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GREATER LONDON AUTHORITY

Mayor's Office

Item 6, Appendix A

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Darren Johnson AM

Chair
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Date: 06 OCT 2009

Dear Darren

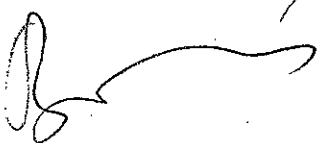
Mayoral Statement to the Assembly on the Economic Development Strategy

From May to July 2009, I consulted with the Assembly and the Functional Bodies on the Proposals for my new Economic Development Strategy for Greater London ("Rising to the Challenge"). The Assembly responded through the Economic Development, Culture, Sport and Tourism Committee, as well as the Environment Committee which focused on the low carbon economy aspects. You also sent me a response in your individual capacity as an Assembly member, which for completeness purpose, I will address in this letter.

The consultation period ran for two months during which sixty organisations from the public, voluntary sector and business groups also took the opportunity to respond. I was pleased to note that the overall response was overwhelmingly supportive of the analysis and objectives of my strategy. The comments and proposals received have been useful in helping us develop our approach further. A further draft, for public consultation, will be published 12 October 2009.

In line with the GLA Act, I enclose my response to the recommendations sent by the Assembly, identifying the comments which are being accepted and reflected in the public consultation draft of the Economic Development Strategy, and those which are not and for what reason. The responses are provided in the enclosed annex. Once again, I am grateful for the Assembly's constructive and helpful approach in the first phase of consultation, and I look forward to working with you further in the forthcoming stage.

Yours ever,



Boris Johnson
Mayor of London

ANNEX: MAYORAL STATEMENT TO THE ASSEMBLY

Comments from the EDCST Committee

EDCST Committee Recommendation 1: *The EDS 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.*

This is made clear. My Economic Development Strategy (referred to simply as the EDS for brevity in the responses below) is a strategy through which I provide a shared analysis and clear high-level objectives for relevant agencies and stakeholders interested in developing London's economy. I see my role not as dictating to other parties through a comprehensively detailed plan, but as working in partnership with them and GLA Group, to create the conditions under which business and Londoners can prosper. This is made clear in the section titled "The Mayor's vision and objectives". In my view, given the pace of change in London's economy and the number of actors involved, seeking to make the EDS a comprehensively detailed plan seeking to control all inputs would not be practical or effective.

My public consultation draft of the EDS outlines the importance of such collaborative approaches, with the boroughs, the private and public sector as well as the voluntary sector.

EDCST Committee Recommendation 2: *The EDS 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.*

I agree. The EDS begins with the "Mayor's vision and objectives", which set out my long-term aims and economic principles. Under each of my proposals, there is an explanation of what I will do to advance these objectives and how I will work with others to deliver the best outcomes for London. Sustainable development is identified as a cross-cutting theme, which runs through the whole Strategy.

EDCST Committee Recommendation 3: *The EDS 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.*

I agree. The EDS makes it clear that the main goal of economic growth is to provide all Londoners with the opportunity to participate in, and benefit from, London's success. The EDS focuses on how we can create the conditions for people to fulfil their potential and for the businesses that employ them, to flourish.

Quality of life is a key theme of the Strategy: if London is to excel as a global city and continue to attract investment, it has to be amongst the very best cities to live, work and

visit. Poverty, poor health, inadequate housing, the built and green environment are key areas of action where we want to improve quality of life so it benefits all Londoners.

Chapter 4 identifies how greater opportunity can be extended to Londoners, including those experiencing the greatest disadvantages. Chapters 2, 3 and 5 have proposals which will improve the quality of life overall. This is a virtuous circle: remaining a globally attractive and competitive business location will, in turn, generate more resources for the economy (and for London) and so allow further improvements and investments in London.

EDCST Committee Recommendation 4: *The EDS'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.*

The EDS supports appropriate economic growth across all parts of London. It responds positively to the recommendations of the Outer London Commission. It contains proposals to strengthen town centres and neighbourhoods across London, which are consistent with, and closely attuned to, those of the London Plan and Transport Strategy. Objective 5 and its supporting text identify high level priorities for Central London and for outer London, regeneration areas and town centres, neighbourhoods and cross regional investments, addressing their different needs and issues in an equitable manner.

EDCST Committee Recommendation 5: *The EDS 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.*

The purpose of the new strategy is to address London's current economic needs and opportunities rather than to define itself in opposition to my predecessor's strategy, written in different economic circumstances. However, the section "Why an Economic Development Strategy" identifies some of the main changes from the previous strategy. These include the need to address climate change and the low carbon economy - a major new section of the EDS-; the impact of the recession, where overall the EDS promotes existing strengths in business services and finance but also the development of new opportunities and a diverse economy; and the potential of the 2012 Olympic and Paralympic Games and its legacy. The new EDS also promotes a closer partnership approach, in particular working with all levels of government, better engaging with the private sector, in a way which is essential to the benefit of London, but also appropriate and more effective at a time where resources across the board are more constrained.

EDCST Committee Recommendation 6: *The EDS 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.*

The EDS clearly highlights the economic interdependence of the South East regions. There are proposals for collaboration with neighbouring regions under Objectives 2 and 5, and reference is made to the need for joint approaches to the low carbon economy under

Objective 3. We will engage with the other regions in the course of the public consultation, and beyond, for our mutual economic benefit.

2) Comments from the Environment Committee:

I also received a response from the Assembly's Environment Committee addressing both the EDS and a separate publication "Prospectus for London, the low Carbon Capital". The recommendations related to the EDS are addressed below. Overall I welcome the Committee's support for the EDS raising the transition to a Low Carbon Economy as a vital issue for London.

Environment Committee Recommendation 1: Transforming to a low carbon economy should be an overarching objective of economic development

The EDS makes this one of its 5 overarching objectives. It addresses how the economic potential presented by carbon reduction targets can be captured (and risks minimised), as well as how economic development programmes can contribute to the carbon reduction aims. Chapter 3 of the EDS addresses the transformation to a low carbon economy and its proposals address both of these points in more detail than in the earlier Assembly consultation document. The proposals under Objective 3 also address how economic activities should make reductions in carbon emissions and set out how I will encourage this. However, in addition to the transition to the low carbon economy, there are other vital aspects of the London economy including socio-economic challenges which also need addressing.

Environment Committee Recommendation 2: The Mayor has a unique leadership role to play, and should demonstrate determination and ambition

The EDS sets out my ambitions for London in the economic sphere, in terms of leadership, influencing, direct delivery and partnership working. Objective 3 makes clear my determination to drive the transition to a Low Carbon Economy. The EDS is not the most appropriate place to set out CO2 targets for each functional body, but I will engage in further discussions, including with relevant sustainability groups and partners, to discuss and develop further targets and measures appropriate for my proposals under Objective 3.

Environment Committee Recommendation 3: A focus on carbon reduction should be maintained

The EDS is an economic strategy, and the issues raised by the Committee under this recommendation are principally for the Climate Change Mitigation and Energy Strategy. On a project-by-project basis, it is more appropriate for environmental benefits to be assessed during the project development and commissioning stages, and at an operational level, rather than within the EDS itself.

Environment Committee Recommendation 4: Support for ordinary businesses will be important to achieving a critical mass

I agree and the issues raised under this recommendation are addressed under Objective 3 of the EDS.

Environment Committee Recommendation 5: The Mayor's programme should be dynamic, forward-looking and able to capture new opportunities as they arise

Setting out detail of how the 60% CO2 reduction target will be achieved is a matter for the Climate Change Mitigation and Energy Strategy rather than the EDS. The EDS however sets out, under Chapter 3, how GLA Group and its partners can take action to prepare, and help London's businesses prepare, to capture the economic benefits of a Low Carbon Economy and maximise carbon reduction.

Environment Committee Recommendation 6: Coordination and consistency of strategies is crucial.

I agree. That is why I am publishing the London Plan, Transport Strategy and EDS in parallel for public consultation. The Climate Change Mitigation and Energy Strategy will also be published in the near future and complement these approaches. In addition a sustainability appraisal of the EDS, designed to comply with the requirements of the SEA directive, including identifying potential adverse effects and how to avoid or mitigate these effects, is taking place and will be published alongside the public consultation draft of the EDS.

3) Individual response from Darren Johnson AM

The analysis of the economy in the public consultation draft of the EDS explicitly addresses the weaknesses of London's economy, as well as its strengths, to give a balanced picture between the two and a sense of the priorities, as you suggest. It would not be appropriate however for the EDS to go to a level of detail and intervention -such as fixing a set level of contribution required in terms of CO2 reduction for each sector of the London economy, or indeed for the Mayor to set such a target for central government.

Chapter 3 sets out the CO2 emissions target and provides a high-level analysis of how it can be addressed in the context of a growing economy, and indeed contribute to that growth. However, it is not appropriate for the EDS to focus on other ecological limits to use of final natural resources; as you know there are a suite of environmental strategies focussed on these matters. The thrust of the chapter is how GLA Group can work in partnership with the private sector, public organisations and Londoners to instigate progress on these matters. It is not to seek to create a centrally planned economy that the Mayor would control and regulate.

Chapter 3 contains specific proposals setting out how the transition to a lower carbon economy is not always grasped by the private sector or individuals, and how we will help the London economy do that. My Climate Change Mitigation and Energy Strategy, to be

published in the next few months, will also set out more detailed actions to take forward my approach to meeting this challenge.

You suggest that the EDS should also aim to increase of "mid range" jobs which are relatively few in London. There are limits on what such a strategy can achieve in this regard, but Objective 4 includes an emphasis on helping Londoners acquire the relevant skills to progress in their career which is a relevant goal.

The EDS includes support for the work of social enterprises and the voluntary sector which help provide resilience and a gateway to the less well-off. My continued support for the London Living Wage is also re-stated in the document.

Some of the issues you raise, such as the importance of increasing the supply and quality of low-cost housing, are reflected in the EDS, but detailed actions on housing will be set out in my London Housing Strategy rather than the EDS. Other suggestions, such as the promotion of, and investment in, low carbon transport are taken forward by my Transport Strategy which is published in parallel with the EDS, and the London Plan, for public consultation. You will also note that the Public Consultation draft of the EDS does not refer to the Thames Estuary Airport.

You make some detailed proposals, such as support for local agriculture and food production, which I consider too sector-specific for a strategic document, although you are aware of the work that Rosie Boycott and London Food are doing on this matter.

Finally, the EDS does not consider that central London and outer London are in opposition as your proposal "to deliver low carbon enterprises and jobs away from central London" suggests, rather I am taking a London-wide approach to the delivery of a Low Carbon Economy.