

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2429

Title: London's Local Industrial Strategy – new research to address knowledge gaps

Executive Summary

Government has awarded the London Economic Action Partnership £200,000 to support the production of a robust evidence base to underpin London's Local Industrial Strategy.

Mayoral approval is sought to commit up to £170,000 of this sum to procure new research into four areas where knowledge gaps have been identified: the relationship between productivity and wages; the diffusion of innovation; barriers to the development of new enabling technologies; and London's role in the UK economy.

It is proposed that the remaining £30,000 be utilised by the Skills Team separately subject to the approval of the Assistant Director – Skills and Employment.

Decision:

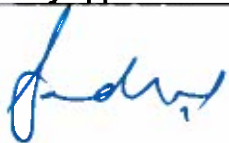
That the Mayor approves expenditure of up to £170,000 (in the 2019/20 financial year) on research required to support the development of London's Local Industrial Strategy.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

19/11/19

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1. The Government has emphasised the need for Mayoral Combined Authorities and Local Enterprise Partnerships to promote productivity by delivering Local Industrial Strategies (LIS) and that it will work with Mayoral Combined Authorities and Local Enterprise Partnerships to develop the same. It is intended that the GLA will agree its LIS with Government by early 2020. The LIS should identify the economy's strengths and weaknesses and set out a clear approach to raising productivity, supported by a robust and granular evidence base. It will also make the case for London's access to future funding.
- 1.2. The GLA intends to publish its evidence base in advance of the strategy document to provide transparency about the evidence informing the strategy. Officers are working towards publishing the evidence base in July 2019.
- 1.3. The LIS evidence base will build on the rigorous evidence bases produced for other Mayoral strategies, along with wider analysis conducted by the Intelligence Unit. New research is valuable in addition to this to address identified knowledge gaps around the dynamics of the London economy and enable better policymaking. A LIS that meets Government's expectations, including in the quality and coverage of its evidence base, is a necessary basis for claiming future funding for local growth.
- 1.4. The Cities and Local Growth Unit (which spans the Department for Business, Energy and Industrial Strategy and the Ministry of Housing, Communities and Local Government), has granted £200,000 to the London Local Enterprise Partnership (LEAP) to support the production of the LIS evidence base. This grant must be used for this purpose, and LEAP approval processes have been followed.
- 1.5. It is proposed that the GLA uses this grant to procure five research projects, each addressing areas of particular interest and relevance to London, and where important knowledge gaps have been identified by officers. Each will be procured separately via a competitive tendering process in accordance with the Contracts and Funding Code. Funding for four of these projects, totalling £170,000, is being requested here, to be spent in the 2019/20 financial year. Approval for the funding of the fifth research project, to the value of £30,000, will be sought separately by the Skills and Employment Team, via an Assistant Director's Decision Form.

2. Objectives and expected outcomes

- 2.1. The expected outcomes are four rigorous pieces of externally-commissioned research to inform London's LIS, focusing on productivity and innovation and their links to living standards, and London's contribution to the wider UK economy. Each research output has its own specific intended outcomes:
 - 2.1.1. Research project 1 will involve analysis of how economic activity in London interrelates with activity in the rest of the UK, and how London's contribution to nationwide growth and productivity can be maximised. This will provide an evidence-based understanding of how policy in London can more effectively support growth and productivity improvements in the rest of the country. £50,000 is being sought for this research.
 - 2.1.2. Research project 2 will build a picture of emerging enabling technologies that are being developed in London, and which have the potential to enhance productivity across the economy. This research will help to ensure that the LIS is forward-looking and dynamic; encouraging the development of new activities and technologies that have the potential to drive productivity improvements across the economy, rather than simply supporting well-established sectors and processes. These productivity improvements are essential for delivering higher living standards in the future for all Londoners, regardless of their income level or the sector in which they are employed. £40,000 is being sought for this research.

2.1.3. Research project 3 will look at innovation diffusion in London, both between the research community and businesses, and from highly-productive, innovative businesses to lower-productivity businesses. This may include a specific focus on the 'everyday' economy. Understanding how new innovations spread throughout the economy is crucial in designing policy interventions to raise productivity. Focusing on the low-productivity everyday economy is of particular value given that low productivity is associated with low wages. Identifying opportunities to raise productivity in these sectors can therefore contribute to the important social objective of improving living standards and alleviating in-work poverty in London. £50,000 is being sought for this research.

2.1.4. Research project 4 will collate evidence on the relationship between productivity and wages in London across sectors, and how this can be strengthened to ensure that productivity growth translates into meaningful improvements in living standards for Londoners. £30,000 is being sought for this research.

2.2. These outcomes will be assessed based on receipt of the commissioned research and verification by officers that it meets pre-agreed standards.

3. Equality comments

3.1. Under section 149 of the Equality Act 2010 (the "Equality Act"), as public authority, the Mayor and the GLA must have due regard to the need to eliminate unlawful discrimination, harassment and victimisation, and to advance equality of opportunity and foster good relations between people who share a protected characteristic and those who do not. Protected characteristics under the Equality Act comprise age, disability, gender re-assignment, pregnancy and maternity, race, religion or belief, sex, sexual orientation, and marriage or civil partnership status (the duty in respect of this last characteristic is to eliminate unlawful discrimination only).

3.2. As well as covering groups protected by the Equality Act 2010, the Mayor is committed to going beyond his legal obligations under the Public Sector Equality Duty (PSED) and contribute towards addressing wider issues such as poverty and socio-economic inequality.

3.3. The research projects proposed here will contribute to our understanding of how to achieve this aim. For example, the proposed research into the relationship between productivity and wages will address how Londoners, particularly lower-income Londoners, can most directly benefit from productivity gains in terms of earnings and living standards. This also contributes to Strategic Objective 19 of the Mayor's Equality, Diversity and Inclusion (EDI) Strategy, which aims to ensure that all Londoners can participate in and benefit from employment opportunities in London.

3.4. The EDI evidence base also acknowledges that workers in certain sectors are more likely to experience low pay, for example the retail and hospitality sectors. Two of the research projects proposed here will look at opportunities for innovation and technology adoption to benefit these lower wage sectors, with the intention of raising productivity, pay and job quality for those working there.

4. Other considerations

4.1. There is a risk that the externally commissioned research is not completed on time. This will be mitigated by specifying the timeline clearly in the invitation to tender, and via effective oversight of the commissioned project, including establishing interim deadlines.

4.2. The LIS, and this research to inform it, will support the vision and priorities set out in the Mayor's Economic Development Strategy (EDS). The Economic Development Strategy provides the overarching strategic framework for how the Mayor will support an inclusive and sustainable economy that works for all Londoners, based on extensive consultation and evidence. The LIS will take this vision forward, identifying more granular, spatial and tangible priorities and policies that the Mayor will take forward in collaboration with partners.

5. Financial comments

- 5.1. The London Economic Action Partnership (LEAP) has been awarded £200,000 from Government via the Cities and Local Growth Unit to support the production of a robust evidence base to underpin London's Local Industrial Strategy. The proposed research projects detailed within this report totalling up £170,000 will be funded from this Government Grant in 2019-20. The expenditure for the balance of the grant totalling £30,000 will be subject to separate approval once scoped out.

6. Legal comments

- 6.1. The foregoing sections of this report indicate that the activity in respect of which approval is sought may be considered to be facilitative of and conducive to the exercise of the GLA's general powers to undertake such activity as may be considered to promote wealth creation and economic development in Greater London and have complied with the GLA's related statutory duties to:
- (a) Pay due regard to the principle that there should be equality of opportunity for all people;
 - (b) Consider how the proposals will promote the improvement of health of persons, health inequalities between persons and to contribute towards the achievement of sustainable development in the United Kingdom; and
 - (c) Consult with appropriate bodies.
- 6.2 In taking the decisions requested, the Mayor must have due regard to the Public Sector Equality Duty; namely the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010, and to advance equality of opportunity and foster good relations between persons who share a relevant protected characteristic (race, disability, gender, age, sexual orientation, religion or belief, pregnancy and maternity and gender reassignment) and persons who do not share it (section 149 of the Equality Act 2010). To this end, the Mayor should have particular regard to section 3 (above) of this report.
- 6.3 Should the Mayor be minded to make the decision sought officers must ensure that:
- (a) No reliance is placed upon the grant funding from Government until a legally binding commitment is in place and they are content that the GLA can comply with any conditions of the same; and
 - (b) The services in respect of which the expenditure is proposed are procured (by TfL Commercial) in accordance with the GLA's Contracts and Funding Code and that appropriate contract documentation is put in place and executed by the successful bidder(s) and the GLA before the commencement of those services.

7. Planned delivery approach and next steps

Activity	Timeline
Procurement of contract	March 2019
Delivery Start Date	March 2019
Delivery End Date	September 2019
Project Closure	September 2019

Appendices and supporting papers:
None.

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FoIA) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after it has been approved or on the defer date.

Part 1 - Deferral

Is the publication of Part 1 of this approval to be deferred? YES

If YES, for what reason:

This MD contains information, the publication of which prior to the completion of the procurement of the services required would prejudice the GLA's ability to secure value for money which is not in the public interest.

Until what date: [30 June 2019]

Part 2 - Sensitive information

Only the facts or advice that would be exempt from disclosure under FoIA should be included in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form - NO

ORIGINATING OFFICER DECLARATION:

Drafting officer to
confirm the
following (✓)

Drafting officer:

Rachel Hesketh has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Debbie Jackson has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Nick Bowes has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 18 February 2019.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature




Date 14.2.19

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature



Date 18/2/2019.

