survey is to help the study:

- 1) Understand the nature of businesses in Lewisham and their markets
- 2) Identify any barriers or constraints to growth that businesses might be facing
- 3) Identify primary geographical locations for particular industries/business growth clusters

The findings of the survey will help to:

- 4) To make recommendations about which sectors of the existing economy could be strengthened and how they can be supported;
- 5) To make recommendations about which sectors of the current economy are likely to grow and how to provide for growth
- 6) Identify priority interventions to support Lewisham businesses
- 7) Identify how Lewisham businesses link into the wider London economy.

Section 1: About you

Please provide your contact information here. Personal data will be held securely and will only be used if you request specific information. Your details will not be passed on to any other partnership or organisation. We will use the postcode to identify your business location.

Your Information	
Your name	
Business name	
Position in business	
Business postcode	
Email	
Website	
Contact number	

Business Details

Our main type of business is:

We sell to other businesses – business goods and business services.	[Jump to table 1.1]
We sell to the public, our customers are individuals / consumers.	[Jump to table 1.2]

Table 1.1	Select main business activity [single]	Select others that apply [multi]
Manufacturing		
Construction		
Wholesale trade;		
Repair of motor vehicles and motor cycles		
Transportation and storage / logistics		
Accommodation and food service activities		
Information and communication		
Financial and insurance activities		
Real estate activities		
Professional, scientific and technical activities		
Administrative and support service activities		
Public administration and defence; compulsory social security		
Education		
Human health and social work activities		
Arts, entertainment and recreation		
Creative services (e.g. design and architecture)		
Other service activities		

Table 1.2	Select main business activity [single]	Select others that apply [multi]
Supermarket/ convenience store / cash and carry /		
Specialist foods / butcher / baker / vegetables / confectionary		
Professional services / legal / accounting / surveyor etc.		
Prepared Food / Coffee shop/café / Restaurant / Takeaway / Pub/bar		
Specialist retail / computer equipment / mobile phones / shoe repair / dry cleaning / travel agency / flower shop / etc		
Financial Services / pensions / investments / retail banking / insurance		
Clothing / shoe shops / sari shops / children's wear / fashion wear, etc		
Private transport / taxi / car hire		
Leisure or Recreation / cinema, / amusement centre		
Health & beauty service / hairdresser, beauty salon, nails, barbers		
Charity / community / voluntary service		
Property Services / estate agent / letting agent		
Construction and property maintenance (residential) / plumber / electrician / heating engineer		
Other ...		

In your own words can you describe your business and customers.

For example; We are a flower shop and we sell flowers to local people and businesses, and provide occasional flowers for weddings and funerals.

Is this your only business site or are you a multi-site business?

- Single Site
- Multi-site and other premises in Lewisham
- Multi-site but no other premises in Lewisham

How long have you been trading or operating from Lewisham?

- Less than 5 years
- 5-20 Years
- More than 20 Years

If less than five years, where were you before?

- The business is less than 5 years old - haven't operated elsewhere
- Other South East London
- Central London
- Greater London Area
- Other UK
- Europe
- Outside Europe

If you weren't based in Lewisham where would you be?

- Nowhere, only interested in Lewisham location
- Other South East London
- Central London
- Greater London Area
- South East
- Other UK
- Europe
- Outside Europe

Where do your business customers come from? Please tick all that apply and estimate % from each location.

		%
Lewisham		
Other South East London		
Central London		
Greater London Area		
UK		
Europe		
Rest of world		

Where do your suppliers come from? Please tick all that apply and estimate % from each location.

		%
Lewisham		
Other South East London		
Central London		
Greater London Area		
UK		
Europe		
Rest of world		

Employment and Skills

Can you estimate as a number how many people are employed from your business site?

If you have more than one site in Lewisham how many employees do you have as a whole in Lewisham?

What proportion of your employees do you estimate live in Lewisham?

Would you describe any of your employees as Night Workers? Y/N

If Yes what Percentage?

Do you anticipate over the next year that the total number of employees on the site will?

- Decrease substantially
- Decrease slightly
- Remain the same
- Increase slightly
- Increase substantially

Thinking about your staff and employees, which Technical/Practical skills need improving?

Please select any that apply. If more than three please state which three are most important

- Specialist skills or knowledge
- Solving complex problems
- Knowledge of products and services offered
- Knowledge of how the organisation works
- Complex numerical / statistical skills
- Reading / understanding instructing, reports etc
- Writing instructions, reports etc
- Basic numerical skills
- Computer literacy / basic it skills
- Advanced or specialist it skills
- Adapting to new equipment or materials
- Manual dexterity
- Communicating in a foreign language
- None of the above

In the last twelve months has your workforce received training?

- Yes – in company training
- Yes – external training
- Yes - internal and external training
- No
- Don't Know

What proportion of your staff have received training? %

Can you find the training you need for your staff?

- Yes, easily
- Yes, with some difficulty
- Yes, with considerable difficulty
- No
- Don't know

Who are your three most frequently used training providers during the last 12 months?

- Provider 1
- Provider 2
- Provider 3

Premises

What type of Business Premises do you operate from?

Ask and then code to use with clarification questions if needed

- Shop/ cafe / restaurant / pub / takeaway
- Retail development with car parking / supermarket / retail warehouse
- Business Offices
- Shared Workspace
- Industrial Unit
- Yard – no main building or small shed
- Railway arch
- Hotels and hostels
- Residential care accommodation including hospitals
- Non-residential institutions such as medical premises, education, library, public hall, etc.
- Assembly and leisure such as cinema, dancing, sports hall, etc.
- Somewhere else

How would you rate the condition of your main building or site?

- Particularly good (well maintained, recently painted, clear signage)
- Average (neither good nor poor)
- Particularly poor (e.g. dilapidation, damage, poorly maintained)

Are your current premises suitable for your business needs?

- Yes - Very Good
- Yes - Fairly Good
- No - Not Very Good
- No – Unsuitable

Do you anticipate over the next year that you will need more business space?

- Yes – more space
- No – stay the same
- No – less space

Are you planning on moving premises in the next 3 years?

- Yes – we have definite plans to move
- Yes – we are thinking about moving
- No – we are not moving

To where will you move?

- Within Lewisham
- Other South East London
- Elsewhere in London
- Outside London
- Not sure/Undecided

What type of premises do you need when you move?

What is the main reason for this move, what has triggered these plans?

Lewisham as a Business Location

Why is your business based in Lewisham?

Open question but can probably code to

- Historic – always been here
- Convenient for owner/manager
- Close to the markets I serve
- Because I can get the right workers
- Availability of premises
- Good transport links
- Other

Thinking about Lewisham as a business location - what are the top three aspects of Lewisham that are beneficial to your business?

- 1
- 2
- 3

What are the top three improvements to Lewisham that could help your business?

- 1
- 2
- 3

With regard to Lewisham as a business location– is there anything about the area that is stopping your business from operating effectively?

Thinking about the current trading environment for your company, would you say it was:

A positive trading environment	
Neither a positive or negative trading environment	
A negative trading environment	
Don't know	

Thinking about Lewisham as a location for your business and employees, how would you rate it for each of these? Could you please indicate by using a scale of 1-5, where 5 is very good and 1 is very poor.

	Very Good	Good	Neither good nor poor	Poor	Very poor	DK/ no opinion
a) Place to run a business / organisation	5	4	3	2	1	0
b) Place to visit for a day out	5	4	3	2	1	0
c) Place to work	5	4	3	2	1	0
d) Place to shop	5	4	3	2	1	0

Generally, how confident do you feel about the future for your business/organisation?

Very confident	Quite confident	Not that confident	Not confident at all	Don't know
5	4	3	2	1

Why are you confident / not-confident?

OPEN

Thinking about Lewisham as a business location – what do you feel your suppliers and customers think about Lewisham as your business location

	Positive	Neutral	Negative	Don't Know
Suppliers				
Customers				

What Words do you think they would use to describe Lewisham as a Business Location

OPEN (1)

OPEN (2)

OPEN (3)

How would you describe the economy in Lewisham from your own business perspective

	Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	DK/ no opinion
<i>a) Good demand for our products and services</i>						
<i>b) Too much local competition</i>						
<i>c) Too much global competition</i>						
<i>d) Not enough quality business premises</i>						
<i>e) Business rents are too high</i>						
<i>f) Lewisham is 'business friendly'</i>						
<i>g) Location is good for transport links</i>						
<i>h) The evening economy is important</i>						
<i>i) Lewisham has a thriving economy</i>						

Appendix 3

Economic and Policy Context

3 Economic and Policy Context

3.1 Economic Context

UK Economic Context

The research for the Lewisham LEA was conducted during the middle of 2018. In interpreting data about the Lewisham economy, we need to consider:

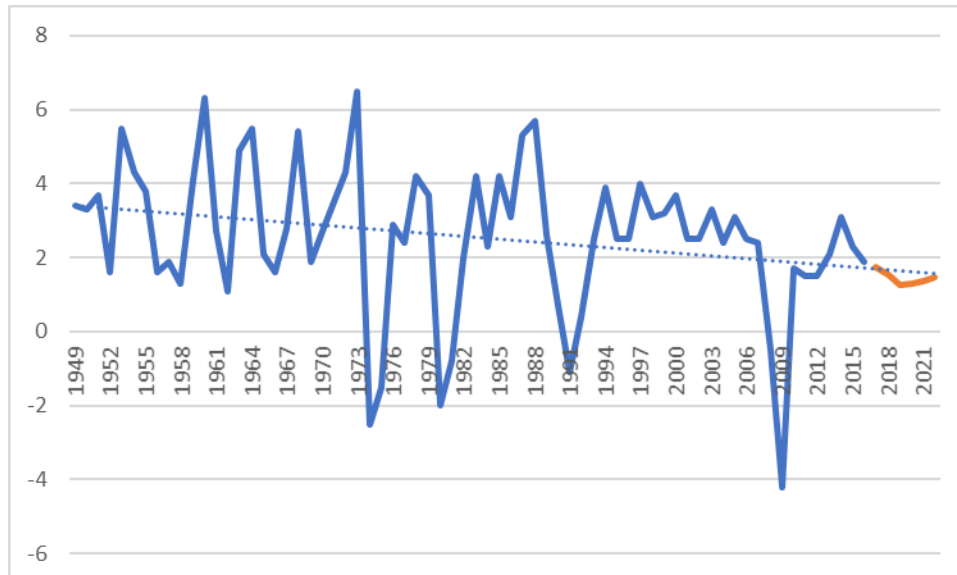
- Cyclical Factors – at what point in the economic cycle is the data set
- Structural Factors – change that is occurring in the structure of economic activity
- Path Dependency – at what stage of maturity is Lewisham

Review of the UK economy helps us consider the first of these factors. In later chapters, and particularly chapters 4 and 6, we examine in detail the structure of the Lewisham economy and draw conclusions about where the economy is heading informed by our business survey.

In mid-2018 the UK economy is slowing. It is ten years after the recession. It is two years after the Brexit vote. Yet the post-Brexit arrangements are at this point unknown. There is a great deal of uncertainty about the future.

The latest forecast for the UK economy from the Office for Budget Responsibility (OBR) is displayed in the chart below showing continued modest growth at the national level as a result of this uncertainty and the long run squeeze on household incomes.

Figure 3.1 UK GDP annual percentage change – trend and forecast



Source: ONS/OBR

Brexit

At the time of producing this assessment during the summer of 2018 the outcomes of the Brexit negotiations are still very uncertain. A report by Cambridge Econometrics for the GLA⁵⁹ analysed the impact under a range of different post-Brexit scenarios. The impact on total UK GVA by 2030 ranged from -1.0% to -3.0% compared to the current position within the EU. The impact on London was somewhat lower ranging from -0.8% to -2.1%. The sectors that are assessed as having the largest negative impact are manufacturing and construction, whilst in London Financial & Professional services and Science and Technology are also sectors expected to see a significant negative impact.

As we will note the Lewisham economy does not have a strong direct trading relationship with Europe. But any impacts on the overall growth trajectory of London may have an indirect impact.

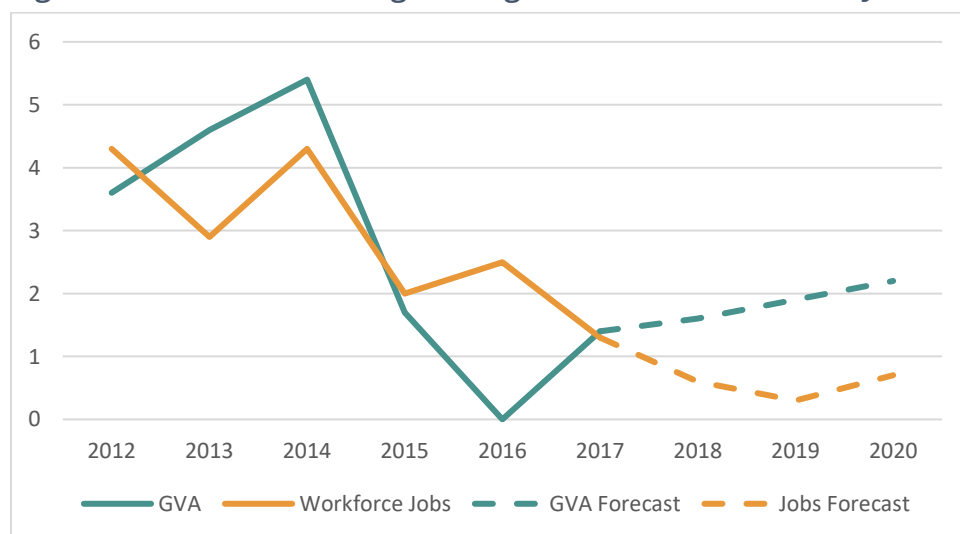
The London Economy

The London economy proved very resilient following the 2008 recession with both output and employment bouncing back strongly, outstripping the growth seen in the UK as a whole. Between 2010-2015 growth in GVA in London was roughly twice that of the UK as a whole, but between 2015-17 growth in London slowed and fell below that UK rate.

The latest medium-term projections published by GLA Economics⁶⁰ project growth of GVA in London of 1.6% in 2018 increasing to 2.5% by 2020. Jobs are projected to grow at around 0.6% per annum (p.a.), which is around the trend of growth from recent years, if significantly below the rapid growth experienced post-recession.

Household expenditure is also predicted to grow more slowly than in recent years increasing by 1.3% in 2018 and 2019 rising to 1.5% in 2020. The GLA Economics projections of growth for both jobs and household expenditure are lower than those of some other independent forecasters.

Figure 3.2 Annual Percentage Change in GVA and Workforce Jobs London



Source: GLA Economics

⁵⁹ Preparing for Brexit – Cambridge Econometrics (January 2018)

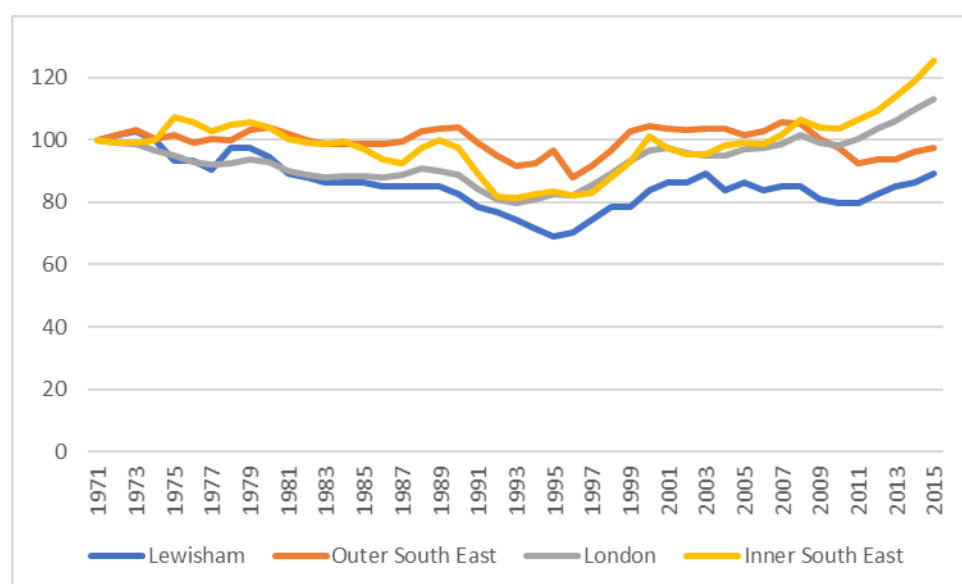
⁶⁰ London's Economic Outlook: Spring 2018 – GLA Economics (May 2018)

Lewisham

Lewisham is part of the Inner East London sub-region, in statistical terms. But Lewisham is much smaller in terms of economic activity than the other boroughs in this sub-region and has not experienced the same rate of employment growth as Inner East London as a whole. Employment trends generally over past decades have followed that of London as a whole, but in the first decade of this century employment in Lewisham fell at a time when it was growing rapidly in most of inner London.

Employment in Lewisham declined following the recessions of the 1970s, early 1980s, early 1990s, and 2008 and was slow to recover after each recession. As we shall demonstrate later Lewisham's economy is predominantly about servicing its local resident population. Recessions have an impact on consumer spending and hence hit local spending. And Lewisham does not have the strong economic base to take advantage when the economy recovers.

Figure 3.3 Employment Trends Lewisham and London 1971-2015 (Index 1971=100)



Source: GLA Economics

Comparing broad structural change over time, it is clear how Lewisham has developed a different economic trajectory to that of London as a whole. As shown in **Error! Reference source not found.** below, London has seen a large rise in office-based activities that has more than offset the decline in industrial, and particularly manufacturing, employment. But this same trend has not been experienced in Lewisham to anything like the same extent: Lewisham's economy has continued to be principally based on public service employment such as health and education, as illustrated in **Error! Reference source not found.** below.

Figure 3.4 Employment Trends by Broad Sector London 1971-2015

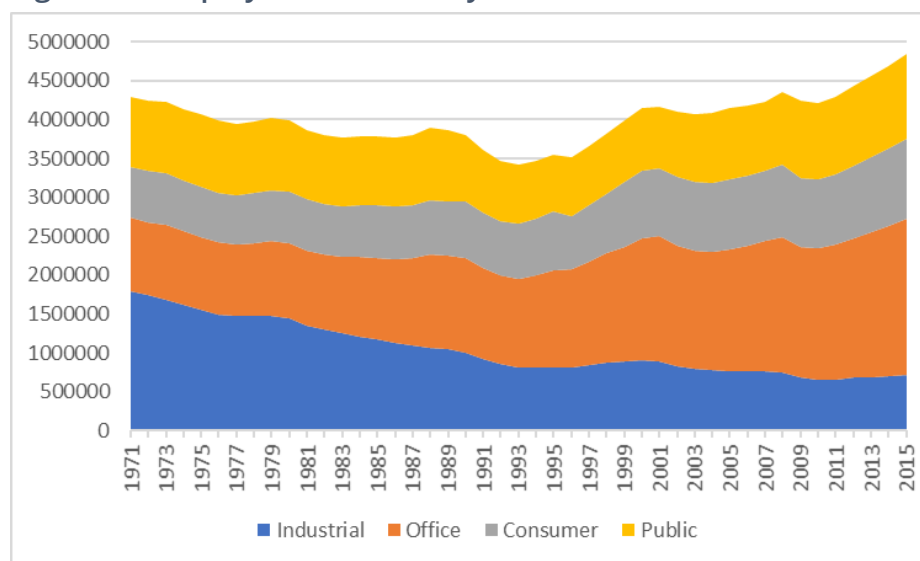
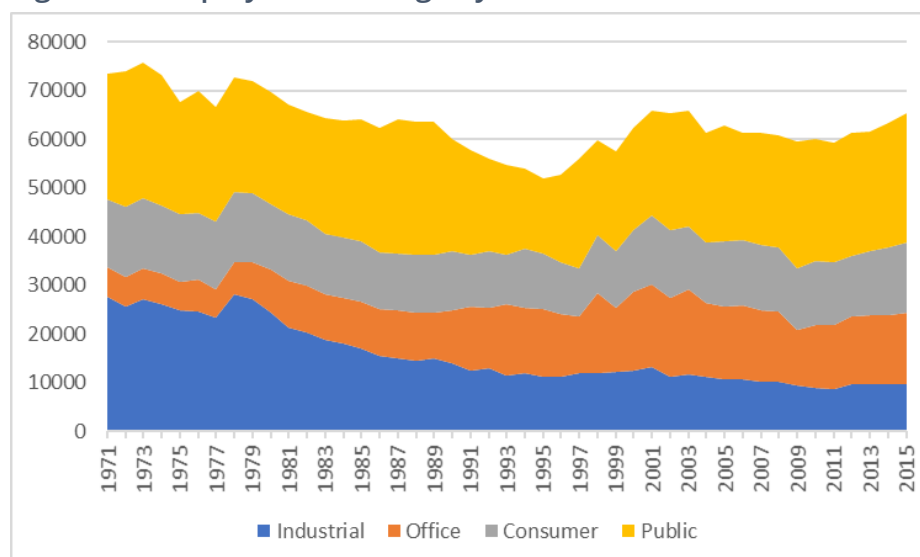


Figure 3.5 Employment Change by Broad Sector Lewisham 1971-2015



Source: GLA Economics/CAG

3.2 Planning and policy context

National Planning Policy Framework

The new National Planning Policy Framework published in July 2018 sets out in the chapter on 'Building a strong, competitive economy' that:

"Planning policies should:

a) set out a clear economic vision and strategy which positively and proactively encourages sustainable economic growth, having regard to Local Industrial Strategies and other local policies for economic development and regeneration;

b) set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period;

c) seek to address potential barriers to investment, such as inadequate infrastructure, services or housing, or a poor environment; and

d) be flexible enough to accommodate needs not anticipated in the plan, allow for new and flexible working practices (such as live-work accommodation), and to enable a rapid response to changes in economic circumstances.

Planning policies and decisions should recognise and address the specific locational requirements of different sectors. This includes making provision for clusters or networks of knowledge and data-driven, creative or high technology industries; and for storage and distribution operations at a variety of scales and in suitably accessible locations."

Industrial Strategy White Paper

In November 2017, the Government published its Industrial Strategy White paper. This set out five foundations of productivity:

- Ideas – with an aim both to invest a higher proportion of GDP into Research and Development (R&D) and also become more effective at turning good ideas into commercial products.
- People – in particular aimed at investing in education to raise skills in the STEM subjects.
- Infrastructure – with a strong emphasis on digital infrastructure.
- Business environment – including ‘sector deals’; efforts to scale up businesses with growth potential; and trying to address the ‘long tail’ of less productive businesses.
- Places – through developing local industrial strategies.

Among the key policies under the places driver were: “Agree Local Industrial Strategies that build on local strengths and deliver on economic opportunities”. Lewisham’s LEA could be seen as part of the process towards achieving that objective.

The first Sector Deals are in life sciences, construction, artificial intelligence and the automotive sector. The White Paper also pointed to future growth opportunities in what it called the ‘Four Grand Challenges’.

- Put the UK at the forefront of the artificial intelligence and data revolution.
- Maximise the advantages for UK industry from the global shift to clean growth.
- Become a world leader in shaping the future of mobility.
- Harness the power of innovation to help meet the needs of an ageing society.

London Plan

The context for this study is London’s growth. The Draft London Plan notes that, “London’s population is set to grow from 8.9 million today to around 10.8 million by 2041. As it does so, employment is expected to increase on average by 49,000 jobs each year, reaching 6.9 million over the same period.” Accommodating this growth is London’s biggest planning challenge, but the new Draft London Plan is clear that this shouldn’t be growth at any costs but that the type of growth also matters. This is set out in Policy GG2 which seeks to prioritise development at Opportunity

Areas and well-connected tube and rail sites and to *“Proactively explore the potential to intensify the use of land, particularly on sites that are well-connected by public transport”*.

With a target of 66,000 new homes a year for at least twenty years, the Mayor needs to make best use of every potential development opportunity.

Policy GG1 of the London Plan recognises that *“London is home to an ageing population, with more and more people facing the barriers that already prevent many from participating fully in their communities”*. The London Plan sets specific borough benchmarks for meeting the housing needs of older Londoners.

Spatial policy in the sub-region takes place within the context of the London Plan, and as this report was being prepared the new Draft London Plan was released.⁶¹ It is worth highlighting at this point the Plan’s comments on “Good Growth”. The Plan states that it is *“different to those that have gone before”*, and that it is both *“more ambitious and focused than any previous Plans.”* It then introduces the concept of Good Growth, which it defines as

“growth that is socially and economically inclusive and environmentally sustainable [which] underpins the Plan and ensures that it is focused on sustainable development.”(Para 0.0.18)

This then translates into a series of policies, the most relevant of which, for this report, are GG2 and GG5, extracts of which are reproduced below.

Policy GG2 Making the best use of land

To create high-density, mixed-use places that make the best use of land, those involved in planning and development must:

- Prioritise the development of Opportunity Areas, brownfield land, surplus public sector land, sites which are well-connected by existing or planned Tube and rail stations, sites within and on the edge of town centres, and small sites.
- Proactively explore the potential to intensify the use of land, including public land, to support additional homes and workspaces, promoting higher density development, particularly on sites that are well-connected by public transport, walking and cycling, applying a design-led approach.

Policy GG5 Growing a good economy

To conserve and enhance London’s global economic competitiveness and ensure that economic success is shared amongst all Londoners, those involved in planning and development must:

- Promote the strength and potential of the wider city region.
- Seek to ensure that London’s economy diversifies and that the benefits of economic success are shared more equitably across London.
- Plan for sufficient employment and industrial space in the right locations to support economic development and regeneration.
- Ensure that sufficient high-quality and affordable housing, as well as physical and social infrastructure is provided to support London’s growth.

⁶¹ Mayor of London (2017) *The London Plan: The Spatial Development Strategy for Greater London Draft for Public Consultation* December 2017

- Ensure that London continues to provide leadership in innovation, research, policy and ideas, supporting its role as an international incubator and centre for learning.
- Promote and support London's rich heritage and cultural assets, and its role as a 24-hour city.
- Maximise London's existing and future public transport, walking and cycling network, as well as its network of town centres, to support agglomeration and economic activity.

Whilst noting that *"The Central Activities Zone and Northern Isle of Dogs will remain vital to London's economic success"*, it further goes on to state, *"but growth in town centres across London will be equally important, supporting local regeneration. Reasonably-priced, good quality employment space will be needed across London to make this happen."*

The Plan highlights the importance of digital infrastructure and of developing Londoner's skills.

Bakerloo Line Extension

The Plan includes specific reference to the proposal to extend the Bakerloo line stating that, *"The Mayor has concluded that an extension to Lewisham via Old Kent Road and New Cross Gate is the best option for an initial Bakerloo Line Extension. There is also the potential for future extensions of the scheme beyond Lewisham."*

New Cross/Lewisham/Catford Opportunity Area

Opportunity Areas are shown within growth corridors driven by new transport infrastructure. The New Cross/Lewisham/Catford Opportunity Area is seen as an area to deliver 13,500 new homes and 4,000 additional jobs. Driven by the opportunities created by the Bakerloo Line Extension the New Cross is seen as *"building on the existing assets such as Goldsmiths College, University of London and the emerging artistic and cultural character."* Lewisham is considered as having the potential to become a Metropolitan town centre whilst Catford is seen as having potential for significant urban renewal.

Town Centres

Policy SD6 on Town centres states at Point A that:

"London's varied town centres and their vitality and viability should be promoted and enhanced as:

- 1) strong, resilient, accessible, inclusive and viable hubs for a diverse range of uses including employment, business space, shopping, culture, leisure, night-time economy, tourism, civic, community, social infrastructure and residential development*
- 2) locations for mixed-use or housing-led intensification and higher-density renewal, securing a high-quality environment and complementing local character and heritage assets*
- 3) the structure for delivering sustainable access by walking, cycling and public transport to a competitive range of services and activities*
- 4) the main focus for Londoners' sense of place and local identity in the capital*
- 5) the primary locations for commercial activity beyond the CAZ and important contributors to the local as well as London-wide economy*

6) a key mechanism for building sustainable, healthy, walkable neighbourhoods with the Healthy Streets Approach embedded in their development and management"

Two town centres in LB Lewisham, Catford and Lewisham are classified as Major centres, with Lewisham noted as having future potential for Metropolitan status. Lewisham is noted as having 'High' potential for commercial growth whilst both Lewisham and Catford are noted as having 'High' potential for residential growth. In terms of offices Lewisham is classified in the 'Protect small office capacity' where *"centres show demand for existing office functions, generally within smaller units"*.

Economy

The economy chapter of the Plan contains eleven policies:

Policy E1 Offices addresses the range type and locations required for office provision to keep London's economy competitive.

Policy E2 Low-cost Business Space seeks to support the provision, and where necessary protection, of low cost business space for SMEs and start-up businesses

Policy E3 Affordable Workspace aims to secure *"workspace that is provided at rents maintained below the market rate for that space for a specific social, cultural, or economic development purpose."*

Policy E4 Land for industry, logistics and services to support London's economic function aims to secure a sufficient supply of land and premises in different parts of London to meet current and future demands for industrial and related functions.

Policy E5 Strategic Industrial Locations (SIL) aims to protect and intensify use on defined SIL

Policy E6 Locally Significant Industrial Sites (LSIS) ask boroughs to define local boundaries where evidence justifies and make clear the range of industrial and related uses that are acceptable in LSIS.

Policy E7 Intensification, co-location and substitution of land for industry, logistics and services to support London's economic function seeks to actively encourage planned intensification and more efficient use of industrial land.

Policy E8 Sector growth opportunities and clusters aims to encourage growth across a diverse range of sectors and support the development of high-tech clusters.

Policy E9 Retail, markets and hot food takeaways promotes a competitive and diverse retail sector with a particular emphasis on Town Centres.

Policy E10 Visitor infrastructure aims to enhance London's visitor attractions and also provide the accommodation to cater for visitors.

Policy E11 Skills and opportunities for all seeks to promote inclusive access to training, skills and employment opportunities for all Londoners.

London Office Policy Review

The London Office Policy Review (LOPR) 2017 set out three approaches to projecting demand for office floorspace in London, as follows:

- Trend projection: based on past change in office floorspace stock in each borough.
- Central employment-based: converts projections of employment by sector to floorspace, by application of an employment density ratio.
- Composite projection: the average of the trend projection and central employment-based projections.

Table 3.1 Projected Office Demand Lewisham 2016-41 (sq m)

Trend projection	Employment-based Central projection	Composite projection
-36,700	31,700	-2,500

The employment-based projection might be interpreted as the best approach if the boroughs were able to capture their share of London's projected growth. But long running trends have shown office employment growth in London concentrating in the Central Activities Zone (CAZ).

Therefore, the Composite projection might be seen to represent the best central projection, taking account as it does of past trends in office floorspace at the borough level, the local employment structure, and known development proposals.

Taking account of past change in stock also helps to account for the changing relationship between employment growth and office floorspace demand. LOPR noted how the past relationship between growth in what had traditionally been office employment sectors and demand for office floorspace has broken down. Since 2001 Outer London has seen a growth in 'office' employment sectors combined with a reduction in office floorspace stock. Cost-driven intensification and technology-led working practices mean that growth in jobs does not necessarily translate into growth in floorspace.

In addition to these core approaches to projecting demand for office floorspace, LOPR presented a series of sensitivity tests around the Employment-based Central projection. These were as follows.

- Employment-based high - Uses the GLA's higher employment projection.
- Employment-based low - Uses the GLA's lower employment projection.
- Hybrid - Assumes some activity in sectors that have traditionally been considered as office sectors is accommodated in hybrid industrial premises.
- Homeworking - Assumes a higher proportion of future employment growth will be homeworkers who do not require office space.
- Density ratio 13 sq m non-CAZ - Assumes a higher average floorspace to worker ratio than the central projection, hence increasing the overall demand for floorspace.
- Density ratio 1.25 desk share - Assumes a higher rate of desk-sharing, hence reducing the overall demand for floorspace.
- Intensity all stock 11.3 sq m - Assumes that all office stock is occupied at the benchmark ratio of 11.3 sq m per worker in 2041.

The results of the sensitivity tests for Lewisham are summarised in Figure 5.2.

Table 3.2 Office Floorspace Change Lewisham 2016-41 Sensitivity Tests

Change 2016-41	Sq m
Trend Projection	-36,700
Composite Projection	-2,500
Employment-Based Central	31,700
Employment-Based High	41,000
Employment-Based Low	22,500
Hybrid	23,300
Homeworking	29,000
Density Ratio 13 sqm Non-CAZ	36,400
Density Ratio 1.25 Desk share	30,300
Intensity all Stock 11.3 sq m	55,800

Source: London Office Policy Review⁶²

The high-intensity scenario at the London level looks to test the impact of applying current density ratios to older, less intensively occupied stock. This scenario is not, however appropriate for Lewisham as Lewisham's current office stock to office employment ratio is below the benchmark ratio. We discuss the reason for this in more detail later in the report.

London Industrial Land Demand

The London Industrial Land Demand study (LILD) noted how London was losing industrial land far in excess of its benchmark release levels. In the period 2010-15 the stock of industrial land in London fell by over 500ha, at an annual rate of 106ha per annum, compared to a release benchmark of 37ha per annum set out in the 2016 London Plan.

The analysis in LILD is focussed on sub-regions and Property Market Areas. In terms of the London Plan Sub-regions that are used for analysis in LILD, Lewisham forms part of the Central Services Property Market Area and part of the East sub-region.

The LILD report also presents the analysis in terms of industrial property market areas.

There is projected to be a continued decline in demand for traditional industrial activity such as manufacturing, although the rate of decline is much diminished compared to previous forecasts. There is projected to be a small positive demand for transport uses.

There is a small amount of vacant industrial land that can be released where this is still above the benchmark figure of 5%. Industrial vacancy rates are now generally low, and considerably below what they were ten years ago. London has been successful in shaking out its vacant industrial land and this is no longer a simple route to industrial land release. Overall this produces a net release figure for industrial land of 12.4ha over the period 2016-41 for Lewisham.

⁶² London Office Policy Review 2017 – Ramidus, CAG

Figure 3.6 Baseline projection for industrial land demand (ha), 2016-41



Source: CAG (2017) – (note Whsing abbreviation for Warehousing)

The projections published in LILD should, the report advises, be treated with caution at the borough level as much demand is effectively sub-regional. The LILD report notes that there is likely to be some adjustment to the borough level release totals as a result of more detailed sub-regional analysis and reallocations of the demand supply balance within Property Market Areas. For Lewisham there is an additional sensitivity test as to whether it is treated as part of the Central Services Property Market Area or part of the East sub-region as these exhibited different demand characteristics.

The LILD report also examined alternative scenarios for industrial land release.

- **Trend supply** - Where industrial land continues to be released at the same rate as in the recent past.
- **Planning pipeline** - Looks at how much industrial land would be released under current plans including the existing development pipeline and areas earmarked in Opportunity Area Planning Frameworks, Local Plans and in Housing Zones.
- **Planning and infrastructure** - Adds to the 'planning pipeline scenario', by adding industrial land releases related to the development of Crossrail 2 and the Bakerloo Line Extension.
- **Intensification and substitution** - Looks at potential additional releases enabled through intensification of existing industrial area and further releases that might be achieved through meeting more of London's demand for warehousing from beyond its borders.

On the trend scenario the loss of industrial land is considerably in excess of the Baseline projections.

Mayor's Draft Economic Development Strategy

In December 2017 the Mayor published his Draft Economic Development Strategy (EDS). With regard to provision of commercial floorspace this noted that:

"A range of different types of workspace are needed for businesses of different sizes, sectors and stages of development. The Mayor will work with boroughs to protect viable office space from being lost and to boost the supply of affordable and low-cost workspace. He will offer loans and grants to fund workspace, support Enterprise Zones, and use planning policy to increase the amount of workspace available."

With particular regard to smaller businesses, it went further to state that:

"The Mayor will help start-ups and small businesses to grow by promoting access to affordable workspace, finance and business support."

Creating the conditions for growth

The EDS sets out five drivers as creating the conditions for growth.

- Space for business and work
- Transport
- Infrastructure
- Innovation and skills
- Enterprise and entrepreneurship

Supporting London's sectors

The EDS identifies a number of potential growth sectors that could help shape London's future growth.

- The advanced urban services sector, which is helping London to work more efficiently as a city.
- The cultural and creative industries, which contribute to the quality of life and wellbeing of Londoners and give the city a global stage.
- The financial and business services sector, which helps to underpin the workings of London's economy as well as the national and global economy.
- The life sciences sector, which is helping to address the major healthcare challenges facing society.
- The low carbon and environmental goods and services sector, which is supporting the transition to a low carbon economy.
- The tech and digital sector, which is helping to drive innovation across the economy and provides platforms for entire new industries, business models and services.
- Tourism, which gives London an international profile, attracting people from across the world, and showcases London as a diverse and open city.

Culture and the Night-time Economy

In November 2017 the Mayor published a Supplementary Planning Guidance (SPG) on 'Culture and the night-time economy'. The SPG highlights the importance of the night-time economy to London. This is both in terms of the jobs and GVA it generates directly, which is estimated at 1 in

8 of London's jobs and £26bn in GVA. But also in terms of the cultural infrastructure that makes London such an attractive place for people to want to live, work and visit.

The SPG provides guidance around a number of themes:

- Protecting pubs
- Sustaining existing venues and providing new facilities
- Creating a more diverse and inclusive night-time culture and economy

The SPG identifies strategic clusters of night-time activity. There are four clusters identified in LB Lewisham that are classified as 'More than local importance'. They are Deptford, New Cross Blackheath, and Lewisham.

The SPG sets out an integrated approach to managing the night-time economy based around the functions of:

- Planning and Licensing
- Transport
- Safety and Security
- Environmental Services

Skills for Londoners

In June 2018 the Mayor published his Skills for Londoners strategy⁶³. This sets a vision of:

"A city for all Londoners – making sure Londoners, employers and businesses get the skills they need to succeed in a fair, inclusive society and thriving economy"

The strategy sets three priorities:

- Empower all Londoners to access the education and skills to participate in society and progress in education and work
- Meet the needs of London's economy and employers, now and in the future
- Deliver a strategic city-wide technical skills and adult education offer

⁶³ Skills for Londoners: A Skills and Adult Education Strategy for London – GLA (June 2018)



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