

Spending Review submission by the Mayor of London: Future funding for London's economic development

1 Summary

- 1.1 Grant funding to support the Mayor of London's future economic development activities should be provided as follows over the four-year spending review period.

	2010-11 pre in- year cut	2011-12	2012-13	2013-14	2014-15
Olympic land and legacy	63	130	103	55	50
Economic development	256	180	167	166	166
Total	319	310	270	221	216

- 1.2 The 2014-15 proposed grant is a saving of:

- 48% on the LDA's total grant of £416 million in 2006-07; and
- 35% on the LDA's 2010-11 budget for economic development activities (excluding Olympic Land and Legacy), which is within the Government's required percentage savings from the overall spending review.

- 1.3 Administration expenditure reduces from £44m in 2010-11 to £14m in 2014-15, a reduction of 68%.

- 1.4 The Olympic land and legacy commitments provided by the Chancellor of the Exchequer in July 2010 must be honoured by providing the grant above in the spending review.

- 1.5 All assets of the LDA must be retained in London under my control.

- 1.6 Pan-London activities that I consider must be funded are based on a substantial evidence base and my long-term economic development strategy published in May 2010. London is the best place to invest for UK economic growth.

2 Introduction

- 2.1 In June I published my *Proposals for Devolution* setting out how a more focused GLA Group with greater powers and more accountability can both deliver better value for money and effectiveness and also provide a truly localist approach to public service delivery. I proposed that the London Development Agency be folded into the GLA and that the London Homes and Communities Agency should also be integrated into the GLA.
- 2.2 These changes will ensure that only those front-line activities that have my full support, and my democratic mandate, will continue; the remainder will either move to national government, be devolved to the boroughs, or be curtailed; and substantial efficiencies will also result.
- 2.3 I am now writing to explain in more detail my proposals for how economic development can best be delivered in London over the next few years to: ensure the future growth of the London economy; achieve a major reduction in worklessness and deprivation in London; and enable the Government to deliver its wider policy agenda in London, including reducing carbon dioxide emissions, delivering a successful 2012 Games and a lasting legacy, promoting civil society, and devolving powers from Whitehall and national quangos.

3 Devolution

- 3.1 I fully support the Coalition Government's approach to ensuring that powers should be devolved to the most relevant spatial level and I therefore support both the transfer of some activities to the national level, and the further devolution of other activities to the boroughs where there are clear arguments and evidence for doing so. Appendix 2 sets out an initial draft of a potential spatial framework for economic development activities relevant in London – i.e. those that I believe should be delivered at the national, London, sub-London (groups of boroughs) and at the individual borough level.
- 3.2 I firmly believe that there is an irreducible core where the challenges and opportunities that we face in London require a strategic London-wide approach. For these activities I should continue to be responsible, accountable to the London Assembly and the London electorate.

4 Approach

- 4.1 I have looked very closely at what powers are genuinely necessary for me to discharge my functions effectively in these straitened times. What remains are the key levers the London Mayor must have in order to exert influence and direction in the London economy alongside the Government's role. **Any further reduction in this level will increasingly undermine my ability to meet my statutory duty to promote economic and social development in London, to deliver my own manifesto commitments and priorities, and to deliver key priorities for the Coalition Government in the capital.**

- 4.2 I have limited ability to raise funds to promote economic growth and the funding previously for the LDA has been essential to deliver my election promises. It is vital therefore that in folding the LDA's activities into the GLA, adequate funding is maintained to enable me to do my job as Mayor effectively.

5 Budget cuts already incurred

- 5.1 **The LDA has already incurred a 34% total budget cut, comparing its final 2010-11 grant (after June's emergency budget) with 2006-07 – a saving that has exceeded that required by the government from the spending review. Funding for most other areas of the public sector grew during this period.**

- 5.2 From a historical high of £416m in 2006-7, the government grant has declined considerably in the following years. The LDA received £375m in 2009-10. The budget in 2010-11 was subject to a number of cuts bringing it down to £275m (-27% from the previous year). Taking out the LDA Olympics obligations, the LDA budget available for economic development has decreased 33% over the past four years (from £317m in 2007-08 to £212m in 2010-11). It is also worth noting that under the LDA's current funding arrangements, a 25% reduction in core grant funding in 2011-12 would actually equate to a 41% cut in the budget available for non-Olympic economic development programmes, because the LDA Olympics obligations are inflexible.

- 5.3 Excluding staff transferred to the Olympic Legacy Company, the LDA staff will have decreased from 563 established posts at 31st March 2008 to 323 by 31st March 2011 (a 43% reduction) with its staff costs coming down from £34 million in 2007-08 to £22 million in 2010-11 (50% of the Administration budget).

6 Olympic commitments

- 6.1 There are substantial Olympic commitments that must be honoured and be part paid for by government grant, as already agreed. The Olympic Land deal, as set out in the letter from the Secretary of State for Communities and Local Government of 15th March 2010 and confirmed in the letter from the Chancellor of 6th July 2010, requires the LDA to repay £369m of debt over the period 2011-14. While this will be funded partly from the land receipt of £138m to be provided in 2011-12, the remainder can only be met from core grant or additional land receipts. While the achievement of this condition will see the LDA's external borrowing significantly reduced over the CSR period, it will still need to finance interest charges on the outstanding loans during the period.
- 6.2 In addition, the LDA has retained responsibility for the settlement of outstanding compensation claims relating to the Olympic Park land assembly and to support the Olympic Park Legacy Company in taking forward the plans to regenerate the Park post-Games. The total cost of these commitments exceeds £130m over the period 2010-15. It should be recognised that the settlement of outstanding compensation claims carries with it inherent risk over both the timing and value of any settlements as these are governed by processes largely outside our control.

- 6.3 We currently forecast that we will need £361m over the CSR period to meet all of these Olympic commitments (£338m in grant plus additional capital receipts).

7 Summary rationale for pan-London economic development functions

- 7.1 London is different from the rest of the UK and post-RDA arrangements should both reflect this difference and ensure the continued growth of London and the Greater South East. London's economic geography and unique governance arrangements means that I, as Mayor, am best placed to lead on a number of elements of economic development and already have a clear democratic mandate to do so.
- 7.2 London is the **engine of the UK economy. A rapid and sustainable increase in economic growth in London is essential both to deliver the private sector jobs growth necessary to reduce unemployment and to provide the tax revenues to restore fiscal balance.** London's economy has 30% higher productivity than the national average. It is expected to provide nearly 385,000 jobs over the next five years, 29% of the national total¹. Historically, it has consistently provided a huge tax export to the Exchequer – between £14-19 billion in 2008-09, equivalent to around £56-76 billion reduction in the national deficit over the next four years. It is clear to me that any sensible investment strategy for the Exchequer and the UK as a whole must involve supporting its strengths in order to generate the jobs, prosperity and tax receipts that the UK needs. One of those strengths is the overall London brand, which I am best placed to market and promote, vigorously and effervescently in mature and emerging international markets for the UK's overall benefit.
- 7.3 At the same time, **multiple deprivation** and **worklessness** are concentrated in London. London has 28% of the UK's 20% most deprived wards; there are 363,000 unemployed Londoners; 1.27m are economically inactive; over 600,000 Londoners have no qualification; and 44% of children in London grow up in poverty. Far too many adults, perhaps 1 million, are functionally illiterate. And one in five leave secondary school lacking confidence in being able to read or write. London has huge social challenges which I am therefore determined to tackle through my economic development programmes – in particular helping people become more employable and skilled to the levels that will meet the demands of our complex, knowledge driven economy.
- 7.4 London also has continuing problems of **youth unemployment** and **youth crime**. Using LDA funding, we are tackling these problems through programmes such as Time for Action and project Daedalus. Over the last few years, the LDA has pioneered the introduction of cost-effective innovative approaches to tackling these entrenched issues, particularly the use of outcomes-based commissioning, a focus on long-term unemployment and a 12-month sustainable employment target. These innovations are now at the heart of Coalition Government policy for reducing worklessness and unemployment. Given adequate funding, we can continue both to implement these policies and to develop further pioneering initiatives. I am therefore determined to continue with projects for young Londoners. These can be some of the most cost effective social

¹ Oxford Economics, July 2010

programmes, as they can change the direction of people's lives, helping them become responsible citizens, making positive contributions in various ways.

- 7.5 London is set to grow by 1.25 million people by 2031. Accommodating that growth will require investment in place-making both within and across boroughs. Meanwhile, London is well down many league tables of quality of life – which has knock on impacts on its productivity as talented people and businesses once drawn to the city leave because of London's congestion, pollution, and relative lack of amenities compared to other locations. As the city grows, the risk to its economy from these negative externalities will increase. I want London to be the best big city on earth, a place that attracts people because of its buzz, and retains them because of its increasing civility, evinced not least by **regenerating priority areas and improving public realm** across the whole city, not just its wealthier parts. London has a wealth of world-renowned expertise in this area, which is best utilised by working in strong partnership arrangements with the boroughs.
- 7.6 The regeneration and wider benefits of **investment in Olympic land and legacy** are now well understood. In brief, the Olympics provides the catalyst for what is one of the most substantial and ongoing regeneration programmes London has ever witnessed. This has been the dominant focus of the LDA's investment. The gradual transformation of East London has the support of major businesses like Siemens as well as continued strong commitment from the London Borough of Newham and other local authorities.
- 7.7 Finally, regarding **climate change**, I have set a challenging target for London to reduce its carbon dioxide emissions by 60 % by 2025 and have various programmes which are vital for meeting DECC's own targets and international responsibilities. These include retrofitting homes and buildings to make them more energy efficient, programmes which are best managed at a city-wide level, providing a suitably large market that can achieve economies of scale.
- 7.8 My **economic development strategy and the evidence base** for it, the London Plan (the spatial development strategy for London) and my Transport Strategy, provide more information on my overall approach to interventions in the London economy and the rationales for them and should be considered in tandem with this spending review submission².

8 Spending bid summary

- 8.1 To date, funding for the LDA has been channelled through the RDA 'single pot', to which several government departments contribute, the largest contributions coming from CLG and BIS. I understand that in the past this RDA pot was created by the Treasury top-slicing departmental budgets, with the amounts assigned to each RDA determined by a formula that placed more weight on the socio-economic needs of the different regions than on the potential to promote economic growth and tax take.

² see [The Mayor's Economic Development Strategy for London, May 2010](#)

- 8.2 It would therefore be very tempting for departments now, under a new Government, to consider this funding to be an easy sacrificial lamb for the spending review. But as I have said, it is vital that this funding be continued. The spending review needs to provide funding for me to ensure the Olympic commitments are fulfilled and carry out the critical economic development functions outlined in this paper. With the efficiencies I can deliver through the disbandment of the LDA, those funds should be channelled directly to the GLA from Government. The precise details of the resulting grant arrangements will need to be worked out between the Government and the GLA in due course, taking account of the wider GLA devolution package which the Government is currently considering.
- 8.3 In the table overleaf I set out the key activities that must be continued, given the brief assessment of London's economy set out above, their rationale and the minimum baseline cost of delivering these per annum.
- 8.4 **I am asking for a settlement as follows:**
- **£130m, £103m and £55m and £50m in 2011-12, 2012-13, 2013-14 and 2014-15 respectively in relation to the Olympic legacy; and for**
 - **£180m, £167, £166 and £166m respectively for the four-year SR period to continue to deliver economic development in London.**
 - **This represents the absolute minimum required for me to carry out my statutory responsibilities under the 1999 and 2007 Acts, to deliver the Olympic legacy and to meet the Mayoral priorities on which I was elected in 2008.**
 - **It represents by 2014-15 a 32% saving on our initial 2010-11 total grant and therefore is a significant contribution to the Exchequer's requirement to reduce the public finance deficit.**
 - **Related administration, research and other costs will reduce by 68% over the spending review period and allowing for the cost of transition of the LDA in line with my proposals.**
- 8.5 Table 1 below outlines these requirements by theme, the figures quoted are on the basis that investment in priority activities continues at the same level across the period, but that other activity will cease. There has already been a £44m in-year cut since the Coalition government came into power, which has not been the case for the rest of the public sector. So our submission is comparable with others, we are therefore showing the initial 2010-11 budget. More information is provided in Appendix 1.

Table 1 – Spending bid summary of funding for Olympic land and legacy, and Mayoral economic development responsibilities (including existing LDA contractual commitments).

Activity	£m				
	2010-11 pre cut	2011-12	2012-13	2013-14	2014-15
Olympic land and legacy	63	130	103	55	50
SUB-TOTAL	63	130	103	55	50
International promotion and marketing of London	33	27	27	27	27
Encouraging innovation and providing specialised business support	40	17	14	14	14
Extending economic and employment opportunities to all	39	27	28	31	31
Supporting young people, sport and volunteering	23	23	21	22	22
Regeneration - including building on 2012 - and improving public realm and the quality of life	37	36	37	39	39
Reducing carbon dioxide emissions and promoting the low carbon economy	40	18	19	19	19
Administration, research and other	44	32	21	14	14
SUB-TOTAL	256	180	167	166	166
GRAND TOTAL Grant Required	319	310	270	221	216
Percentage saving from 2010-11 pre-cut level outside Olympics commitments	-	-30%	-35%	-35%	-35%
Percentage saving from 2010-11 pre-cut level including Olympic land and legacy	-	-3%	-15%	-30%	-32%

A longer-term perspective reveals that the total grant for economic development will have diminished significantly under these proposals as Table 2 shows.

Table 2 - Past and future projected grant for economic development

£m	2006-07	2007-08	2008-09	2009-10	2010-11 pre in-year cut	2010-11	2011-12	2012-13	2013-14	2014-15
Total grant	416	395	346	375	319	275	310	270	221	216
% reduction on 2006-07 grant	-	5%	17%	10%	23%	34%	25%	35%	47%	48%

9 Efficiency savings and reducing activity

- 9.1 As stated above, the overall proposal represents a saving by the end of the SR period of 48% on the LDA's 2006-07 grant for economic development activity, which itself has been subject to severe in-year cuts.
- 9.2 It is important to highlight the main changes from the current programmes undertaken by the LDA that this proposal assumes:
- The huge savings that will arise once our Olympic land and legacy obligations are met will be permanent.
 - Business Link services currently carried out at a regional level will be stopped after 2011-12 on the basis that the government will in future provide this nationally.
 - There are currently over twenty programmes related to international promotion. These will be reduced to one major contract for a single promotion agency that we are in the process of setting up. This will save approximately £2m. Other savings will be made in many other projects such as Academies, childcare and export promotion to reflect the new national delivery mechanisms.
- 9.3 JESSICA is a £100 million fund being set up which will become a revolving, self-financing fund. It will support various environmental initiatives which generate cash savings (especially energy saving measures). This entailed a cash payment by the LDA of £17m this year to release land used to secure European funding. This cost will not be incurred in future years.

10 Administration costs

- 10.1 The folding in of the LDA into the GLA in line with our proposals will bring very substantial efficiency savings in the longer term. In this respect, the LDA and GLA should not be seen in isolation: there are ongoing programmes to introduce shared services across the GLA Group for functions including HR, ICT, finance, procurement, legal, property and accommodation services. Shared services will also give us the opportunity to strengthen our administrative and financial management functions to ensure that we have adequate resources to deal with the increased workload and responsibility of delivering large capital spend programmes. With regard to the LDA's budget, I consider that a sum of approximately £30m (68%) could be saved by the end of the spending review period in administration costs (including £4m savings already made in 2010-11).
- 10.2 Administration includes all the current permanent and agency staff of the LDA, including those who perform policy, programme and project management functions, which will still be required for the overall programme of economic development activity. It also includes third party payments, including £5m to the Olympic Park Legacy Company in 2011-12 which is included in the administration figure for 2010-11 set out in this document.

- 10.3 Further assessment of the overall requirements for the GLA's administration and related expenditure will depend on the full costs of winding up the LDA (including redundancies) and the amounts required in managing new responsibilities, which will depend on the extent to which my proposals for devolution are accepted, and how quickly they are put into place.

11 Economic contribution

- 11.1 Well-targeted interventions which address a clear market failure can provide a strong return on public investment. This is particularly true in London where productivity is higher than the UK average. It is clear that some interventions provide a better return on investment than others, and in setting out the activities that should continue in London I have considered the likely return based on evaluation evidence.
- 11.2 Whilst this exercise is not an exact science, this analysis, undertaken as part of the LDA's development of an investment methodology has informed some of the priorities presented in this paper.
- 11.3 Moreover, our analysis of other spend reveals that some of the highest rates of return are seen in:
- **International promotion**, with estimates of between over 3 and over 9 times return on investment. Surveys of tourists coming to London indicate that Visit London's tourism marketing campaigns regularly achieve much higher rates of return –around 30:1 or even higher³;
 - Initiatives targeting **young people**, which evaluation evidence suggests return over 4.5 times the investment made;
 - **Extending opportunities to all** through sustained employment, which also provides a 3 times return on investment; and
 - Climate Change initiatives **to reduce carbon dioxide emissions and support the transition to the low carbon economy** which return over 3 times the amount invested.
- 11.4 I have reflected this in shaping my programme of activities to maximise the return on investment. On this crude basis, the value that my proposals for economic development will create in London's economy could amount to around £470 million per annum by the end of the four-year period, an average rate of return which is over 3:1 with a subsequent increase in revenue to the Exchequer. Of course this assumes that the past evaluation evidence is relevant to future activity, which is a reasonable, if imperfect, assumption to make.
- 11.5 The above rates of return compare favourably to the appraisal evidence of other activities run by the GLA Group as a whole including our major transport investments such as Crossrail and improving the tube.

³ The survey methods may overstate the true rates of return, but overall, marketing 'London' is one of the most productive economic development activities that the GLA Group undertakes.

12 Working with Government

- 12.1 In the transition period, as the LDA is brought into the GLA, I will of course ensure that government priorities are reflected in my programmes and that we continue to work with business, the boroughs and the voluntary sector on their development and delivery. It is also important to mention that the GLA already plays a substantial influencing role, working with London First, the CBI, the London Chamber of Commerce and Industry and the Federation of Small Business and others to achieve our priorities for London's development, such as persuading large businesses, in particular, to pay the London Living Wage and take on more apprentices.

13 Other issues

There are some specific issues which are important to highlight in respect of this proposal.

Olympic agreements

- 13.1 The LDA has entered into an agreement with the OPLC for the **transfer of Olympic land**. This deal requires the LDA to repay debt of £369m over the CSR period. The LDA also retains responsibility for the settlement of on-going land claims. **These costs and commitments under the Olympic MOU make up more than 50% of the LDA's 2010-11 budget and, while timings may change, are unavoidable over the CSR period.**
- 13.2 It is essential therefore that grant to fund these obligations is fully protected throughout the period and not subject to further cuts. Furthermore, a significant contribution to the LDA debt repayment obligations is the **receipt of £138m from the OPLC in 2011-12 in respect of the Land Transfer**. This sum is to be funded by CLG. All financial planning assumptions have been predicated on the payment being made in April 2011. CLG are currently unable to confirm when the payment will be made, which makes financial planning difficult. Every month delay in receipt of this payment would cost London taxpayers some £500,000 for which no funding exists. These would be additional sums to those set out in the table overleaf.
- 13.3 Finally, as noted above, as part of the agreed arrangements the risk in relation to future land compensation deals rests with the LDA. Unless they are to become a cost to London taxpayers, these could only be funded from grant or asset sales and so clarity on these risks will be a requirement as part of the devolution arrangements.

Year-end flexibility and cash management

- 13.4 The LDA has restrictions on the level of cash and receipts it can carry forward at year end. It also has debt repayment obligations in the CSR period 2011-12 to 2014-15. These restrictions can prevent the optimisation of debt rescheduling and re-payment opportunities and also prevent the prudent repayment of debt from any cash capacity arising in year, such as those naturally accruing from the

current BIS and Treasury restrictions on spend. Year end flexibilities to carry forward underspends to repay debt in the next CSR period, or ideally to repay debt in 2010-2011 and count this towards our 2011-14 period obligations, would enable a more strategic and fiscally sound approach to be taken to debt and cash management. This is currently barred under the agreement with the previous Government.

Regeneration spending and LDA assets

13.5 The spending bid includes an amount based on budgets currently allocated to the LDA for carrying out regeneration activity, primarily land assembly, remediation, urban design and masterplanning. It is assumed that the main part, along with its land and land assembly powers, would be pooled with those of the new London Homes and Communities Agency (which will be integrated into the GLA) but are included here for completeness.

13.6 The LDA currently holds fixed assets to the value of £281m after the transfer of the Olympic land to the OPLC. The value of these assets needs to be offset against the loans used to finance them. Borrowing is expected to amount to some £609m at the end of 2010-11 but under the OPLC agreement must be reduced by £369m over the CSR period. Adjusting for this requirement, the Agency (or the GLA) will, by 2013-14, be carrying a debt of circa £240m against fixed assets of £281m. In the intervening period, the value of these liabilities is expected to exceed the value of fixed assets. The fact of negative equity in the short term and such low margins forecast in the medium term together with the current volatility in the economy mean it is essential that all LDA assets are retained in London to offset the debt carried as well as the risk of future Olympic land compensation claims.

13.7 Furthermore, in view of the fact that the value of assets will only marginally outstrip the liabilities secured against them after the debt repayment obligations have been met, it is also essential that the grant payments necessary to meet the debt repayment obligations under the OPLC are also secured. This has been expressly detailed in the various funding models leading to the OPLC agreement which has been re-affirmed by the Chancellor.

14 Further information

Further detail on these programmes is available from my officers. Mark Kleinman, Assistant Director for Economic and Business Policy at the GLA, should be contacted in the first instance on 020 7983 4282 or mark.kleinman@london.gov.uk

Appendix 1 - Spending bid summary of funding for Olympic land and legacy, and Mayoral economic development responsibilities (including existing LDA contractual commitments).

Activity	Description and rationale	2010-11 pre in- year cut	2011-12	2012-13	2013-14	2014-15
Olympic land and legacy	Grant required in line with the agreed arrangements for the Olympics	63	130	103	55	50
SUB-TOTAL FOR OLYMPIC LAND AND LEGACY		63	130	103	55	50
International promotion and marketing of London	To promote London as the world capital of business, the world's top international visitor destination, and the world's leading international centre of learning and creativity. London competes with other world cities. Promotion of the capital as a whole is a vital public good that has generated huge returns. Three existing agencies are being rationalised into a single promotional agency, which will release efficiency savings. The unique marketing opportunity of the 2012 Games must be exploited. Promotion is most effectively conducted at the city level, making most of our internationally recognised brand: London.	33	27	27	27	27
Encouraging innovation and providing specialised business support	The capital's success relies on knowledge and innovation. Networks encouraging collaborations between businesses and academia are low cost forms of intervention that can yield high returns over time. London hosts specialised business support services such as the British Library Intellectual Property and Business Centre that are a national resource. Meanwhile, London's economy is a mixture of large, small and medium sized enterprises. The Mayor is determined to help SMEs by enabling them to compete for public contracts (through the Compete4 website and system). There are also programmes to ensure that businesses' demands for skills are reflected in the supply of training and in employment initiatives.	40	17	14	14	14
Extending opportunities to all	There are various programmes to: increase participation rates in under-represented groups in the economy; encourage people into sustainable jobs; encourage more people to take the steps needed to become employable. Worklessness costs the London economy £5 billion per annum. The Mayor wants flexible programmes in London to ensure that Londoners are always better off in work.	39	27	28	31	31
Supporting young people, sport and volunteering	The Mayor will work to ensure that young people in London have appropriate opportunities to gain the knowledge, skills and confidence to succeed in London's labour market. There are various programmes to support young people (especially the vulnerable and most disadvantaged) through education and employment initiatives. 2012 provides major opportunities for all Londoners to gain in confidence and develop skills through volunteering and sports initiatives.	23	23	21	22	22
Regeneration and securing Olympic	London's population is set to grow by 1.25 million people by 2031. Accommodating this growth requires investment in opportunity areas across London set out in the London Plan. The priority	37	36	37	39	39

Legacy and improving public realm and the quality of life	areas for regeneration will continue to be the Olympic Park and Stratford, building on the 2012 investments and securing the regeneration legacy from the Games. The Mayor has pledged to improve London's quality of life and its overall attractiveness as the world capital of business, enabling it to continue to attract and retain skilled people and businesses. Public realm improvements are relatively low cost ways of making substantial visible improvements to areas in need of regeneration and encouraging more widespread investment. The city has world-renowned expertise in urban design, which cannot be provided at a borough or national level.					
Reducing carbon dioxide emissions and promoting the low carbon economy	The Mayor is responsible for delivering his share of government targets to reduce carbon dioxide emissions – and has set an ambitious target for the capital to reduce emissions by 60% by 2025. Essential programmes for the Government to meet its own targets include retrofitting homes and office buildings to make them more energy efficient. London is a huge market for the goods and services that will be required in the global transition to a low carbon. Innovative financing methods are required to stimulate the supply of these and overcome inertia. Finance mechanisms are being set up to become self-financing over time. London has good comparative international strengths in finance, consulting, and research that must be exploited to greater effect.	40	18	19	19	19
Administration and research	Delivering the programmes above and having an ongoing capability to research the needs of the London economy and craft suitable policy interventions.	40	32	21	14	14
SUB-TOTAL FOR ECONOMIC DEVELOPMENT		256	180	167	166	166
GRAND TOTAL		319	310	270	221	216

Appendix 2 – Summary of spatial scale for economic development activities

The table below sets out an initial draft of a potential spatial framework for the future delivery of economic development activities in London. The focus below is mainly on functions currently performed by the LDA and it is less descriptive of the roles of other players (e.g. national monetary and fiscal policy will have the most significant impact on London's economy).

Spatial level	Economic development activity
National	<ul style="list-style-type: none"> • General (non-specialist) Business Support (previously delivered by Business Link) • Sector specific leadership, business advice and networks (high level sector support and networks) • National employability support and training programmes (skills and qualifications) <i>but with London influence to ensure provision reflects the needs of London employers</i> • Access to Finance for start-ups • Trade Promotion <i>but with UKTI working closely with the Mayor / Single Promotion Agency</i>
London i.e. at the Mayoral level	<ul style="list-style-type: none"> • International promotion and marketing in London, including tourism and collaboration with UKTI • Innovation and Specialist Business Support – British Library Business and IP Centre, London Innovation networks, access to finance, IP advice and management for high growth companies, franchising, and business 'bootcamps', light touch where there is market failure and delivered with private sector • Targeted interventions to increase participation of under-represented groups in the economy including specifically, young people - interventions to address youth unemployment e.g. mentoring, internships and work placements • Regeneration, public realm, quality of life improvements – Mayor's Great Spaces, the Great Outdoors • Securing the Olympic legacy – e.g. non-accredited media centre, Olympic Skills (Mayoral Development Corporation) • Transition to a low carbon economy - green skills, green enterprise zones, retrofit programmes, sector-specific interventions, • Supporting Business Improvement Districts • Administering European Funds • Private sector initiatives – Apprenticeships, London Living Wage, Responsible Procurement • Responding to specific regional market failures (e.g. 7/7 bombings, Economic Recovery Action Plan)
Sub-regional	<ul style="list-style-type: none"> • Boroughs working together to shape welfare to work investment including support into self employment • Support for small business start ups • Thames Gateway and other sub-regional functional economic areas crossing the London boundary • 5 Host Boroughs building on existing arrangements such as Multi Area Agreements • Local Transport and Infrastructure
Borough	<ul style="list-style-type: none"> • Enterprise agencies and effective public private partnerships • Volunteering and community activities • Provision of accommodation for start-up companies and business growth • Local planning functions and planning-led regeneration (through, currently, Local Development Frameworks and Area Action Plans)