

Economy, Culture and Sport Committee
21 June 2011

Transcript of Item 4: The Mayor's Role in Economic Development

Dee Doocey (Chair): This session is about the Mayor's role in economic development. Maybe we should start by inviting each of the guests to say, very briefly, something about their background and where they are coming from.

Mike Brook (Economic Development Officer, Wandsworth Council): I am the Economic Development Officer at Wandsworth Council and have been for the last 21 years, so I think I must be doing something right at Wandsworth! We do not spend pennies lightly at Wandsworth so I think we are doing a pretty damn good job in terms of making the local economy tick.

I am responsible for business development and business support. I try to help those that are out of work and without skills to get the skills and back into work. I have got five town centre managers working for me. I lead the Council's regeneration programmes, which includes Roehampton in the west and the Vauxhall Nine Elms Battersea area in the east. Lastly, I have got an overriding policy role in terms of developing the Council's voluntary sector. So a fairly wide-ranging remit. I am based in the finance department, which I believe is unique, and so keep close to the money! If you get that right you get a lot of other things right. A lot of what we do is predicated on the fact that having a strong economy usually ends up with you having a strong community as well.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): I am the Chief Executive of the Thames Gateway London Partnership which is a cross-party, cross-river partnership operating in east London. It has been around for about 15 years so it has got quite a long history. Our main priorities are campaigning for and support for our members in east London. That includes all the borough representatives. It also includes all the higher education institutions in the area. Our job is to be the voice for those organisations.

I think I am here today because the Committee will know we wanted to be a Local Enterprise Partnership (LEP). We still have ambitions to do the kinds of things we wanted to do as a LEP because we believe that there is action that is best done at sub-regional level that sits between what can be done and should be done at London-wide level and what should be done at borough level.

Mark Kleinman (Assistant Director, Economic and Business Policy, GLA): I am the Assistant Director for Economic and Business Policy here at the GLA.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I used to be Chief Executive of Westminster Council for a long time. I was also Chief Executive of the London Development Agency (LDA) until very recently and now the Mayor has brought me in to advise on regeneration and enterprise.

Dee Doocey (Chair): Now we have got a lot to get through and I do want to have sufficient time for debate so let's move straight on to questions.

Len Duvall (Deputy Chair): A London-wide LEP has had a mixed response across London. It is a geographical partnership in a delivery vehicle. Is London a meaningful economic development area for which you can set a LEP?

Mike Brook (Economic Development Officer, Wandsworth Council): Whichever answer you want it is either a yes or a no! The London economy dominates the UK (United Kingdom) economy so you could really say that the boundary of the London LEP should be much wider, or you can make the argument that the most economic activity takes place in individual localities and perhaps ought to be at the local level. London has got an identity and that is most closely associated with the boundary which the Mayor of London presides over, and has a clear statutory role in promoting economic development.

It is right that there should be a London-wide LEP but I think the proposals, as currently defined or as I currently understand them, are ill defined and I have yet to find out how they will have meaning on the ground in localities such as Wandsworth or, indeed, many other London boroughs. I think there is a clear need for some London-wide approach but that it is not done exclusively at that level.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): I would say there is clearly no doubt that London is a functional economic area. I think the question is whether or not it is a local economic area. My understanding of the Government's approach to LEPs is that it was not looking to create a LEP that had a gross domestic product of a quarter of England, which is what London has. Having said that, it has now gone and created a LEP like that.

Our position would be we had always envisaged that there was a strategic London-wide role in oversight of whatever emerged underneath that. I still believe that would be our position. That is not to say that the only scale at which economic activity and economic development can happen is at the London-wide scale. Whether or not you call it a LEP, a London enterprise partnership or anything else, it is very clear to us that there needs to be something at the London-wide level. It is just also clear that there is a lot needed underneath that that is not yet in place and that there are organisations such as ours and such as the boroughs that are very keen to get involved at the sub-London level, and that is where I think the focus of debate needs to be. How can we get engaged in that. Leave something at a London-wide level for strategic oversight. That seems clearly right. Whether or not it should also think that that is the only area and level at which direct delivery can happen, I do not believe that.

Len Duvall (Deputy Chair): Are you suggesting that the strategic co-ordination is fine but there does need to be some mechanisms on sub-regional levels? In Wandsworth I am aware of the Wandle Valley area. I am aware of your housing regeneration contributing to London's renewal at Vauxhall, backwards towards - I am not sure what the brand name is that Wandsworth has got --

Mike Brook (Economic Development Officer, Wandsworth Council): No, we are not either!

Len Duvall (Deputy Chair): What would you be saying to these folk at the centre, "You have set up the strategic body. We have got something we want to share with you. We think it is exciting and proper. How do you contribute to it?"

Mike Brook (Economic Development Officer, Wandsworth Council): The economy is complex. In the local authorities we understand those administrative boundaries. They are very, very easy to recognise. Our businesses - which are what we are here to try to help, whether it is

at London-wide or sub-regional – rarely recognise that. Businesses tend to come together for particular purposes and those boundaries will flex and change according to those particular circumstances.

You are absolutely right, Wandle Valley is a key area in terms of dealing with older industrial areas and trying to create a sub-regional park, a bit like what we have got in the Lea Valley. Valleys add something of strategic importance to London and need to be worked upon. If you just then fixed around the four boroughs that comprise the Wandle Valley then you forget other areas.

Wandsworth is renowned for looking many different ways at different times. We have been a member of the South London Partnership and we have been a member of the Central London Partnership. We no longer can afford to be members of many. Most of our businesses look to the centre to get a lot of their business and they look to the suburbs to get a lot of their labour. We have got to have something that reflects that flexibility. It is horses for courses and what is appropriate for that circumstance: let's make that work, let's have a beginning, a middle and an end and let's move on to other things. You have got to have that flexibility and be able to bring in appropriate partners for the particular initiative that you are trying to put together.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): I would agree with that. I represent a wider area and we have 17 out of London's 43 opportunity and intensification areas. I am certainly not suggesting that those can only be delivered through some sort of sub-regional partnership arrangement. Clearly, there will need to be things – and there are things – below that. For example, the way that the Olympic host boroughs have worked together would be a good example.

I am very much with Mike in saying where we are now is there is some understanding of what happens at London-wide level and nothing in place to connect that with anything underneath. What I think we feel is we want to move to a process where we get greater clarity of how those connections below the London-wide level will be made.

Our position is we would like to say that, as the voice of east London, we would like some recognition in terms of filling that role. That does not mean that is the only thing that happens but at the moment there is just nothing, and that is the problem I think.

Tony Arbour (AM): Mr Brook said being close to the money was very important. Isn't a feature of the LEP that it does not have any money?

Mike Brook (Economic Development Officer, Wandsworth Council): At the moment, no, it does not. There are actions in place where it could have. You have got to be close to the money but, at the same time, if you just depend on the money you will have a limited impact. The influence of a local authority is much wider than what Mike Brook of Economic Development does directly. The important thing is how you use that influence to work with others to follow your, if you like, vision and direction as something that should happen. The regeneration plans for Vauxhall Nine Elms Battersea will be paid for, in the long run, 100% by the private sector but the role of the public sector in creating the vision, the policies, bringing the partners together and bringing in the money from the private sector to create the partnership and momentum – it does not always have to be with the money but the closer you are the better.

When you consider the scale of the London economy and you compare it to the scale of the funds that the Mayor will have, or indeed the LDA in its days of pomp at £500 million plus, what

sort of influence is 0.2% of London's economy. To get the maximum return for your money you have got to find a way of using those limited resources that you have got to the maximum effect and bring others, and their resources, on board to follow your vision.

Keep to the money but make sure that, behind you, you have got other people's money following you.

Tony Arbour (AM): I quite liked your phrase about the LDA in its pomp. Maybe that was its pomp. Effectively, what you are saying as subtext is that the real drivers in the sense of being a catalyst are the boroughs. I think one of the points you made was boroughs are easily identified and everybody knows the borders blah di blah and all of that kind of thing. At the end of the day, might it not have been better not to have had a LEP at all and every borough be its own LEP?

Mike Brook (Economic Development Officer, Wandsworth Council): Do not create extra administrative requirements unless you really do need to. To have private sector arrangements in place to guide the London economy I think is important and that is what a LEP could and should do. Whether it is allowed to do that, time will only tell. You could put all sorts of structures in place but you will only get delivery if they are all working together to deliver the overall vision that you have agreed together.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I think there is some confusion about LEPs and why they exist - and it is not surprising given that London has been told really that it need not bother bidding in to the regional growth fund as it is not necessarily there for London. I have never been a fan of organisations that are there to exist. Boroughs, basically, interact and create economic development and form partnerships.

There is a really significant distinction. There is now a new game in town. With the creation of the Enterprise Zone there is a potential funding stream which is a London economic development funding stream. If the Royal Docks - which is the first Enterprise Zone - takes off, then the business rates are allocated to the LEP and, in effect, it becomes a funded organisation for economic development across London.

There are a couple of things I would like to draw out. LEPs are, essentially, business led. Secondly, there is a distinction between where the money comes from and where it is spent. I think there is no such thing as hypothecation in the Enterprise Zone rules. It basically is that Enterprise Zone money is spent in the area of the LEP, but delivery should be at the point where it makes most impact. It should not be done, necessarily, as an organisation by the LEP.

Let me be very clear. Having come from the LDA my ambition is not to see the LEP become 'son of' LDA; it is basically to become something that has a business led model which creates projects which are worthwhile, it focuses and makes a difference and it delivers through others. Those delivery partners could be sub-regional partnerships, could be groups of local authorities or could be business partnerships. Essentially, it is how you make the best of scarce resources and then you create a revolving fund through economic development. That really is where LEPs have a role.

That is why, having come in here and taken some time to work out in my mind how this can work - and we aren't yet there - when we know how this can work we will start talking to people about how it should work.

Len Duvall (Deputy Chair): Going back to one of the issues about the Enterprise Zone money coming to the LEPs, if I asked the majority of councillors in Newham where that money was going, or even the Leader of the Council, he would say it was going back into Newham. Isn't there a contradiction around the issue that money from an Enterprise Zone? There has been lots of London-wide money put into Newham. I state that. Under localism and where the Government is taking it and the issues of enterprise, isn't it right for that borough to think that the enterprise issue money is going to go back into its own borough?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I may have missed it but I did not see any legislation that said Newham could opt out of the national system! Realistically, inevitably there will be a difference of view about having hypothecated receipts. If you are going to drive genuine economic development there will be greater needs in other parts of London and that is why a London LEP is most appropriate. If that need is in the Thames Gateway then that is one thing. If it is in the north east then it is a different proposition. If it is to stimulate investment in the next Enterprise Zone it is another proposition. If it is in the west it is another proposition. What you need is a sound business making decision which says, "This is where we create our next source of wealth and stimulate our next form of development". That is not just physical; it is about creating the social skills and replacing some of the money that the LDA used to have which it can then mix with skills money that exists in volume around the capital.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): I would like to quote two things. Firstly, "There is an obvious LEP in the Thames Gateway area". That was the Mayor of London speaking at the LDA annual general meeting on 9 November 2010. "One area where there was a positive case for creating an LEP was the London section of the Thames Gateway because it crossed a number of local authority boundaries". That was Anthony Browne [former Policy Director for Economic Development, GLA] speaking on 19 October 2010. It would be fair to point out that there was, before the spending settlement, quite a lot of support for a London Thames Gateway LEP.

The material difference is now very clear; we are now in a situation where, if there is an Enterprise Zone that is located in the area that would have been the London Thames Gateway LEP, we might have been in the situation where we could have said, "It would be for the London Thames Gateway LEP to decide what happens to the money from the Enterprise Zone". We are now in a situation where it is up to London to decide and while Sir Peter says, "Well it could go to the Thames Gateway," it might not. There is a materially adverse impact on the London Thames Gateway of the decision to have the LEP boundary decided at the London-wide level. If north London were here they would say exactly the same if it was Tottenham and it was Tottenham in an LEP.

John Biggs (AM): We have strayed into my question already which is to look under the bonnet of this thing. The sense I have is that the room is permeated by the not totally unpleasant odour of post-hoc rationalisation. I remember Sir Simon Milton [former Deputy of Mayor and Chief of Staff, GLA] sitting in this very room a while back saying he did not really know what a LEP was for, it did not have any resources and he could not see much point in London bidding for one. Then there was a realisation that it was, essentially, the only show in town and so we did bid for one. We then retreated from saying, "If the Thames Gateway wants to have one it is a fairly harmless thing and it might as well have one", and instead we grabbed it for the whole of London. I think that is sort of what happened.

That is not necessarily a bad thing if what I take Peter Rogers as saying that this is a work in progress and that the LEP, as it was previously constituted, being the £1.4 billion national pot,

from which London will get nothing, certainly in the first round, was not really much use. If we can, in light of experience, mould it better to suit our needs then it might become useful. For example, by taking non-business rent income. That is a very long preamble to the question. You are nodding in agreement, for the minutes.

John Biggs (AM): Does anyone dissent from that analysis? That is essentially true I think isn't it?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I think there is only one thing to add which is there is nothing that stops organisations being part of more than one LEP. Croydon is. The fact that there is a London LEP does not stop the Thames Gateway LEP existing if it makes the case to Government.

John Biggs (AM): I thought there was a disbaring on that; you could have an overlap where there is a LEP that covers two regions, but you could not have a multiplicity of LEPs within the same region?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): There is an overlap.

John Biggs (AM): Can we have one for the Thames Gateway as well now, please?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I think, largely, it would depend on where you are and there is lots of competing legislation. Not only have you got the Enterprise Zone consultation paper, there is localisation business rates and there is going to be a discussion with London Councils about how that is pooled and what it is pooled for; whether it is for need or whether it is for growth. Those sorts of conversations need to take into account economic development as well.

Rather than go back to a situation which no longer exists, where everybody thought London would be awash with money, it is important to redefine the role and function before you rush to form, in my view.

John Biggs (AM): First of all, how will the London LEP add value to what the boroughs, the GLA and the Government already are doing to stimulate economic growth? The starting point, from my perspective being that we seem to be going backwards.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): It does a number of things. It can provide simplicity as a single access portal. It can produce scale because it does not spread the resources and make no difference. It provides a focus around real return. It can create genuine growth around what is done to provide a revolving fund, as long as it is tied in to whoever invests can hypothecate the returns. If a borough and others can do it without a LEP they should do it anyway, in my view.

John Biggs (AM): What is its budget for next year?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): It depends how you look at it, John. You know that the Enterprise Zone isn't yet built. The Royal Docks has been subject to a marketing campaign now. It may well have a prospect of getting a very good development option. If you link it to tax increment financing it may be able to fund things in the interim until the business rate flows. There is a progression but it is all on the development of the Royal Docks, which is why there is very careful consideration --

John Biggs (AM): Hang on. We are talking about the LEP, not the Enterprise Zone.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The Enterprise Zone is the source of the funding in the short run, for me. I think the two are related. I come back to Tony's point.

John Biggs (AM): Let's be clear; the only source of funding for the LEP in the first instance is the Enterprise Zone in Newham?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): It is the Enterprise Zone funded by national infrastructure expenditure and regional funding through the LDA of its assets.

John Biggs (AM): It would be very hard to make this up. Clearly, that is the case. One of the neediest areas of London for economic regeneration is being used to fund the rest of London's economic regeneration?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): One of the neediest areas of London already gets the benefit of about £12 billion expenditure on the Olympics, it has got Crossrail, it has got Tube and it has got all of the investment that has been targeted at that point. It is not short of investment over the last few years. It has got Westfield in the north which will create employment and skills, and that can be done by the local authority without further investment. What they need to do is make the case for connecting the north to the south if they are going to stimulate that. Again, you would then fall into the straight competition, "Is that more valuable than other parts of London that do not have that level of resource?" It is a fundamental issue.

John Biggs (AM): There was an implication in your answer earlier that this is work in progress, the Enterprise Zone, and the tools available to it are probably not sufficient yet for it to do the range of things that we want it to do. Can you describe a little bit more the four or five levers that it currently lacks which you think it might benefit from having?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I think the first is certainty of receipts because that, clearly, is the important bit. If you are going to use the receipts it is nice to know they exist. That is being marketed. You need to know the scale of development and the business rates that will be developed, and the new homes that will be created and Newham will get the new homes bonus from those homes that it will create, and so on, and the socio-economic benefits that will flow, and the reduction in need that will be there. That is the starting position.

You then need to look at what is required to stimulate further investment using that money and where it should go. Whether it should be used to support existing programmes around learning and skills - and that could take all of those receipts. Whether it should be used to stimulate investment elsewhere, physical or infrastructure, to generate a new wave of Enterprise Zone or a new category of development.

That will take time and that is where you look at the incentives in the Enterprise Zone. In my view, the current business rate relief is not the right incentive. It may encourage borough-hopping for business, rather than genuine growth. What should be looked at is assisted area status for that area, given its separation, and then you start talking about different ranges of allowances.

John Biggs (AM): Did you do a deal with the Government then which said --

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I never do deals with Government!

John Biggs (AM): The Government said, "We're going to have the LEP and, in return for that, we are going to base the land assets of the LDA in the Royal Docks into the LEP"?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I have no knowledge of such a deal.

John Biggs (AM): Right. You are predicated the funding for LEP on the assets of the LDA?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Not on the assets; on the development that flows from those assets.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): I would like to make a point that it does seem to me there is a bit of an *a priori* question which would be worth airing. We have talked about the LEP and what it would do. I do not know that the LEP exists yet. There is not a Board. It has not met. I, through my responsibilities in relation to the Thames Gateway, attend the Thames Gateway strategic group. That works with another LEP: Kent, Essex and East Sussex. They are having their second away the day after our meeting. There is not an "it" yet.

Len Duvall (Deputy Chair): I want to come in. If the connection between the Enterprise Zone and the LEP is so crucial, isn't there an argument that the size of the Enterprise Zone is possibly too small?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): No. I think the more focused it becomes the better the chance of kicking it off. What is important is the bids for the second generation Enterprise Zones in the Upper Lea Valley and Croydon. The infrastructure exists. You can quickly take it to market with the Royal Docks. The same is not necessarily true of the Upper Lea Valley or Croydon. Again, we will need to talk to the local authorities in those areas to see whether they can manage without an Enterprise Zone or whether they need it. That may be a bid for additional funds to create even more funds going forward.

Mark Kleinman (Assistant Director, Economic and Business Policy, GLA): To follow up on that, Chair. Len, the proposed Enterprise Zone in the Royal Docks is way bigger than the current Enterprise Zone limit in terms of national guidance; so we are in discussion with Government about saying the scale of the opportunity, both in the Royal Docks *per se* and in London as a whole, means that we are looking for flexibility both on the size of the Royal Docks' Enterprise Zone, and also on the fact that we want more than one Enterprise Zone per LEP. Currently Government is saying it is one Enterprise Zone per LEP.

Roger Evans (AM): Thank you, Chair. I am listening to this with some slight growing concern when we talk about overlapping LEPs and - what was it? - Kent, Essex and Sussex, which seems like a fairly large construct. I think Croydon is in partnership with Brighton and it is not even physically contiguous. Looking back at our experiences with Thames Gateway I think I would be particularly interested to hear what Ros has to say and, indeed, with the Olympics area as well, which always, to me, seemed to be over managed. There seemed to be too many different

boards and organisations with their fingers in the pie and it became very difficult to make decisions. Certainly, in the south of Havering we have quite a lot of bits of land lying there undeveloped because of the bureaucracy that stifled those. We had the Home Office pointing at bits of land and saying, "If you're not going to do anything with that we're going to come and build a super prison on it". That type of thing.

How are we going to make sure that we do not go down the same road and end up recreating the bureaucracy that was supposed to have been cut away?

Ros Dunn (Chief Executive, Thames Gateway London Partnership): The arrangements for the Thames Gateway now are sort of being dictated by Government but, essentially, what it is saying is that it is decentralising delivery. In consequence, a Thames Gateway strategic group has been created that brings together partners from Kent, Essex and London. What the Kent, Greater Essex and East Sussex LEP has done is create a recognised sub-regional grouping for Kent and for Essex and they attend the Thames Gateway strategic group. In London the Thames Gateway London Partnership has taken that role.

There is always going to be a difficulty in talking about decentralisation which implies you bring in more players but at the same time get the necessary focus. This is meant to be a way of addressing that. The Minister is present at that but does not Chair it. The GLA is represented very sadly at the meeting tomorrow. It is not possible to get a GLA representative but they are represented on that as well.

The aim is to try to get the right balance between reflecting the fact there are a range of local interests and getting some focus through having one single grouping that will drive that forward.

Roger Evans (AM): What is Greater Essex? Is that a way of including bits of London?

Ros Dunn (Chief Executive, Thames Gateway London Partnership): I cannot answer that. I can let you have a note.

Dee Doocey (Chair): I am sure it is not Newham.

John Biggs (AM): Perhaps it includes the unitaries that used to be part of Essex. Can you tell us where you are in setting up the LEP then? It is meant to have a business Chair and a majority business Board and you do not even have a Board or a Chair or premises.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The Mayor is about to appoint a business Chair. Subject to that approval, it is my intention to sit down with the business Chair to talk about the way that we take this forward and how we optimise the use of the resources that may flow and how we pick up the important aspects for London before we start nominating people to it, so we are quite clear about what we are going to do and what we have to do it with before we create a monstrosity which will fill Wembley Stadium with everyone that wants to be on it. That is the real danger; until you know what you are going to do, what you are going to have to spend and how you are going to do it, there is a real danger that rushing into reform does give you a problem.

John Biggs (AM): Kent, Essex and East Sussex have got it wrong then?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): My understanding is that they probably are able to access things that London cannot.

John Biggs (AM): Right. It is done.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): If I may quote something else. The letter to the Mayor which came from the Secretaries of State for Communities and Local Government (CLG) and Business, Innovation and Skills specifically asked that the Mayor's officials, "Continue the work to reconcile the ambitions and priorities of the five sub-regional partnerships and agree with them and the London boroughs how they can play an active role alongside the city-wide priorities of the London enterprise partnership". I have said then, "To date, over three months later, there has been no action to follow this up and that remains the case".

It just feels to me that there was a remit to the LEP that has not been responded to.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I cannot really relate to the three months but I can relate to the last month. What I have done is looked at what is there and it is quite clear to me we could have rushed into setting something up which would not, necessarily, have achieved what is required. What we have done in the last month is go back to first principles and we will now push the creation of the LEP, the role of the LEP and the functions of the LEP very quickly and we will start to bring some clarity to it.

Picking up the point Ros has made, I have got no problem about reconciling disparate demands and disparate requests. It is an important part of forming priorities. You need to make sure that you have a mechanism which is effective to establish the priorities and the benefits from them and that really needs to be done through the LEP. You come back to it. Whatever the Secretary of State said these are, essentially, business-led organisations.

John Biggs (AM): Everything is work in progress from what you are saying.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Most things are including lots of things that are not currently --

John Biggs (AM): Budget, membership, working arrangements, premises. Does the GLA have a budget to help this thing work?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): No. It is being done from existing resources and the --

John Biggs (AM): That means there is a budget somewhere. Whose budget is it?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): It is basically Mark's [Kleinman] time and his team's time.

John Biggs (AM): Right.

Mark Kleinman (Assistant Director, Economic and Business Policy, GLA): To fill in a bit more of the background. Prior to our proposal for a single London-wide LEP we engaged with all the five sub-regional partnerships and a variety of other players because, at that stage, there were potentially up to 17 separate bids in London. We persuaded most people to come on board with a single London LEP prior to the submission date to the CLG.

In two cases Ros is correct that they thought, “We want to have a go at our own LEP”, in parallel with that. The decision came back from Government to say, “We approve the London LEP, not the other two, but we are asking you at the GLA to engage with the other two proposals in the same way you have done with the other sub regions”.

We are doing that. I accept some of what Ros has said, that it has been slower than perhaps we would have wanted ideally. Again, I go back to the context of this; when we started a LEP was no statutory powers and no money. Not quite clear what it was going to do. In terms of the Enterprise Zone announcement, potentially, it is a very different creature that can spend real money. That necessarily means a different set of arrangements.

In terms of the resourcing, as Peter said, within my team we are doing the early secretarial work to make sure something happens. In the longer term we would be looking for a bit of resource pooling across all the partners that are involved in the partnership and that seems to be what is happening in the LEPs outside London from what we understand.

Mike Brook (Economic Development Officer, Wandsworth Council): I think Mark is wrong in saying that he persuaded the rest of us to fall by the wayside. We were told that was the only way forward. “The only way forward was a London-wide LEP. You have got to fall in behind us.” Those are the rules of the game. The Government has set the rules. We have to play it that way. We want to work with you and help you develop something. There were people on the ground in virtually every part of London wanting to make something work for London. Have we been asked to contribute to that? I have not. There is a resource wanting to help. It is not just Mark’s time. There should be more of us working for that.

We are a year behind the LEPs outside of London. Outside London, those LEPs who submitted their bids by 6 September 2010 and were approved have been actively working on their proposals for some time. They now know what their priorities are. Local business people are sitting round the table actively agreeing what their key priorities are. We have not got those private sector people round the table. You have not utilised the resources with other partners that the GLA should be working with. That is a waste of people’s time and energy. We were just losing out. It is wrong.

John Biggs (AM): Are we bidding in the second round for the regional growth fund, given that we do not have a Board or a Chair?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The conversations that we have had with Lord Heseltine [Chair of the Cities Task Force and former Member of Parliament] indicate that, if we do, we will probably get exactly the same number as we did the first time. We are happy to support any sub-regional bids for the regional growth fund and they are quite happy to --

John Biggs (AM): If any local borough bid comes to you, you will say, “Fair enough. We’ll send it in.”

Mike Brook (Economic Development Officer, Wandsworth Council): It cannot come from a borough; it has got to be business-led.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): That comes after. The chances of success are, in my view, very slight.

John Biggs (AM): A question which Ros and Mike have posed to you, was skirted around. The lazy answer is it is work in progress. How do you ensure that the London-wide LEP can tailor solutions for local areas, potentially including borough representation and sub-regional partners? Do you have sub-LEPs? Do you respect and get affiliated membership to your local regeneration board? Do you have generation companies in membership? How is that going to work?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Can we talk without the LEP being the only game in town. If you have a regional funding authority and you have an ability to accept funds from groupings that come together, for whatever purpose, to support economic development, there is nothing that precludes that. It does not require a LEP to do it. Boroughs can bond with business and come together and make a case for economic development. They can come and make a case that they will want this, they will deliver it and they will deal with it.

The LEP is, to some extent, an artificial nebulous invention if you talk about sub-LEPs, sub-sub-LEPs, sub-sub-sub-LEPs. Essentially what you are talking about is an economic development arrangement for creating cash and spending it to stimulate growth across London.

Len Duvall (Deputy Chair): Yes and no. As the LEP has moved on from being the talking shop of Sir Simon Milton; the Government is placing much more emphasis on it. You at the LEP can say yes or no and deal with aspirations in the boroughs or of any potential bid. You are right to be rooted feet firmly on the ground. Unless you start putting bids up to Government of what you can do, and showcase what you can do in London with your partners, it is not going to give you any money at all in terms of these issues. We should be challenging those folks at the centre to understand what is going on in London and what we could do with some small sums of money when they become available. That is exactly how Michael Heseltine was challenged on the City of Challenge and single regeneration on the single regeneration budgets. Why are we not promoting a strategy along the lines of that now, supporting folk, and saying, "We don't think you're going to get it but we'd quite like to showcase you because we think those folk in Government should know that you've got something to say in Wandsworth, Croydon, Thames Gateway or in the Upper Lea Valley"? Where is that plan? Where is that vision about making and turning this into a reality that makes sense for London and its partners?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): You are talking about a short run bidding strategy against a long-term production strategy and I have got no problem with both. If there are things which fly in the short run that require a LEP to support their application then let's see them. What I am really saying is, let's focus on the longer term and the game in town is how we generate real wealth and how we deploy it for the benefit of London in the round.

They are not consecutive; they are concurrent. I am not saying we do one and we do not do the other but what I am saying is my time is focused on the second. If there are organisations that want support for bids I would be perfectly willing to look at them and, if they make sense, we will have a look at them.

John Biggs (AM): I am sure one end of the table will agree with me and the other half will not. I am reminded, given my political lifetime of experience following the abolition of the Greater London Council where quite a lot of people did not like it and there were some valid reasons for getting rid of it, but it created a vacuum which we then had to fill through creating partnerships, business led things and council led things because we knew that things needed to be done for London which could not be done without there being a strategic oversight, so we

ended up with the GLA. In the same way LDA - not lamented that widely but there is a vacuum which needs to be filled and populated and the LEP does not really achieve that. This is a variant on the work in progress. Would you agree that this is essentially where we are, Sir Peter?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I lament the loss of the LDA. There was a case for a regional body that actually had funding and was able to allocate it to the sorts of things that we need. It is sad that it was not just folded in to the GLA with adequate resources to carry on that role. But it was not. It is a new game in town and it is how you create and fill the void, without creating the bureaucracy that the LDA became a few years ago, and still produce some things of value by focus and prioritisation, which has been done in the last few years.

Dee Doocey (Chair): Can I move on and ask you, Peter, what scale of business rates do you think might be generated by the Enterprise Zones?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I have no idea at this stage.

Dee Doocey (Chair): That is not the answer I wanted!

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): If I tell you the Royal Docks is the equivalent in scale to Manhattan lying down, depending on the amount of development and the type of development, it could be really substantial.

Dee Doocey (Chair): OK. Does that mean vast?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): It could be extremely large in terms of receipt but the phasing and the build up of that is obviously a consideration and that will depend on the nature of development and the scale of it. If somebody buys it to create an urban park it will not be very big. If somebody creates an industrial park it will be very big.

Dee Doocey (Chair): Sorry. How would those business rates be used and by whom?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): In my view they would be allocated to the LEP and spent in the area of the LEP, which is my understanding of how it is meant to work in the prospectus.

Dee Doocey (Chair): Right. Not outside that?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The area of the LEP is London.

Dee Doocey (Chair): Fine. Can I explore the types of areas to be considered for future designation as an Enterprise Zone or a Mayoral Development Area? Can you talk us through that?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): There are two potential bids at present. The first is the Upper Lea Valley, where there is a need for infrastructure to make it fly. There is open space and there is a real need to improve industry business and skills in that area. It is a natural candidate. Croydon is also a natural candidate. It

has huge potential and is capable of generating the same sort of wealth back to the London economy.

The big issue for me is can it be done without a LEP involvement and, if it can, then it is a local authority partnership issue. If Enfield, Haringey and Hackney can come together and do it on their own it is not a candidate for resources. What we should do is look at where our resources are required to make a difference. What we should not be doing is substitution. Those are the criteria for future enterprise areas.

The Mayoral Development Corporation (MDC) is slightly different. We have one which is, essentially, the Olympic Park and it has a couple of real advantages which are speed and simplicity in planning. MDCs have a particular role for business where they can actually accelerate development because of that simplicity and speed. Developers want certainty and they want a timeline for build out and they want a quick and easy way of negotiating it. In my view the current fee structure does not help local authorities, but that is a separate issue. I do believe that an MDC gives you those advantages.

Again, those sorts of blends need to be looked at. An Enterprise Zone and an MDC can be considered as one or separate and there is a case by case argument for where they would come together and where they are regarded as separate initiatives to make things work.

Dee Doocey (Chair): Do you have a concern about the funding of the MDC?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): In terms of the Olympic Park probably not, on the basis that given the amount of investment that has gone in there --

Dee Doocey (Chair): I am talking after the Olympics.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Again, it comes back to the hypothecation of business rates. It is my understanding that the business rates in the MDC are available for that area by legislation so it is quite different to the Enterprise Zone. I think that is right. On that basis it has a revenue stream it is able to develop and it is already a much longer term vision.

The demands in there are quite different as well. It is creating a new part of the city with residential, with leisure and with business and it is a 20 or 30 year programme. That is what I do quite like about the Enterprise Zone; the hypothecation for 25 years gives you certainty around borrowing to make significant investment.

Mike Brook (Economic Development Officer, Wandsworth Council): I have been around a long time. Enterprise Zones were tried before and really only one of them, the consensus is, worked in the way that was originally intended, and that is the Docklands. It was not just because of the tax incentives and the business rate breaks; it was because there was equivalent investment in infrastructure. You need the two going together. That is really where the key power for the Mayor lies. Not the fact of having an Enterprise Zone and then the business rates being generated down the line; it is the way you use your current mainstream activities, such as Transport for London's (TfL) huge budget in terms of infrastructure and the influence on Government and how it spends rail infrastructure or other transport infrastructure, that will go to make these things work.

One out of the many that were created 25/30 years ago is not a good track record. We have got to be careful about expanding the concept very, very rapidly. We have got to look at the key things that the Mayor is the only one able to do and that is the infrastructure. I am concerned that the people involved in the LEP will just focus on the business rate income.

Again, a little bit more recently when neighbourhood renewal funding was given out, local strategic partnerships were set up to look at that. They were told to look also at mainstream but they focused on the pennies that were coming through the neighbourhood renewal fund, rather than the millions that were being spent on mainstream education, health and transport and so on.

The focus has to be not just on where the Enterprise Zones are and what you are going to do with the business rates. It is a much, much bigger picture to make them work. If you start looking at one in Croydon and one up north London, as well as the Docklands, then others will say we have got to have one in the west to balance that and then where is the one for the centre. Peoples' eyes will be going off the ball. You have got to focus on the wider aspects and not just the Enterprise Zone concept because that is the current tool that you have been given to work with.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Can I respond to that?

Dee Doocey (Chair): Just before you do could I also ask you, Peter, about the stream of income that is going to be coming in in the first five years, given that there are going to be huge discounts given? If you could comment on that at the same time.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I will. The key issue for me is not whether there should be huge numbers of Enterprise Zones; they should only be created where there is no other way of creating the same sort of economic return in my view. It is really dangerous to rush to a panacea which says this is the only game in town. If I have created that impression I did not mean to. What I am saying is it creates an additional form of funding; it does not replace it. Equally, I am sure that Mike is not proposing that the LEP should also receive TfL's budget and all the other budgets that the Mayor controls, like policing.

What is really important is that the Mayor integrates the demands from the economic development activity with his transport proposition and with his other powers. Ultimately, it is much better to create a focus around integration of those budgets around an area. Michael Lyons used to call it place making. It is the same sort of thing. Communities want local businesses, they want local facilities, they want local housing and they do not want to be unemployed. Bring those together creatively and you have a different proposition.

Having worked in the transport industry there is capacity going the other way very often, even when you are full going a different way. If you can create new urban centres with economic development you optimise the use of existing facilities, rather than continue the drive to invest in more and more things designed to bring people into the centre of town. That is a much more coherent proposition for the outer London boroughs than when everybody travels in to the centre of town every day and you just intensify the rail network, the Tube network and, in essence, investments for the next 20 years is probably going to be very difficult to fund.

Dee Doocey (Chair): The funding stream in the first five years?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The funding stream in the first five years, essentially, is going to be quite sizeable and it does seem to me that that is the way that you can, in effect, use different tools like tax increment financing. If you know there is certainty about development and you know there is certainty about the project, you can lever the borrowing in advance to create a funding pool to get you through the fallow period until the revenue flows.

Dee Doocey (Chair): Even though there is going to be massive rebates you still think there will be a sizeable amount that is left?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Rate rebates are not that massive. It comes to the point that John is making. £275,000 business rate relief over five years. It is not that massive. What will stimulate a lot more interest, in my view, is looking at assisted area status and looking for a wider range of incentives.

John Biggs (AM): It was interesting, in passing, to see Sir Peter reversing the Mayor's conclusions of the Suburbs Commission, but that is a mischievous intervention.

My question is about the potential role of capital allowances in the Enterprise Zone. I have a feeling that a lot of people, from the Mayor's Office to the boroughs to business, are saying, in the case of a London Enterprise Zone, capital allowances should form part of it. Is that the case?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): It is.

John Biggs (AM): I have been lobbying on this.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Certainly I made that case both to Newham and to the Mayor. We have also made the same point to Treasury. I also saw some European Members of Parliament and what we are going to do is go over and convince them that London is not this average wealth capital, there are huge areas that are disadvantaged and we get that message into Europe.

One of the big gains would be to redefine the boundaries of assisted areas. We would look for any help we can get to do that.

John Biggs (AM): One of the logics of localism of course would be that the Mayor of London, in partnership with the boroughs perhaps, would be able to determine where and when an Enterprise Zone should exist and what regime of allowances should apply to it. Everyone is nodding, for the record, and agreeing with that.

Dee Doocey (Chair): We do not minute nods! Tony [Arbour]?

Tony Arbour (AM): I am not sure that this is important in the scheme of things so if we can pass this one. It is about the Outer London Development Fund which is clearly a good thing, so let's pass.

Dee Doocey (Chair): OK. Do you want to deal with question five then, Tony?

Tony Arbour (AM): How can you ensure that, under the new regime, London's requirement of skills is going to be met?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The brief answer is I cannot ensure it. In the last 20 years, when there has been money flowing into London like we have never seen before, you still have huge disadvantage. What we need to do is make sure that some of the incentives around skills, and the right skills, are delivered. That comes back to the point Ros made earlier; using the Mayor's influence with people who have those funding pots to develop the right programmes in the right place and to make sure that skills are developed, but not lost, by creating jobs at the end of it. There is very little point in investing in getting people work ready if there are not jobs to put them in. That really is where regeneration comes together. It is about giving people the right skills and the right employment in the right place and you actually start to change the nature of bits of the capital.

Tony Arbour (AM): You do think the LEP is an appropriate place to deliver this?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): It is a great place to influence it, particularly if you have got leading business sector representatives who can make the case for their businesses and they are major employers.

Tony Arbour (AM): Thank you.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): Thank you, Sir Peter, for using the word influence because I would very much support that. If you wanted to describe how this would work well, it would be that the London-wide LEP was out there talking back to Government saying, "You made the wrong decision when you took away the statutory responsibility for the London Skills and Employment Board and you took the wrong decision when you did not delegate more responsibility to the Mayor for having the ability to decide what happens to skills funding". That is what I think a London-wide Enterprise Partnership should do.

When it comes to delivering on the ground our expression of interest that we put into Government had a proposition for how we wanted to work and, frankly, how I think we still want to work, as what you might call consenting adults, because we can all do this. We would get our borough partners' education partners, which is the higher education institutions and further education, and our business partners in the room to say, "What we need to do is get you people together to work out what skills you need and what training you could offer" and make that work. We would also want to bring in the people who are doing the work programme. We have already had discussions about that.

There is a really doable proposition at sub-regional level and I am sure at local level. I am not saying all of this would be the whole sub-region. There is a way of doing this that we could do now and we would like to start doing now. What would be really good would be if that was supported by a London-wide effort to get more responsibility and to get more control. My fear is that what happens is that, at the London-wide level, there is a view that they can do all of that and I do not believe that is possible. I do not believe that is possible without the help of local authority partners.

Mike Brook (Economic Development Officer, Wandsworth Council): We are all agreed on this one. It is the one thing I have been trying to achieve all of these years to bring together - helping create a job in that particular business, helping a person get the skills to get a job and then bringing the two together. At the moment we do things that are going along mainly in parallel but rarely bring things together. We have got a big job of influencing and Peter is absolutely right about that.

What we can do at the local level which we have not yet done successfully (although there are some good examples around) - is where we are bringing in new inward investment and new jobs, the local planning authority can include negotiated agreements to enable new investors to let contracts that have - for want of a better term and I would not use this unnecessarily - local purchasing opportunities that are immediately opened up at the earliest possible opportunity. There is a key role at strategic level and a key role at sub-regional and a key role locally.

Skills are perhaps the biggest factor why people remain unemployed for as long as they do. If you can do something about that you improve their chances dramatically.

Tony Arbour (AM): What should the Mayor be doing to support businesses? There is a rider to that which says what can he provide to supplement the Government's business support provision, including any role to the London LEP? I am hard put to understand precisely what we are driving at there. What exactly are we trying to get out of this? My brief says that the sort of support that was offered by the LDA included things like the British Libraries Business Support Service which I recall we have discussed here many times and we thought that was absolutely marvellous, but I think this must be rather wider than that.

Dee Doocey (Chair): The point is that business support appears to be centralised and is there a role for the LEP. Perhaps we could have been a bit clearer with the question.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Contrary to localism business support has been nationalised, in effect. Business Link [Business advice and expert support for small and medium businesses] has become a national service. We made a strong argument that it should be made more relevant locally by looking at the life cycle of a business and offering appropriate intervention, rather than just providing a standard service, which it appeared to adopt, and make it much more relevant locally. That was not accepted and it has become a national product.

However there are still things that you can do to support business, even if it is not around business advice. You can make sure that there are the right fiscal incentives. You can lobby for the right tax regimes. We have talked about capital allowances. We can help locate and position inward investment. London & Partners is perfectly positioned now to act in that role and operate sub-regionally through a mechanism that needs to devise.

There are still things that we can do. We can work with boroughs to look at where there are opportunities to provide skills programmes. Essentially, businesses need a place to operate, they need skills that will make it worthwhile and they need to make a profit. All three of those come together in the way that we can influence things through the LEP. In terms of direct business support, it is now a national service:. No time off for good behaviour!

Mike Brook (Economic Development Officer, Wandsworth Council): It is time that things do change dramatically because the old system certainly did not work. People get their support from all sorts of different angles, whether it is a national or international service. To get it through what was Business Link is fine.

Peter's absolutely right in trying to create the right working environment for businesses. That is the important thing that Wandsworth has been doing for a long time. Creating the right sort of circumstance in which businesses can start up and expand through the sorts of activities Peter has described.

Small firms do not know where to go. Our role is to create the opportunities for them to meet the right people. A face on the ground that they can relate to a business's needs is very helpful and if that person cannot help then they normally know someone else who can help. They learn from themselves very, very quickly and we can help create the circumstances where that happens. The LEP, through their contacts and networks at the local level, sub-regionally and regionally, can very much create that sort of circumstance where we can help businesses to help themselves.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): A further point about business support. It does feel to me that there are two rather obvious points. One is we should be trying to find out what business wants. Secondly, business support is not the preserve of the public sector. There is a huge amount of business support provided by private sector providers. It feels to me that one of the things that we ought to be able to do perhaps rather better than we do is harness that in some way and understand what is going on, but really be driven by what business wants. The reason these things do not work is because the public sector often is not very good at doing them and the private sector does them a lot better. It is getting close to them, finding out what they do and harnessing it.

Dee Doocey (Chair): I must say you are saying things with which I absolutely agree.

Roger Evans (AM): What will the GLA not be able to do now that it would have done if it had received the economic development funding it used to from Government?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Clearly it will not be able to do as much. It is still doing regeneration.

Roger Evans (AM): Have you decided what is going to stay and what is going to go?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): There is a business plan which is being created so there is a budget allocated for regeneration and climate change. There is some support for learning and skills; all the usual things. The difference is the scale. Clearly what the GLA has done is stepped in to create additional funding alongside the negotiated amount from Government to create at least an ongoing programme. You will recall, for things like climate change, there is a huge fund which was created by the LDA by putting investment in which is capable of revolving and recycling. It is not altogether lost but the number that we ended up with was broadly where we thought we would, which is a 30% odd reduction in net expenditure after the Olympics.

It is very easy to dismiss the Olympics. The Olympics is the biggest regeneration game in town and we are all paying for it. Essentially, there is a huge debt rescheduling which needs to be made in term of repayments as a result of the deal on the Olympic Park Legacy Company (OPLC) with Government.

Roger Evans (AM): Are you saying we will still try to be active in all of the areas that we were active in before, we will just do less, or are you saying that we need to prioritise those areas and get out of some of them altogether and focus on what works?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): We will focus less on business support because it has been taken from us. That is one. It inevitably then becomes a business planning process about where you best spend your money, what you get for it and in what timescale. The usual principles apply, which are, are there other funding streams which will add value to yours, is there leverage and will you get better outcomes by, for

example, chasing European money, or are we just being silly chasing it to divert us from something that needs doing. Can we get leverage through the boroughs or can we get external sponsorship or business involvement to actually this to create a bigger fund and use our influence to carry on doing things.

The thing that has come through from the LDA experience of the last few years is you can achieve an awful lot more by focusing smaller amounts than by spreading bigger amounts and getting nothing from any of it.

Roger Evans (AM): That is why I am interested in this argument. I remember when you took on the LDA originally it was doing a huge spread of different things and you very much focused on a more limited set of objectives, but seeking to achieve those rather than seeking to dabble in a wide area of objectives. That is the approach again.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): That is now the game in town for economic development.

Roger Evans (AM): Yes. What is the consequence of that for the Mayor's Economic Development Strategy?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The Strategy is intact. It may have some impact on the rate at which things can be done and the impact that things will have in the short run but, inevitably in a recession, that is almost inevitable. With the funding cuts we need to see what is happening in terms of how that recovery goes and what will flow back.

Again, if we come back to the first thing, if we are able to create a new revenue stream for economic development it will get us back on track in terms of the volumes and the activities that we want to see happening.

Roger Evans (AM): Will you be issuing an amendment or a change to the Economic Development Strategy?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Based on the advice I have had since I have been here there is no need to do that. It stands. It seems sensible to carry on doing it. The issue then becomes the volume and the scale of return. That, broadly, is the advice I have had so far.

Mike Brook (Economic Development Officer, Wandsworth Council): Influence does not just mean talking to people; it means influencing that flow of money that is coming from Government. For example, on the apprenticeship work we have been doing, we have been working very closely with the National Apprenticeship Service. This is one of the very few programmes across the whole of Government to have an increase in money through the Comprehensive Spending Review. Similarly, with the Work Programme, there is a lot of money going in towards goals which we would completely support and would expect to see within the Economic Development Strategy.

The question is, is it really going to deliver in London given the complexities of the labour market here. That is where we are interested in having a dialogue. As we all said it is exactly the same issue at the sub-regional and borough level. We are absolutely four square with the Government's aims but making sure these programmes really deliver in London will be a challenge.

Len Duvall (Deputy Chair): Having just said all that and listening to what Sir Peter said before, we are following an Economic Development Strategy that was done in a time when we had the LDA and when we were expecting that some of that money would come into the GLA. It was done in a time when we did not realise what we were absorbing. We have now got new people on the political landscape, both Enterprise Zones and LEPs. We have already heard the relationship with the London boroughs where I still think there is a lot more work to do in sub-regional partnerships. You are both suggesting to us - you must have advised, Sir Peter - we do not need to re-look at the Economic Development Strategy.

Roger Evans (AM): I am surprised.

Len Duvall (Deputy Chair): You are surprised. I am gob smacked by that. Do you want to revisit that. Government has changed since the Economic Development Strategy was written. I know we have had a recession. We could have had a revised one since then. We were arguing there should have been a revised one at that stage. You are suggesting no change. I do not understand. I think people outside would find that difficult to reconcile.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): We are very happy to take away your view and I will address it.

Dee Doocey (Chair): Are you concerned that nearly half the funding for economic development is being made available by the GLA? Are you concerned about the knock on effect that will have?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I am concerned about the scale of economic development funding in its entirety. That said, what we can do on our own is extremely limited. This is now about leveraging money and seeing where you can make a difference with relatively small amounts of cash in the London scene.

Dee Doocey (Chair): Maybe I have not made my position clear. Previously economic development was funded by a grant from the LDA which was Government money. Now half of all the economic development budget is being funded by the GLA. By definition, if it is being funded by the GLA, something else must not be funded in order to pay that money.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): To some extent that is true but there is another game in town - I mentioned it earlier - which is this approach to pooling and a new form of income. Again, there are a lot of spinning plates that need to be brought together. If the national grant is replaced by a London business pool then, in essence, you are achieving the same thing for a different purpose.

Roger Evans (AM): I want to make the point about 2013/14 when of course there will be another revision to the amount of grant we get from Government. Are you working on the basis that the grant will continue or that it will be reduced or that there will be none of it?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I am working on the basis that there is a business rate proposition and self sufficiency is a lot better than waiting for Government hand out, after the way the LDA was treated.

Dee Doocey (Chair): Could you kindly expand further on the rescheduling of debt and the OPLC, Peter, and the knock on effects of that?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): In essence, as part of the condition for the capital receipt for the land assets being transferred there was a requirement for the LDA to repay a defined proportion of debt over a very limited period. What we ended up with was a defined repayment plan – not actually something I would have thought would have been better which is what you start with and what you end with. It was actually defining the amount that had to go back to repay debt in each of the next four years. That is a fixed sum. That is predicated on the amounts of money from Government which are received and guaranteed as part of the review, except for the fourth year of the spending review where we believe it is but it is the first year of the next one and that is always open.

It is also predicated on capital receipts coming in from LDA land sales. One of the positions we said to Government when it was arguing for our assets was we would be very happy for it to take them as long as it took the debt because the debt exceeds the asset value. As a result we have got the asset value and we have got the bigger debt sum.

Len Duvall (Deputy Chair): To wrap up on a couple of issues. Does the MDC Board realise the money that it is going to generate on behalf of this Mayoral vehicle is going to come back into a central pool? Is that written into its terms of reference that it understands that, that that money could be? How do the checks and balances over that MDC Board stop it going off and spending or taking decisions that could fetter the LEP opportunity to take some of that money back and reprioritise it?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The MDC's money is the MDC's money.

Len Duvall (Deputy Chair): It is. I misheard you earlier on.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): The rules are different. The OPLC's money will morph into an MDC and it will get the receipts locally.

Len Duvall (Deputy Chair): Sorry. I misheard you earlier on. I thought you said that MDCs were a potential source for revenue.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): They are for the MDC.

Len Duvall (Deputy Chair): Totally within the MDC. Sorry. I misunderstood you.

Mike and Ros, on Mayoral priorities, contrary to your evidence it sounds like you are standing outside rather than being on the inside of this debate and we need to position that. That is where a stakeholder should be. In assessing Mayoral priorities, what do you think the framework should be about where the Mayor should spend the limited pots of money that he may have, or use of influence? What sort of framework would you like to see in that assessment of Mayoral priorities?

Mike Brook (Economic Development Officer, Wandsworth Council): I am surprised that there is not a redrafting of the Economic Development Strategy and, more importantly, the business plan. This is a step change in who is doing what and there should be something that says that and we are going to do things differently.

The previous Strategies, in many senses, are discredited by the stakeholders and people that had to work with them. We would be looking to see something much more focused and much

more constrained where there clearly is a consensus with stakeholders and, especially, businesses. You have heard the consensus, for example, on skills so we ought to have that in there. I do not think anybody is arguing that the Mayor should not lead something around inward investment and bringing people in. Bringing together in terms of London & Partners is a great thing. We need that. That is an added value that none of us can do.

Do not forget the importance of infrastructure. The one thing that we must get right, for example in our opportunity area of Vauxhall Nine Elms Battersea, is the Northern line extension. That is the biggest single piece of kit we need. That is just short of £600 million. We need novel forms of money. We absolutely need the support of the Mayor to deliver that.

I have been quoted elsewhere as saying I think the key economic regeneration agency for London has been TfL and not the LDA. That may not be true for certain parts of east London but from where we are sitting - a lot of colleagues in west and south London - that appears to be the case. Transport infrastructure is absolutely critical and the Mayor is involved in so many different aspects of that. Get that right and you can do such a lot for London.

London is the world city and it has the capacity to offer a lot more to the world. One of the things that disappointed me was that the Mayor's London Plan, which is supposed to be reflected in all of the activities of the Mayor and its bodies, had little impact on the LDA working with us to make Vauxhall Nine Elms Battersea work. TfL has come in and worked with us and is now doing more. We have got a very, very good partnership now working there. The Mayor, TfL, the old Homes and Communities Agency (HCA) moving in with that, and Lambeth and Wandsworth and our private sector partners working together. That is a model. Using a little bit of influence and a little bit of public resource expertise to make something big really, really happen.

The old regime did not happen to make that work. The new regime can put a lot more added value in to other parts of London like Vauxhall Nine Elms without a lot of significant funds and a new strategy that says those sorts of things would be really helpful.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): We are quite supportive of the Mayoral priorities because they are rather supportive of us. The focus on east London, the Olympics, legacy, convergence and all of that focus on things like green industries plays very much to our own ambitions. I do not have a problem with that.

I would also say that the process that we have had hitherto, which is that London proposes strategies, consults on them and then they get endorsed or otherwise actually seems to me quite a good process. It also seems to me exactly what should happen at London-wide level.

To your question, John [Biggs], are we happy with the structure - which I was not entirely sure I understood, if what you mean is would we like to see a continuation of the process where it is for the Mayor to come forward with proposals for consultation, to consult upon them, to take account of the responses to the consultation and then agree the strategy, I think that is a process that I would not seek to change.

I cannot resist, however, saying that it would be nice to have the consistency that Mike mentioned and we have just got a revised London Plan that sub-divides London into sub-regions. Of course, since our partnership is co-terminus with the east region in the London Plan, it does seem to me that, for the LEP, it would not have been a bad starting point to say when we come to work out what we do at the next level down, you might say, "We already have

ways of dividing London that are pretty consistent". Maybe the starting point should be that. Of course I am going to say that!

Len Duvall (Deputy Chair): Decision-making and audit trails for decision-making. If the LEP takes a decision, will it be a Mayoral Direction that implements that decision or will it be officers' delegated powers or will it be the LEPs only decision in the strategic coordination?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): That is work in progress. Governance is an important part of spending money. My view, for what it is worth, is there should be clear and transparent decision-making, and accountability for those decisions needs to be equally clear and transparent.

On the basis of the rules as I understand them, decisions need to be taken by the Mayor, not by the LEP. In my view there should be very clear recommendations from the LEP and very clear decision-making and reasons for varying from those recommendations; should the Mayor wish to do so.

Len Duvall (Deputy Chair): With the loss of the LDA we have lost a bit of check and balance from a proper business case to the Mayor having to be overturned on numerous occasions since he has been in office. What sort of checks and balances would the eighth floor consider - you are now in a different role, of course - on priorities versus proper business cases, if I can put it as simply as that?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): There should be no visible difference. If you are spending public money the checks and balances and the decision-making trail need the same level of accountability and transparency.

Len Duvall (Deputy Chair): We have lost, in the LDA Board, the right to say, "Thank you very much, Mr Mayor. We have heard what you have said about this proposal about what you want us to do. We don't feel comfortable taking this decision. You have to direct us to". Is that what you are proposing in some of the issues around the LEP decisions?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): It comes back to a different proposition. Hopefully they will never disagree but if you get the right decision taken for the right reasons at the right level the Mayor should never need to direct you to do something else. That is about the quality of the submission, the quality of the appraisal and the quality of the decision at that level. That is what needs to be right.

Len Duvall (Deputy Chair): Increasingly the role of housing in generating economic development activity. Who holds the ring on the eighth floor between those two areas? You are involved in the economic and regeneration brief. Nine Elms is really housing regenerated led but there will be an economic development component to it. Who is holding the ring on that discussion? Do you take precedence over the Housing Strategy, or not, in these priorities issues?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): Nobody takes precedence. What we need is a sensible dialogue. The eighth floor is particularly interesting. My role interacts with virtually every adviser.

Len Duvall (Deputy Chair): Do they understand that?

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I do.

Len Duvall (Deputy Chair): You do. Do they understand that?

Dee Doocey (Chair): I think they might.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): I think they do, based on the conversation I have had with each of them so far. Let me describe it pictorially because it really is very simple. If you put the responsibilities of every other adviser on bricks the regeneration bit is the mortar between the bricks. It binds them together and creates something solid. If you deal with it as individual bricks then you do not get regeneration; you get activity - and that is, by no means, the same. I have no interest in claiming glory for stuff. Other advisers have their responsibilities. What really matters is the difference from the sum of the parts.

Len Duvall (Deputy Chair): Thank you.

Dee Doocey (Chair): Would our guests like to make any final statements, briefly please?

Mike Brook (Economic Development Officer, Wandsworth Council): We have got to work together. We want to work together to make this thing happen. You get a lot more by doing that. We have got things to offer the Mayor's Office and *vice versa*.

Ros Dunn (Chief Executive, Thames Gateway London Partnership): I would like to strongly endorse that. The only other point I would like to make is that I cannot help feeling I am going to leave this meeting thinking that what we have heard today is almost reverse devolution. There have been a lot of cases where what is now going to be done at a London-wide level seems to be things that you might have expected to be done at a lower level. Newham is one of the members of the Thames Gateway London Partnership. I know that it has had excellent relations with the LDA and continue to do so but the idea that Newham's business rates basically funds the London economy does not feel, to me, like localism; it feels to me like something that is going in the other direction. I think we should just observe that and wonder about it.

Sir Peter Rogers (Mayoral Adviser on Regeneration, Growth and Enterprise): We remain committed to working with people. Essentially, I come back to the basic premise: there is a very big difference between deciding what should be done and who does it. That really is something that is very fertile ground and deals with localism and the strategic role of the Mayor.

Dee Doocey (Chair): The two things that I have picked up is that it appears there is an awful lot of goodwill and potential for people to be used - and I mean that in the nicest possible way. Perhaps there is not enough tapping into good resources that are already established and it would be a good idea to look at that. I certainly think that the Economic Development Strategy should be revisited in the light of all of the various things that have happened since it was originally put together.

With that in mind can I thank you all very much for a very interesting discussion. Thank you very much for coming.

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