



Economic Welfare

1. Introduction¹

The economic profile of the London Borough of Hounslow (LBH) is very much shaped by the geography of the area. The Borough sits at the edge of the central London to the east and is dominated by Heathrow Airport to the west, serviced by a number of major industrial sites such as North Feltham Trading Estate. LBH has a number of office locations such as Chiswick Business Park, and also is the focus of major corporate organisations particularly on the 'Golden Mile' of the Great West Road. There are four town centres, with Chiswick in the east, leading to Brentford, Hounslow and then Feltham in the west. The Borough has excellent road transport links due to its proximity to the M4 and M3 motorways.

2. The Local Picture

2.1 Business profile

The Borough of Hounslow is home to just over 10,000 businesses, with a workforce of around 120,000 employees. The majority of these are small businesses (in terms of the number of people employed) – around 70% employ fewer than five people. Supporting these smaller businesses are local supply chains. A survey of Hounslow businesses found that among those employing fewer than 20 people, around 40% reported that their sales were within the Borough.

Larger corporate organisations on the 'Golden Mile', such as GSK, BSkyB and JC Decaux, rely considerably less on local supply chains. However, their proximity to Heathrow Airport is likely to be a significant driver of economic activity within the Borough, through inward business travel.

Many of Hounslow's businesses are in transported-related sectors and creative industries, with some providing head office functions. The Borough has a lower-than-average proportion of businesses and employment in the areas of retail, manufacturing and public sector services. Heathrow Airport is a heavy influence of the business profile of Hounslow. It is estimated that 10-15% of businesses have a supply link to the Airport and as much as 20% of employment in Hounslow depends on a Heathrow supply chain.

A high proportion of businesses in Hounslow are owned by the Black and Minority Ethnic (BAME) population, reflecting the underlying ethnic profile of the population. These tend to be small businesses, employing less than 5 people, and are predominantly focused on serving the local community.

2.2 Working population

2.2.1 Employment

The population of Hounslow is estimated to be 234,000, of which 164,000 (70%) are of working age (16 to 64 years). Around 71% of the working age population is in employment. The rate of unemployment (as measured in terms of claimants of Job Seekers Allowance) is currently about 3%, and around 5.5% of the working age population are claiming Incapacity Benefit or

¹ Extracted from the Hounslow Local Economic Assessment (in development).

Employment Support Allowance. An estimated 4% of 17 year olds are considered to be 'not in education, employment or training' (NEET).

About 10% of the Borough's working age population are employed at Heathrow Airport (either by the British Airports Authority [BAA], airlines or businesses within the terminals). Most of these people are working in roles associated with the Airport, such as catering or retail, rather than working for airlines.

Hounslow residents are more likely to work in lower order occupations than the London average. This is likely to be a result of Hounslow's residents of working age having no or low level qualifications compared with London as a whole. As such, workers in Hounslow are more likely to be employed in distribution, hotels/restaurants, transport and communications than the London average. This reflects the influence of Heathrow Airport on the local economy.

2.2.2 Household earnings

The median household income in Hounslow in 2010 is estimated at £29,504, compared with £29,731 in the neighbouring borough of Ealing. CACI PayCheck Data (2010) gives an estimate for the median household income for Outer London, which at £30,507 is £1,000 more per annum than Hounslow. The lowest quarter of household incomes are £718 (per annum) lower in Hounslow than the Outer London average (£18,372 versus £19,123).

2.2.3 Indicators of Deprivation

Deprivation (as measured by the [Index of Multiple Deprivation 2010](#)) is discussed in some detail on a separate factsheet. There is considerable variation of deprivation across the Borough. There are pockets of acute deprivation, with 9% of the Borough's Lower Super Output Areas (LSOA - a geographical subdivision of wards) within the 20% most deprived areas in England. The deprivation of children in Hounslow is considerably worse. The Income Deprivation Affecting Children Index (IDACI) measures the proportion of children in each LSOA living in income-deprived households. This measure indicates that 32% of children living in the Borough's LSOAs are classified as being within the 20% most deprived nationally.

2.2.4 Housing Affordability

The indicator of deprivation relating to Barriers to Housing and Services Domain is striking in Hounslow, with more than 85% of the population living in the 30% most deprived areas nationally.

Around 23% of households in Hounslow are socially rented and 24% privately rented or 'other' ([Annual Population Survey 2009](#)). Approximately 18% of households are owned outright, which is slightly lower than in similar areas, whereas the number of households owned with a mortgage is higher at around 35%. The sum of these two groups shows that the proportion of households owned is comparable to the rest of London.

The median house price as a four quarter average for 2009-10 taken from Land Registry data is £245,618, compared to £274,244 for neighbouring Ealing. To measure the affordability of houses, a ratio is calculated using the lower quartile house price to the lower quartile earnings of the workers. The lower the ratio, the more affordable housing is, and the more accessible the housing market is. In Hounslow, the ratio is 8 (i.e. lower quartile house prices are approximately 8 times the lower quartile earnings), whereas in Ealing the ratio is nearly 10. The ratio



calculated for Hounslow is on a par with London but areas outside of Greater London (such as Slough) show higher levels of affordability, with a ratio of just over 6.

The average weekly registered social landlord rent in Hounslow was just under £100 in 2010, broadly in line with neighbouring London boroughs.

2.2.5 Travel for work

Analyses indicate that there is considerable daily movement into and out of Borough for employment, with slightly more commuting into the Borough overall. This suggests that businesses based in Hounslow are more likely to employ workers who live outside the Borough than Hounslow residents, particularly in relation to higher level occupations. This is clearly reflected in the difference between the average wages of Hounslow residents and those who work within the Borough. The Annual Survey of Hours and Earnings shows that the median gross income of full time workers in Hounslow during 2008-10 was around £44 a week higher in those who travel to work within the Borough than those resident of the Borough (£574.70 per week compared with £540.40 per week).

The 2001 Census showed that the majority (63%) of commuting journeys in the Borough occur over a relatively short distance (less than 10km). However, only around 51% of commutes were 'sustainable' (e.g. public transport, on foot, cycling), which was lower in Hounslow than London as a whole (63%).

Aside from the environmental impact of workers commuting in and residents commuting out of the Borough, this movement may suggest a mismatch between the needs of the local labour market and the skills of the local population. This could impact upon the sustainability of the local economy.

3. Priorities

The London Borough of Hounslow's Local Economic Assessment identified nine distinct strands in the proposed Agenda for Action. They are to:

- Encourage Hounslow businesses to employ Hounslow people;
- Encourage and support processes of entrepreneurship, with particular reference to Black and Minority Ethnic (BAME) groups;
- Create 'social and networking spaces' for 'doing 21st century business', particularly within the town centres;
- Develop a long term vision for businesses within the Golden Mile (to complement and add weight to policies set out in the Brentford Area Action Plan);
- Actively nurture specialist, knowledge-based clusters, focusing particularly on the town centres;
- Harness more effectively Hounslow's 'green spaces' and heritage assets in order to promote the Borough as a place for 'doing business';
- Encourage the development of more and higher quality housing, such that Hounslow might become a place to stay for the long term;
- Prioritise continuing efforts to develop more sustainable transport solutions; and
- Build resilience into the Heathrow Airport supply chain.



4. Summary of Need

The table summarising the needs in this area has not been completed as it is not considered appropriate to Economic Welfare.