

Response to 'Rising to the Challenge', Proposals for the Mayor's Economic Development Strategy for Greater London



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**A report by the Economic Development, Culture, Sport and Tourism
Committee**

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Greater London Authority

13 July 2009

Published by

Greater London Authority

City Hall

The Queen's Walk

More London

London SE1 2AA

www.london.gov.uk

enquiries 020 7983 4100

minicom 020 7983 4458

ISBN

This publication is printed on recycled paper

Economic Development, Culture, Sport and Tourism Committee Members

Dee Doocey (Chair)	Liberal Democrat
Len Duvall (Deputy Chair)	Labour
Tony Arbour	Conservative
John Biggs	Labour
Andrew Boff	Conservative
Victoria Borwick	Conservative

The Committee's terms of reference are to examine and report on matters of importance to Greater London that relate to economic development/wealth creation, social development, culture, sport and tourism in London. The Committee is particularly required to examine and report to the Assembly on the Mayor's Economic Development Strategy and in particular its implementation and revision.

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Introduction

The Economic Development, Culture, Sports and Tourism Committee welcomes the opportunity to respond to 'Rising to the Challenge', Proposals for the Mayor's Economic Development Strategy for Greater London (the proposal document).

The Economic Development Strategy is a key document for London. It should set out the Mayor's vision for London's economic future and put the policies in place to drive London towards achieving this vision. Developing an Economic Development Strategy is hugely challenging due to the complexities of London's economy, but the current economic situation and the uncertainty over the long-term impact of the recession make the task even more complex. Arguably, it also makes the strategy more important as the world is looking at London to see where it will go next, and how it will react to the global economic crisis.

The proposal document provides a reasonable starting point for developing the strategy but the Committee would have expected to see more detail on the Mayor's vision and policies within it. It describes London's current economic environment and begins to set out the general themes and areas for London's development that we expect to see in the draft Economic Development Strategy. However, the vision and intended direction of travel are not explained adequately and the proposal document asks more questions than it answers.

This response is therefore general in its approach and brief. It sets out the elements the Committee considers to be key to the Economic Development Strategy and that should be included in the public consultation draft in September 2009.

The world is looking at London to see where it will go next and how it will react to the global economics crisis.

The purpose of having an economic development strategy

“You can either let a thousand flowers bloom or you can try to provide an agenda that organises and calibrates those activities so they work well together.”
Greg Clark

An Economic Development Strategy should coordinate and set a path for the multitude of organisations and people that have a role to play in London’s economic development. Greg Clark, an independent consultant on urban economic development, explained to the Committee that ‘you can either just let a thousand flowers bloom or you can try to provide an agenda that organises and calibrates those activities so they work well together.’ The Economic Development Strategy should provide this agenda.¹

Greg Clark explains that experience in other world-leading cities suggests that there are three distinct choices for a strategy and it is important to decide which type of document London’s Economic Development Strategy will be. The three options are:

- a comprehensive economic plan for London that aims to control and influence all inputs and an optimum number of decisions; or
- a vision/strategy document that provides the basis for a common agenda between collaborating parties led by the Mayor; or
- an investment prospectus that speaks to external investors (including government) about the opportunities and returns that can be secured by London.²

Greg Clark says that choosing one of these options makes it clear to stakeholders where to focus conversation when discussing key aims and helps when trying to close-off competing options.

It is not clear from the proposal document what type of document the Economic Development Strategy is intended to be. It is clear that it proposes to do more than raise awareness about what London currently has to offer. The proposal document is forward looking and begins to set out a vision or plan for the future. This suggests it is intended to be more than an investment prospectus and rules out option 3. However, it is less clear if it will fit under option 1 or option 2. The proposal document is a long way from forming the basis of a comprehensive plan, yet equally does not provide a clear vision that

¹ Greg Clark speaking at the Economic Development, Culture, Sport and Tourism Committee meeting on 2 June 2009.

² A short commentary on ‘Rising to the Challenge’ the issues paper for the Economic Development Strategy, Greg Clark, June 2009.

can be used as the basis for a common agenda between collaborating parties.

Producing a comprehensive economic plan, option 1, puts the Mayor in the driving seat of the city's economic development and makes him responsible for ensuring the plan is carried out successfully. It includes detailed policy making with the Mayor taking responsibility for ensuring all the aims of the strategy are achieved through the use of his statutory and advocacy powers.

The second option requires a far more consensual approach to be taken in the strategy's production with the final strategy describing a clear vision of London's economic future and how all collaborating parties plan to get there. This requires strong leadership by the Mayor. To deliver this, he would need to bring together the views of all parties in a single document that clearly articulates a consensual vision that everyone is happy to work towards.

Recommendation 1

The draft Economic Development Strategy should make it clear if it is a comprehensive economic plan for London that aims to control and influence all inputs, or a vision/strategy document that provides the basis for a common agenda between collaborating parties led by the Mayor.

Leadership

Whatever format the Economic Development Strategy takes, it provides an important opportunity for the Mayor to show leadership by articulating a vision and the actions required to fulfil that vision.

It is essential that the generic nature of the proposal document is not indicative of a shift in approach to an essentially laissez-faire philosophy.

Tony Travers, Director of the Greater London Group of the London School of Economics, told the Committee that it was noticeable that a 'looser approach' to planning was being taken by the current Mayor than his predecessor.³ The Committee welcomes the Mayor working closely with advisory boards and other partners but the results that this consensual approach will achieve should be clearly explained in the Economic Development Strategy. It is essential that the generic nature of the proposal document is not indicative of a shift in approach to an essentially laissez-faire philosophy.

The proposal document rightly suggests the importance of working with partners and suggests setting up various advisory boards such as the 'Promote London Council' and using the work of bodies recently set up by the Mayor such as the 'Outer London Commission'. However, the Mayor's role is not to just set up advisory boards and talk to partners. A key responsibility of the Mayor is to produce a strategy with a clear vision that considers the work and views of these partners but makes hard decisions and chooses an unambiguous path for London's economic development.

London's economic development is a highly complex process affected by a myriad of factors, many of which are outside the control of the Mayor and regional policy. The Committee is not suggesting that the Mayor is in a position to control London's economic development, but there are significant resources that the Mayor has authority or influence over, and these resources need to be directed towards clear outcomes if they are to be used to maximum value and effect.

Recommendation 2

The draft Economic Development Strategy should be an assertive, ambitious document that includes a clear vision for London's economic development. It should make it clear how the Mayor intends to use his powers and influence to achieve clear long-term objectives for London's sustainable development.

³ Tony Travers speaking at the Economic Development, Culture, Sport and Tourism Committee meeting on 2 June 2009.

The overriding message

London is first and foremost its people, and this should be recognised in the Economic Development Strategy. London's economic success is meaningless if it does not improve the lives of its inhabitants. London may be the 'business capital of the world' and it may be the 'most competitive city in the world', but surveys by CBI consistently show that people see London's quality of life as an area that needs to be improved.⁴

Whilst the strategy must be based upon a robust evidence base for its assumptions and projections, it must realise that these are necessary but not sufficient to inform the strategy. There is a need to focus on people and to look at the bigger picture. Frank Lloyd Wright said, 'the truth is more important than the facts' – i.e. the 'evidence' or bare facts will not always tell us what we need to know, and the collective facts might lead us to make conclusions that are not entirely true. An effective strategy must hold that the lives of Londoners are of central importance and look beyond basic numerical measures of success.

Many experts speaking at the Committee's seminar examining London's response to the economic downturn in December 2008 spoke about the importance of London maintaining a high quality of life. Stuart Fraser, Chairman of the Policy and Resources Committee, City of London, said, 'We need to remain an extremely open society and retain talent'.⁵ With increased competition from other emerging world cities and people becoming more and more mobile, there are direct economic arguments for focusing on quality of life. By improving the quality of life in London, London's current talent pool is more likely to remain, and new talent is likely to be attracted to the city, both of which should be of benefit to all Londoners.

"We need to remain an extremely open society and retain talent."
Stuart Fraser

Recommendation 3

The draft Economic Development Strategy should make it clear that people are at the centre of the strategy. It should make improving the quality of life for all Londoners a key aim of the strategy and it should clearly articulate how its policies and plans will benefit Londoners.

⁴ CBI, London business survey June 2008

⁵ How can London bounce back? London's response to the economic downturn, EDCST Committee report

An equitable outlook

Inner London and outer London are not separate places and making a distinction is potentially unhelpful. By making this distinction and focussing on outer London's potential, the proposal document gives the impression that economic issues are not being equally addressed throughout London.

One of the principal aims of the Greater London Authority is to address inequality. Tackling worklessness, deprivation and inequality should be central to the new economic development strategy. The strategy should be based on a clear analysis of where these key issues are concentrated in terms of geography as well as in relation to other factors such as educational attainment, inherited deprivation and ethnicity. The strategy should then set out the Mayor's policies to reduce worklessness, deprivation and inequality based on this analysis.

Recommendation 4

The draft Economic Development Strategy's approach should ensure that equitable consideration is given to all areas of London and any shift in focus is supported by a clear analysis of where the key issues are concentrated.

Changes in direction

All significant changes in focus or policy between the new Economic Development Strategy and the previous should be clearly explained. A new Economic Development Strategy provides an opportunity for fresh thinking, to question the previous strategy and to set a new path for London based on more up-to-date information. However, the Economic Development Strategy is a 20-year strategy and not a four-year strategy, and it should not fundamentally change every time the Mayor changes. By clearly explaining all significant changes in focus and policy, it will be easier to identify how current thinking differs from that in the previous strategy and the reasons for any changes in direction.

The significant changes between the previous Mayor's Economic Development Strategy and the current Mayor's proposal document appear to be: a change in the focus of London's economy from predominantly looking at the finance and business services sector to looking at other sectors; and a greater interest in developing the economy more in outer London than the city centre.

The short-term effects of the current recession are apparent, but it is still unclear what the long-term effects will be and in particular what effect the credit crunch will have on the financial services sector over the long-term. Nicola Horlick, Chief Executive of Bramdean Asset Management, told the Committee's seminar examining London's response to the economic downturn that the financial sector would be smaller in the long-term, and that it was necessary for London to create a more diverse economy in the future.⁶

In light of a number of Committee guests including Nicola Horlick suggesting that London should diversify its economy, the Committee welcomes the proposal document's change in emphasis and increased focus on developing other world-leading sectors in London. However, the Economic Development Strategy should clearly set out what specifically the Mayor intends to do to put his intended shift in focus into action.

The proposal document specifically identifies outer London for economic development but does not adequately explain the reasoning for the change in focus or what the Mayor intends to do to develop outer London. The Committee is aware that the Outer London

⁶ How can London bounce back? London's response to the economic downturn, EDCST Committee report

Commission is due to produce its preliminary report in summer 2009.⁷ Therefore, the draft Economic Development Strategy should use its findings to give a detailed explanation for the shift in focus and how the Mayor will put the shift in focus into action.

Recommendation 5

The draft Economic Development Strategy should clearly explain all significant changes in focus from the old strategy. It should make the reasons behind the shift clear and set out what specifically the Mayor intends to do to put his intended shift in focus into action.

⁷ About the Outer London Commission,
<http://www.london.gov.uk/olc/about/index.jsp>

The bigger region and the rest of the world

London's economic success is dependent upon its links with the immediate south east region, the UK and the rest of the world. The proposal document clearly acknowledges how London is a 'global city' and how London's economic success is dependent upon national and global economics. However, the importance of its links to London's immediate surrounding region is not given sufficient attention.

The south east region provides a significant portion of London's workforce, key infrastructure such as regional airports and sea ports, and several specialist centres that provide business for London as well as complement the services London can offer. As London's economy develops, experts suggest that one of its long-term competitive advantages may be the potential for growth that comes from these specialist centres and its surrounding area.⁸

A report by the London Assembly into 'London in its regional setting' made recommendations that London's planning should be less inward looking, and that London's role within its regional setting should be considered more closely.⁹ Given the interdependence of the south east region's economies, efforts should be made where relevant to align regional economic development strategies and to identify and exploit economic synergies where possible.

As London's economy develops, one of its long-term competitive advantages may be the potential for growth from its surrounding area.

Recommendation 6

The draft Economic Development Strategy should draw links between itself and the South East and East of England Regions' Economic Development Strategies. It should explain how it intends to develop London's relationship with the South East and East of England Regions for London's economic benefit.

⁸ A short commentary on 'Rising to the Challenge' the issues paper for the Economic Development Strategy, Greg Clark, June 2009.

⁹ London in its regional setting, a report by the London Assembly's Planning and Spatial Development Committee, January 2004

Conclusion

The proposal document provides a starting point from which to develop the full Economic Development Strategy but the Committee would have expected to see a more adequate explanation of the Mayor's vision and intended direction of travel within the document.

The Committee argues that the Mayor needs to be clear about what type of document the final strategy will be. Will it be a comprehensive economic plan or a vision that provides the basis for a common agenda led by the Mayor?

The Committee emphasises the importance of leadership from the Mayor. We argue that he should produce an assertive, ambitious Economic Development Strategy that considers the work and views of stakeholders, but makes hard decisions and lays out a clear vision and unambiguous path for London's economic development.

We highlight the importance of putting people at the forefront of the strategy and making it a priority to improve the quality of life for all Londoners. We make the case that equitable consideration should be given to all groups of people and areas in London and that any shift in focus should be supported by clear analysis of where the key issues are concentrated and why a change in focus will be beneficial.

This document draws on previous work by the Assembly and reiterates our view that there would be benefits in giving greater consideration to London in its regional setting. London should develop its economic relationships with the South East and East of England Regions and links should be drawn between the Economic Development Strategies of London and its neighbouring regions.

The concurrent development of the Economic Development Strategy, the London Plan and the Transport Strategy makes it all the more essential that the driving vision and ambitions for London are set out clearly at the offset. Strategies should be co-ordinated and steered to ensure they offer a coherent and interconnected framework for London's future.

The Committee will be examining the draft Economic Development Strategy when it is released for public consultation in September 2009. It looks forward to seeing the Mayor's vision for London clearly articulated and with detailed policies explaining how he intends to lead London towards that vision.

Appendix 1 – Recommendations

Recommendation 1

The draft Economic Development Strategy should make it clear if it is a comprehensive economic plan for London that aims to control and influence all inputs, or a vision/strategy document that provides the basis for a common agenda between collaborating parties led by the Mayor.

Recommendation 2

The draft Economic Development Strategy should be an assertive, ambitious document that includes a clear vision for London's economic development. It should make it clear how the Mayor intends to use his powers and influence to achieve clear long-term objectives for London's sustainable development.

Recommendation 3

The draft Economic Development Strategy should make it clear that people are at the centre of the strategy. It should make improving the quality of life for all Londoners a key aim of the strategy and it should clearly articulate how its policies and plans will benefit Londoners.

Recommendation 4

The draft Economic Development Strategy's approach should ensure that equitable consideration is given to all areas of London and any shift in focus is supported by a clear analysis of where the key issues are concentrated.

Recommendation 5

The draft Economic Development Strategy should clearly explain all significant changes in focus from the old strategy. It should make the reasons behind the shift clear and set out what specifically the Mayor intends to do to put his intended shift in focus into action.

Recommendation 6

The draft Economic Development Strategy should draw links between itself and the South East and East of England Regions' Economic Development Strategies. It should explain how it intends to develop London's relationship with the South East and East of England Regions for London's economic benefit.

Appendix 2 - Orders and translations

How to order

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Vietnamese

Nếu ông (bà) muốn nội dung văn bản này được dịch sang tiếng Việt, xin vui lòng liên hệ với chúng tôi bằng điện thoại, thư hoặc thư điện tử theo địa chỉ ở trên.

Greek

Εάν επιθυμείτε περίληψη αυτού του κειμένου στην γλώσσα σας, παρακαλώ καλέστε τον αριθμό ή επικοινωνήστε μαζί μας στην ανωτέρω ταχυδρομική ή την ηλεκτρονική διεύθυνση.

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Punjabi

ਜੇ ਤੁਸੀਂ ਇਸ ਦਸਤਾਵੇਜ਼ ਦਾ ਸੰਖੇਪ ਆਪਣੀ ਭਾਸ਼ਾ ਵਿਚ ਲੈਣਾ ਚਾਹੋ, ਤਾਂ ਕਿਰਪਾ ਕਰਕੇ ਇਸ ਨੰਬਰ 'ਤੇ ਫ਼ੋਨ ਕਰੋ ਜਾਂ ਉਪਰ ਦਿੱਤੇ ਡਾਕ ਜਾਂ ਈਮੇਲ ਪਤੇ 'ਤੇ ਸਾਨੂੰ ਸੰਪਰਕ ਕਰੋ।

Hindi

यदि आपको इस दस्तावेज़ का सारांश अपनी भाषा में चाहिए तो उपर दिये हुए नंबर पर फोन करें या उपर दिये गये डाक पते या ई मेल पते पर हम से संपर्क करें।

Bengali

আপনি যদি এই দলিলের একটা সারাংশ নিজের ভাষায় পেতে চান, তাহলে দয়া করে ফো করবেন অথবা উল্লেখিত ডাক ঠিকানায় বা ই-মেইল ঠিকানায় আমাদের সাথে যোগাযোগ করবেন।

Urdu

اگر آپ کو اس دستاویز کا خلاصہ اپنی زبان میں درکار ہو تو، براہ کرم نمبر پر فون کریں یا مذکورہ بالا ڈاک کے پتے یا ای میل پتے پر ہم سے رابطہ کریں۔

Arabic

الحصول على ملخص لهذا المستند بلغة،
فارجاء الاتصال برقم الهاتف أو الاتصال على
العنوان البريدي العادي أو عنوان البريدي
الالكتروني أعلاه.

Gujarati

જો તમારે આ દસ્તાવેજનો સાર તમારી ભાષામાં જાણતો હોય તો ઉપર આપેલ નંબર પર ફોન કરો અથવા ઉપર આપેલ ટપાલ અથવા ઇ-મેઇલ સરનામા પર અમારો સંપર્ક કરો.

Appendix 3 – Principles of scrutiny page

An aim for action

An Assembly scrutiny is not an end in itself. It aims for action to achieve improvement.

Independence

An Assembly scrutiny is conducted with objectivity; nothing should be done that could impair the independence of the process.

Holding the Mayor to account

The Assembly rigorously examines all aspects of the Mayor's strategies.

Inclusiveness

An Assembly scrutiny consults widely, having regard to issues of timeliness and cost.

Constructiveness

The Assembly conducts its scrutinies and investigations in a positive manner, recognising the need to work with stakeholders and the Mayor to achieve improvement.

Value for money

When conducting a scrutiny the Assembly is conscious of the need to spend public money effectively.

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