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IGP SUMMARY WORKING PAPER

Re-thinking sustainable prosperity:
East London as a test case for new post-GDP measures

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How we think about prosperity is changing. In the last decade, the conventional notion of prosperity as material wealth, measured by rising levels of GDP, has been challenged by policymakers, social scientists and civil society. Influential economists - including the International Monetary Fund's Jonathan Ostry - have questioned the continuing relevance of policies that pursue economic growth as an ‘end’ rather than a ‘means’ to create sustainable societies where people can flourish and live within environmental limits (Jackson 2011; Moore 2015; Ostry 2016; Stiglitz, Sen, and Fitoussi 2010). Calls for new ways to account for society’s human capital, alongside economic and environmental resources, have multiplied (Mason 2015) and policymakers have recognised the importance of designing metrics that resonate with lived experience if they are to be taken seriously by the public (new economics foundation 2015; Seaford and Berry 2014).

The changing conceptual landscape has prompted the development of national and regional measures of prosperity, wellbeing, happiness, social progress and quality of life (OECD 2016; ‘2016 Social Progress Index’ 2016; The Legatum Institute 2016). Yet arguably, there is still considerable work to be done to translate these new measures into a coherent model of sustainable prosperity that can be ‘operationalised’. In London, one of the most vibrant and wealthy cities in the world, there remain stark differences in health, wealth, life chances and wellbeing between the richest and most deprived neighbourhoods. This suggests that understanding what prosperity means, and identifying how to move towards it, needs to be a localised effort. It is at the local level that policymakers, businesses and communities can interrogate what it means to live a good life and intervene to improve opportunities and conditions.

This paper describes IGP’s prototype Prosperity Index for East London. The Prosperity Index is an innovative new research tool that will capture data to track progress towards a local model of sustainable prosperity. The Index is the main output from the Prosperity in East London Pilot, an exploratory study carried out in 2015 by IGP and London Legacy
Development Corporation (LLDC), to advance thinking about developing new pathways to sustainable prosperity for local communities. The Pilot had three objectives: first, to understand what living well and prospering means to people in three neighbourhood research sites (East Village, Hackney Wick and Stratford); second, to establish whether locally-specific conditions that support or inhibit peoples’ abilities to flourish could be identified in small-area research sites; and third, to translate the findings into a conceptual model and set of prosperity measures capable of tracking progress towards, or away from, local visions of prosperity.

The Prosperity Index has five dimensions and 15 headline indicators of sustainable prosperity (figure 1). The Index is based on perspectives and accounts from 256 qualitative interviews and group discussions collected by a team of academics and community researchers. Ten people living and/or working in the three research sites worked alongside IGP researchers, playing a key role in designing the study and interpreting the data. Interviewees were asked to describe what sustainable prosperity meant to them and the to
identify the factors that are important or essential to their prosperity, and that of their families, neighbours, friends, and wider communities.

1. Why East London?

East London is undergoing rapid social, economic and physical changes associated with the Olympic legacy and wider processes of urban expansion, which are complicating understandings of poverty and deprivation. At the borough level, deprivation rankings are falling in Hackney and Tower Hamlets (London Datastore 2016). At the neighbourhood level, however, the three research sites in the Pilot study report higher than the London average rates of childhood poverty, long-term unemployment and out-of-work benefit claimant rates and lower than average educational attainment, employment.

‘Convergence’ is one of the key goals of London’s Olympic legacy. The Convergence Strategy (Mayors Office 2011) adopted by the Mayor’s Office and London’s six Olympic host boroughs, aims to close the gap in prospects and prosperity between the poorest and wealthiest communities within 20 years of the Games. A development-led regeneration programme in and around the Olympic Park is driving the Strategy’s priority policy areas through investments in five new neighbourhoods and major new cultural, educational and commercial spaces. However, the distribution of gains from major investments in the built environment is highly uneven, as experience in London and other global cities shows. This has prompted calls for new ways of thinking about the economics of housing and the social impacts of urban development (Colantonio and Dixon 2010; Fujiwara 2013; RSA 2014). Understanding the effects of change, in particular where the benefits of regeneration accrue and where people struggle to access new opportunities, is crucial of local authorities, public agencies, business and communities. The Prosperity Index brings together these emerging areas of work on post-GDP measures, social value and the outcomes of regeneration.
2. **Prosperity and change - local perspectives**

The Prosperity in East London Pilot Study collected data in three small-area research sites in East Village, Hackney Wick and Stratford. Each research site has its own distinct experience and narrative of change, which shapes how people living and working locally feel about regeneration in East London. In very broad terms the research suggests people living in East Village feel that Olympic legacy investments have succeeded in creating a high quality and prosperous new neighbourhood. The trade-off however is high housing costs and population churn that in the long-term could threaten the stability and cohesion of the neighbourhood. In comparison, people living in the Stratford research site feel they are not benefiting from regeneration. A dilapidated public realm, high levels of deprivation, financial difficulties related to austerity and changes to benefits, and struggles to access new employment opportunities combine to create feelings of exclusion from wider processes of change. In Hackney Wick, people living and working in the artist and creative communities are concerned about being displaced by new development, but are keen to have a voice in shaping decisions about future change. People living in other areas of Hackney Wick are concerned about rising housing costs, insecure and poor quality work, and the difficulties young people have in finding work. In both Stratford and Hackney Wick, people frequently talked about the pressures many of their friends and neighbours face in trying to keep a foothold in neighbourhoods they have grown up in.

The majority of interviewees, regardless of social or ethnic background, housing tenure or employment status, said they welcome investment in housing, transport and the public realm. Yet at the same time, they feel anxious and uncertain about the likelihood of ‘local’ people and organisations being able to benefit from new housing, facilities and employment. Many interviewees were frustrated at lack of scope for communities to shape planning or have a stake in future development, and were keen to see alternative housing and development models alongside conventional, private-sector led schemes.

A common theme in these conversations is the sense that urban development in East London is an unstoppable process - a ‘tsunami’ as one interviewee said - that local communities feel they have little power to influence. However, there is a risk of over-
simplifying this narrative because the diversity of individual experience is considerable. There are not clearly identifiable distinctions between people who are for or against change based on class, culture, profession, or length of residence in East London. What is clear from our research however is that very few of our interviewees feel they have a secure place in the changes that are underway. The confluence of rising housing costs, changing working practices, urban development and wider economic conditions affect people from a variety of backgrounds. Young professionals living in East Village were as likely to share anxieties about the pressure of rising housing costs and the prospect of being priced-out of the neighbourhood as long-term social housing tenants in Stratford and Hackney Wick. Urban development and regeneration models that focus on generating economic value are at odds with a much broader, local notion of prosperity that prioritises social and economic inclusion and the sustainability of existing communities.

We draw three conclusions from the Pilot Study. First, prosperity is understood by our interviewees to mean flourishing, thriving and doing well in a very broad sense - one that goes far beyond the orthodox notion of prosperity as wealth creation and economic growth. Material security is the essential foundation of prosperity, yet the distinction our interviewees make between ‘getting by’ and ‘prospering’ is realised in non-material spaces and pursuits, like freedom for individual expression or personal development, time for family and friends, work/life balance, or experiencing a sense of belonging and community. Second, we argue the Pilot data shows we can identify locally-specific factors that shape both peoples’ material conditions and their subjective experiences of prosperity. However, our third observation is that, regardless of locally-specific differences in experience and opportunity, people living in the three research sites share an over-arching idea about what constitutes a good life and the factors that support or inhibit progress towards this vision. IGP’s cluster analysis of the thematic qualitative data identifies 16 general factors that are consistently represented in the data. In this sense, they are generalizable as the conditions that need to be met for people in East Village, Hackney Wick, Stratford, and potentially other East London neighbourhoods, to flourish and thereby are suitable headline indicators of progress towards, or indeed away from, local notions of prosperity.
3. Prosperity Index for East London - future research agenda

IGP’s Prosperity Index is innovative in several ways. By taking account of lived experience, local conditions and real constraints, our intention is to conceptualise and measure prosperity in terms that are both meaningful and actionable locally. The Prosperity Index reflects the way different domains – household security, personal wellbeing, local economic processes – interact in everyday life to produce specific opportunities and obstacles. In this sense, the Prosperity Index challenges both orthodox notions of prosperity and conventional modes of organizing and categorizing the world (eg. social, economic, environmental).

The Prosperity Index will synthesise new household-survey data, collected at neighbourhood scale, with large-scale secondary datasets from government and public sector sources. Our research shows that subjective experience contributes significantly to feelings of prosperity; a finding that concurs with other work on wellbeing and post-GDP measures (new economics foundation 2015; Stiglitz, Sen, and Fitoussi 2010). Consequently, each headline indicator in IGP’s prosperity model has been translated into a composite indicator of objective and subjective proxy measures. The research team has identified over 50 proxy measures for further testing.

IGP will launch the Prosperity Index in 2017. Our goal is to establish a longitudinal study of neighbourhoods in East London employing a standardised questionnaire to collect quantitative data from households in small geographic areas. This data will explore localised effects, obstacles and pathways to sustainable prosperity. Data will be collected in waves, returning to the same neighbourhoods and adding new areas over time, to produce a dataset large enough to explore correlations between different factors in the prosperity model. Qualitative research will complement the household survey, focusing on two areas: examining subjective experience and peoples’ abilities to pursue diverse forms of flourishing to better understand how different factors work together. Primary and secondary data will be synthesised and mapped to inform future planning and decision-making, and to enable local communities to hold policymakers to account, and record progress towards local visions of prosperity. We will work with LPIB partners to refine the
metrics, identify test neighbourhoods, pilot community-led data collection methods using a mobile app, develop new data visualization methods and produce open-data sets.

**References cited**


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About the IGP

Research at the IGP tackles the important questions behind what prosperity and sustainable lifestyles will involve now and in the future for people around the globe. Our aim is to generate new insights, new methodologies, and to provide new models for interpreting evidence.

Our research is problem-focused and we are dedicated to the co-production of knowledge through collaborative partnerships, drawing on cross-disciplinary methods developed not only within academia but through sustained engagement with business, policy, NGOs and, above all, citizens themselves.

East London is a site of exemplification for IGP. We are working with partners in Stratford, Hackney and the Olympic Park on individual research projects unified under a general enquiry into future pathways to prosperity. This work includes: developing the Prosperity Index for East London - a new set of prosperity measures to monitor social and economic change at neighbourhood level; young people and opportunities for employment in the creative industries; mapping Hackney Wick’s sharing economy; and exploring the social and wellbeing effects of the Olympic Park’s Mobile Garden City community gardening project,

Underlying all our research projects is a fundamental rethinking of what is meant by wellbeing, prosperity and sustainability. Prosperity must mean not only enabling people to flourish in ways that go far beyond financial growth, but also doing so equitably and sustainably.

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