

**Evidence received for the Economy, Culture and Sport
Committee's investigation:**

**The Mayor's role in Economic
Development in London**

June 2011

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Mayor's role in economic development

Borough/sub-regional partnership call for evidence

To: borough leaders and chief executives; sub-regional partnership chairs and chief executives

Dear Sir/Madam

The London Assembly's Economy, Culture and Sport Committee is undertaking an investigation into the Mayor of London's role in economic development. We would be interested to hear your views.

Recent decisions by the Government and the Mayor will change how economic development is delivered in the capital:

- The London Development Agency is set to be abolished by April 2012 with many of its functions transferring to the GLA
- The Government has approved a London-wide Local Enterprise Partnership (LEP), turning down expressions of interest from a number of sub-regional organisations
- The Government is setting up ten Local Enterprise Zones (LEZs) nationally, including one in Newham
- The Mayor is being given the power to create Mayoral Development Corporations (MDCs) and has announced one covering the Olympic Park, as well as mooted the possibility of another in Haringey

Our scoping paper for the investigation is attached. It sets out our intention to focus on four key areas previously delivered by the LDA (regeneration, skills, promotion and business support) and the role of the London-wide LEP. Additionally, following the announcements on LEZs and MDCs, we have decided to include these more recent developments within the scope of the investigation.

The Committee is meeting the Mayor's soon-to-be lead on Regeneration, Growth and Enterprise, Sir Peter Rogers, on 21 June. In advance of the meeting, we would welcome initial views on the likely effectiveness of the new arrangements and/or changes in the Mayor's powers, resources and responsibilities.

Please could responses be emailed to tim.steer@london.gov.uk by Friday 27 May, in order for them to be fed into the Committee's meeting. Please feel free to telephone the Scrutiny Manager on the number below for any further information or an informal discussion.

Many thanks and thanks in advance for your assistance with the Committee's investigation.

Yours faithfully

Dee Doocey AM
Chair, Economy, Culture and Sport Committee

Scrutiny Manager: Tim Steer, 020 7983 4250



Assembly's Proposed Review into the Mayor's Role in Economic Development

The North London Strategic Alliance (NLSA) welcomes the opportunity to comment on the scope of the Review to ensure that our members' various concerns relating to the better integration of economic development with spatial planning policies in Outer London.

Please note this response is an officer view although it is consistent with current NLSA policy direction with regard to economic development.

Formed in 1999, the NLSA is a politically led organisation that is substantively a borough Partnership comprising the boroughs of Enfield, Hackney, Haringey, Islington, Redbridge and Waltham Forest. It also includes membership from the private, voluntary and community, further and higher education sectors.

Until March 2011, NLSA was supported by financial contributions from the London Development Agency. This contribution has now ended so that the majority of NLSA's funding now comes from boroughs plus contributions from TfL and other parties (e.g. Lee Valley Regional Park Authority, Middlesex University).

General Comments

London's successful economy has been a large contributor to the overall success of the UK economy, London contributing up to 25% to national GDP. While it is clearly in the national interest that there is greater balance so that other regions provide a greater proportion to the national economy, this should not be done at the expense of London's performance.

Despite its success at generating wealth and growth in jobs there are structural issues within London.

- ◆ London has the lowest employment rate of any of England's regions;
- ◆ There has been a historic housing shortage and evidence suggests that changes to the housing benefit system will create more demand;

- ♦ Skill levels very low in some parts of London which puts London's low skilled in a position of double disadvantage compared with other parts of the country because London, faster than any other city is losing low skilled jobs in favour of high skilled jobs; and the Capital attracts more workers from the rest of UK, Europe and beyond than any other UK city;
- ♦ Outer London, compared with other parts of London and the Greater South East have suffered low employment growth and this trend is projected for the coming years which will act as a drag on the rest of London.

North London Business

In addition, **North London Business** the private sector-facing sister organisation to NLSA makes the following comments:

- ♦ The LDA engaged with outer London businesses through its network of sub regional business partnerships ensuring economic development covered the whole of London and in particular touched some of the country's most deprived communities. In the absence of the GLA will need to ensure that its support for economic development does indeed cover the whole of London.
- ♦ The LEP for London does appear to be 'London centric' with principally central London businesses represented. Outer London businesses need a voice.
- ♦ London and partners must have a strategy in place whereby the offer in outer London can be presented to investors from overseas. Whilst knowledge of central London locations are almost intuitively known by everyone outer London locations are unique and require more detailed understanding that can be expected from the centre. Historically North London has fallen way behind the rest of London in its ability to attract businesses from overseas. This masks the real fact that North London is home to numerous overseas businesses attracted by the areas low cost and industrial base. This needs to be built upon by London and partners being given a true pan London remit with support from the sub region.

North London Business also makes the following Specific points:

The area has historically suffered from low levels of government infrastructure investment compared to other parts of London. The establishment of an Upper Lee valley enterprise zone would balance this disparity by encouraging private sector investment.

Tottenham needs an MDC to help revive a part of London that is in dire need of regeneration.

Specific Points

Organisational Change

NLSA sees the integration of the function of the HCA and the LDA into the GLA as offering the opportunity to align London plans so that we have greater consistency across strategic planning, transport, economic development and housing policies, enabling more effective partnership-working with boroughs to achieve shared goals for business and the people of London. However, there is also real risk that the links between boroughs and the GLA will be eroded as staff numbers decrease.

Green Enterprise

The LDA has been leading on the development of a Green Enterprise District (GED) in east London, where it owns assets. We have been in discussion about developing a low carbon zone in the Upper Lee Valley, but it is not clear how under the new structure how this initiative would be taken forward in the future?

The LDA has also provided technical support for the development of a decentralised energy network in the Upper Lee Valley. We understand that this unit will be transferred to the GLA, but would stress the importance of this work and ask that the transfer does not lead to a loss of focus.

Funding and delivering regeneration projects

It is not yet clear what the Mayor's investment programme will be. Of particular concern is the extent to which the housing investment programme will reflect only the HCA's current land ownership - such an approach would be unbalanced and unfair, as it would not be prioritised to address housing need across London. The recent changes to the housing benefits system will have a marked impact on demand for social housing in our borough

It is noted that no reference is made in the document to the announcement of the £50m fund to support town centre projects in Outer London.

Funding and delivering skills

As a borough which has a marked skills gap and which has experienced dramatic rises in Worklessness over the past decade, especially amongst our young people, we are very concerned about the loss of a separate skills funding stream for London (as manifested through the Government's decision not to support the continued operation of the London Skills and Employment Board).

We note that this function will be centralised with the Skills Funding Agency (SFA) and that the Young People's Learning Agency will also become part of the SFA from 2012.

These changes will mean that there will be a significant reduction in the number of contracts managed by the SFA. Contracts are already being scaled back and the value of individual contracts is expected to be significantly increased to minimise the SFA's contract management responsibilities.

We understand that the SFA will not have direct contact with individual London boroughs and that resources will be allocated based on data relating to economic trends etc. Although we appreciate this approach we are concerned that there is a risk that generalisations could be made, which do not take into account sub-sector trends and local business clusters.

Although the Mayor's Economic Development Strategy went into some detail about the context for addressing skills gaps in London, it lacked detail on how this was to be addressed. Therefore we would welcome information on how the Mayor will press for resources to meet London's training needs.

Given the lack of communication lines with the SFA and the varied levels of development of Skills Councils, how can the Mayor co-ordinate sharing of information, co-ordination of bidding and aspects of forward planning to ensure London not only gets its share of resources but that they are effectively targeted?

Will the London-wide LEP play a key role in securing skills training funding for London? If this is the case - how will decisions be made about bidding,

partnerships/consortia and delivery of training to avoid duplication and ensure a demand-led approach to planning training?

The London Enterprise Partnership

NLSA members separately and collectively have previously confirmed support to the establishment of the London-wide LEP. In support of this, and as part of its own strategic objectives established in 2009/10, NLSA will continue to pursue the setting-up of the London Anglia growth partnership to ensure that the sub-regional investment needs of this distinct and important functional economic geographical area are suitably addressed and delivered.

We were pleased to note that in its submission to BIS and CLG, the GLA set out its intention to work through boroughs and sub-regions although the exact mechanisms were not clear and this remains the case. Also, we continue to be concerned about representation arrangements on the London LEP to ensure that the interests of local businesses and boroughs are appropriately addressed. In addition, it is not clear what delivery arrangements will be put in place to ensure that the needs of Outer London are covered adequately. We are also concerned about the lack of a timetable or sufficient dedicated capacity to take the London Enterprise partnership forward and fear that this might be undermining London's capacity to make a stronger case to government. For example it is clear that government is excluding London from the Regional Growth Fund opportunity.



Tim Steer
Scrutiny Manager

Mayor of London's Role in Economic Development Response from South London Partnership

Thank you for your invitation to comment on the proposed review into the Mayor's Role in Economic Development. South London Partnership is pleased to set out our comments on behalf of partners in the south London sub region.

Background

The South London Partnership (SLP) membership is defined as the six London boroughs of Croydon, Merton, Richmond upon Thames, Royal Borough of Kingston upon Thames, Sutton and Wandsworth. Principally our work engages all of these boroughs but we also work beyond these boroughs. SLP works collaboratively with boroughs on issues of sub regional importance to achieve common goals in regard to securing investment for south London.

The main purpose of SLP is to provide leadership and a channel for influencing and consulting with London, Central Government and the European Union. SLP provides a vehicle for collaborative working across local authority boundaries; giving direction and professional expertise to support the sub region strategy development.

General comments

South London Partnership welcomes the opportunity for the sub region to engage with the GLA. South London Partnership has capability to support the GLA to influence and present the London case with examples of economic development and investment needs.

The Government Spending Review will impact on all public agencies and reduced resources will inevitably create the need for change and prioritisation. Collaboration and partnership working will be critical in taking forward the sharing of common problems and bringing together of knowledge and expertise to deliver solutions. We believe that more could be achieved if the GLA works with the sub-regional partnerships.

In the past the LDA and GLA have not maximised the opportunity to work with south London. When we have engaged, the benefits have been more fruitful. Examples of where we have worked with partners and stakeholders to improve intelligence, influence and raise awareness through joint input into broader sub regional policy and LDA/GLA strategic consultations have included:

- Putting in place the South London Transport Strategy Board and working with TfL to produce an agreed South London Transport Plan.
- Presenting south London's case to the Outer London Commission.
- A sub-regional response to the replacement of the London Plan.
- Contributing to the Mayor's Transport Strategy.
- A sub-regional response to the London Economic Development Strategy.
- A sub-regional response to the LDA Investment Strategies.
- Advocating our case to the Examination in Public and commissioning reports to provide an alternative perspective for south London.



- Producing a Sub Regional Economic Assessment.

However, we have found that our work to support London economic development has not been given sufficient weight in taking forward plans for investment. There have also been examples of where south London has experienced inequity and lack of opportunity from the GLA family.

We have a different view from the GLA about the economic outlook for south London. We can offer evidence to support our view. These are set out in key documents that can be made available to the GLA:

- the South London Prospectus;
- the South London Sub Regional Economic Assessment;
- and our Employment Forecasts Report (Oxford Economics 2010).

Our five key points are:

1. Employment forecasts - We believe the forecasts used for employment growth in south London are based too tightly on past trends and are a significantly underestimated. We have submitted an alternative forecast which shows a growth in employment of 121,800 by 2031, compared to the GLA forecast of 40,300 (*Oxford Economics, June 2010*)
2. Outer Metropolitan Area comparison - The current regional spatial, economic development and transport policies put south London at a distinct disadvantage in relation to the adjoining areas of the South East region.
3. Polycentric approach - South London's future is tied to the development of a number of inter-connected centres each having economic strengths and individual uniqueness as places, and being the zones for intensification of employment.
4. Sustainability - To succeed in creating a future for London there must be policy intent to reduce the number of journeys into central London each day, which in turn requires high skill, high value jobs and career opportunities to be spread throughout London, including south London.
5. Transport investment - There needs to be more investment in transport infrastructure in south London in order to enable the strong growth of the economy and employment.

Going forward, we believe the GLA should work differently with boroughs and the sub region. Boroughs in south London should have a better say in economic development. This has worked well when the sub region has provided a platform to engage with the boroughs. Where possible, this is tied into the London economic priorities and the GLA family. A good example is our work with Transport for London where we have produced an agreed South London Transport Strategy which sets out the priorities for the sub region.



We will continue to take forward our plans for the sub region but we feel more would be achieved if the GLA engaged more closely with South London Partnership and our sub regional partners.

In response to the specific areas raised in the GLA review paper, we would like to make the following comments:

Regeneration

Local authorities will be major players in providing a leadership role in the delivery of regeneration and infrastructure projects. We have also experienced a desire by partners in the sub region to collaborate. Our South London Prospectus recognises that the prime role of “place shaping” rests with local authorities, but that a vehicle for a more coherent view of the sub region needs to be developed and pursued.

South London Partnership welcomes the opportunity to work with the GLA and the London Housing and Regeneration Body to identify regeneration needs that will achieve the greatest impact and to support investment from sources other than the public purse.

In south London there is a concern that if London gives excessive priority to house building, particularly in the outer London areas, that there will be no alternative for people to commuting. The south London approach would be for development to be concentrated in a network of centres with a balance of housing and an increasingly rich mix of employment.

South London has many localised areas where regeneration is needed and these areas should not be ignored. We also have two significant Opportunity Areas in Croydon and Wandsworth that we feel do not receive sufficient weight of support in the London Plan. For example the Vauxhall, Nine Elms, Battersea Opportunity Area has potential to create 15,000 new homes and over 25,000 new jobs.

Skills

We are already seeing capacity issues following the fragmentation of employment and skills programmes. The London labour market is complex and providers of employment and skills programmes will need a steer to respond effectively. Travel to study and travel to work patterns in London present a challenge for providers to deliver provision to meet local labour market needs.

Skills projections are particularly difficult to manage and respond to, particularly if we are looking to provide people with skills for future job growth. Whilst the London labour market is important, there will be regional variances that have to be taken into account. For example in south London we have identified:

- Job growth in high tech manufacturing sectors (bio / electronics / chemicals).
- Recycling, waste and environmental sector expanding more rapidly.
- Stronger tourism growth.
- Growth in leisure, film and cultural sectors.
- Reduced growth in financial and professional services – reflecting transferring of skills to other sectors.



We believe that in south London the loss of employment in the manufacturing sector is less than the projections given by the GLA. In addition, some of the job growth projections for the green and environmental technology sector will rely on the skills and expertise currently found in the manufacturing sector.

Partnership working at the local and cross borough level will provide the potential to better meet skill needs for the Capital. There are examples of innovation that can be shared to support skills development. For example in Croydon a university/FE partnership is being created through their 'multiversity' which is improving business engagement and offering a more flexible approach to learning.

Promotion

Sub regions can provide information to the GLA and the new promotional agency, London & Partners, to ensure that **all** of London is included when promoting what London has to offer through tourism, international investment and attracting foreign students.

An example of where south London has engaged to support the London wide priorities has been through our London 2012 activity. We established our Go South Go strategy in 2004 to ensure that communities and businesses in south London were able to play a full part in the Games. We wanted to ensure that attention was brought to boroughs in London, outside of the five host boroughs. Through galvanizing the resources of the boroughs we have collaborated to deliver a legacy in south London. Examples of our activity include:

- Securing four international teams to come to south London for the Pre Games Training Camps;
- Ensuring that all boroughs have fully participated in the Personal Best programme (including running one of the initial pilot programmes);
- Running events to raise awareness of the business and international trade opportunities for our local companies;
- Running festivals in south London to raise awareness among south London residents;
- Working with Pro Active South London to run sports participation activities.

Business Support

Business support agencies in south London are equally concerned that provision to assist enterprise, business start up and business growth is diminishing. We would welcome the opportunity to discuss a strategy with the GLA to find a way of providing business support that the Capital so desperately needs.

We have already begun discussions with our business support agencies to find innovative and alternative ideas to support business start up and growth. We also recognise that many businesses start up from home. In south London home based businesses are an important driver of local enterprise and entrepreneurship.

South London has a high skill base which we need to exploit. Our approach to local economic development would be to create the business environment and opportunities in outer London to take advantage of this human resource.

We also need to address some inequities that affect the competitiveness of businesses. In south London, businesses have been disadvantaged through London-wide levies. For



example, we have long made the case that most businesses in south London will not benefit from Crossrail.

London-wide Enterprise Partnership

South London had a vision to stimulate economic growth for the sub region. This was thwarted with the introduction of the London-wide Enterprise Partnership. Although the London LEP has been granted, we have not yet seen any progress or real vision for London.

The GLA has the opportunity to use our sub regional strategies and priorities to effectively respond to business growth and economic development needs. Sub regional partners have the capability to work with local partners and business to help create growth for the London economy. The sub regions can add value to engaging the private sector. Whilst businesses have an interest in local developments they have no regard for borough boundaries and the ability to deal with boroughs as a collective is an asset.

The London-wide LEP also needs to have greater links with the regions around London and cross regional boundaries. For example, to the south of our sub region, the Coast to Capital LEP will have implications for developments in London. We need better recognition of the inter-regional working.

Conclusion

In summary, we are finding that, strategically, sub regional working is already showing itself to be more important in the spirit of prioritising, collaborating and maximising resources. There is a good foundation to build upon in order to coordinate coherent priorities with a common voice. Without a sub regional voice the delivery of economic development would be more fragmented and harder to achieve.



Greater London Assembly Economic Development, Culture, Sport and Tourism Committee

Review into the Mayor's Role in Economic Development

Introduction

The Thames Gateway London Partnership (TGLP) welcomes the chance to contribute initial views to the Committee on the likely effectiveness of the new arrangements for delivering economic development in London in the light of various organisational and structural changes at London wide level. You have asked specifically for views on the following key issues:

- i. Funding and delivering regeneration projects
- ii. Funding and delivering skills
- iii. Promoting London
- iv. Supporting London's businesses

In each case, the Committee wishes to examine the structures in place to deliver these functions; the funding available to support them; and the changing balance of responsibilities for economic development between the Mayor, the boroughs and central government. You also wish to examine the implications of changes in the Mayor's powers, resources and responsibilities for the Mayor's future role in economic development in the capital.

Summary

- In our view, without action, the significant reduction in available resources for the capital through all funding routes and current progress on structural reform, such as the introduction of the London Enterprise Partnership, mean that the Mayor will struggle to match or improve upon the promotion of economic development achieved by the LDA on all the key issues above both directly and through and with partners.
- Clear steps need to be taken urgently by the GLA to make the London Enterprise Partnership a reality and engage effectively with partners able to support the Mayor's ambitions by delivering on the ground.
- We are also concerned that the London Enterprise Partnership, the de facto "successor" to the LDA, will be insufficiently resourced on its own account to engage effectively with sub regional partnerships, boroughs and other key delivery partners in public and private sectors. This will lead to lost opportunities as it may not capitalise on external opportunities such as access to the Regional Growth Fund.

- However, we believe there is a positive way forward involving joint and collaborative working which would help to ensure that London gets the maximum value from available resources and better outcomes than would otherwise be the case. This involves recognising the London Thames Gateway Partnership (and those in the rest of the capital) through designation as formal sub regional partners of the London Enterprise Partnership. This would give the London Enterprise Partnership a much more credible base of resources to draw upon in delivering economic development outcomes.
- With or without formal recognition as a distinct sub region within the London Enterprise Partnership, we still want take our proposals forward to support and benefit the London Enterprise Partnership and the GLA , to shape the economic development agenda in the London Thames Gateway and look to a future vision of productive working relationships between regional and sub regional partners in support of Mayoral strategies.

Our proposed London Thames Gateway Enterprise Partnership

2. TGLP believes that identifying the most appropriate spatial scale for action is key to successful economic development and regeneration and accordingly¹, submitted an expression of interest to form a Local Enterprise Partnership for the London Thames Gateway sub region, which is recognised as London's most significant growth area. We did this because we felt that, representing a clear functional economic area about the size of Greater Manchester, we were best placed to lead the coordination and delivery of sub regional activity in support of economic development and regeneration in the context of agreed Mayoral strategies.
3. In our expression of interest, we stated that our The purpose of the London Thames Gateway Cross Regional LEP would be:

To set the strategic direction for rapid private sector growth in the London Thames Gateway and its neighbouring authorities in the Thames Gateway, and to attract investment to deliver this growth

We also said that it would complement the work of the Kent Essex and East Sussex LEP and the London Enterprise Board and would work within the context of the Mayoral spatial, economic and other policies, the government's ambitions for the Thames Gateway and an overarching sub regional aim of raising the economic performance of the sub region to match (at least) that of the rest of London².

¹ In partnership with Gateway to London, and with support from a number of businesses and representative business organisations in the sub region

² The five Olympic Host boroughs have signed up to a principle of convergence, setting a vision that over a 20 year period, conditions for people living in the host boroughs would improve to the point where they could enjoy the same social and economic chances as Londoners as a whole. The 10 borough Thames Gateway London Partnership supported this approach and extended it to include all boroughs in East and South East London.

4. This would have created an Enterprise Partnership focussed exclusively and uniquely on the sub region and able to draw attention to the differences between this sub region and the rest of London, something which cannot be done as effectively by any London wide organisations. Our submission set out a coherent case for economic development and regeneration activity within the sub region and had strong private and public support.
5. A further consideration was our longstanding role in supporting the wider Thames Gateway regeneration project, which remains a priority for both national government and the Mayor. The Government has “localised” delivery responsibility through the creation of the new Thames Gateway Strategic Group and we, in partnership with the GLA, provide the London membership and secretariat. As indicated above, part of our argument for becoming an LEP was that it would allow a clear focus on and prioritisation of the sub region which would be more difficult to achieve within the context of a pan London organisation.
6. A copy of our Expression of Interest is attached for information. It was not however supported by the government, who instead supported the Mayor’s proposal for a London wide enterprise partnership. The Mayor received the green light to proceed with the creation of a London Enterprise Partnership on 17 February. Since then, there has been no formal announcement of any progress, including on the membership of the Board which, we understand from a GLA officer speaking at a conference on 23 May, will be announced in “late June”. Moreover, despite the fact that the letter to the Mayor specifically asked that the Mayor’s officials “continue the workto 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 citywide priorities of the London enterprise Partnership. To date, over three months later, there has been no action by the GLA to follow any of this up proactively with sub regional partnerships, or to respond substantively to any suggestions which have been made for how to move forward.

Working to support of the London Thames Gateway sub region

7. However, with or without formal recognition as a distinct sub region within the London Enterprise Partnership, we can still take our proposals forward to support and benefit the London Enterprise Partnership and the GLA , to shape the economic development agenda in the London Thames Gateway and look to a future vision of productive working relationships between regional and sub regional partners in support of Mayoral strategies. Formal acknowledgement from and support from the Mayor through the London Enterprise Partnership would be very welcome, and meet the remit set by CLG and BIS ministers in supporting the London wide proposals that the Mayor should agree how we can play an active role alongside the citywide arrangements.
8. On funding and delivering skills, our EOI set out a clear proposal for the creation of enterprise and skills hubs, bringing together local authorities,

businesses and skills providers. In addition to the above, we will be seeking to develop a working relationship that ensures that these approaches are adopted by the LEP as an appropriate response to the needs of business and people within our communities. We will be seeking to work actively with the Mayor to ensure that London receives a settlement for skills that reflects the complex issues faced across our sub region by young people and adults seeking employment, training or indeed strengthening their current employment prospectus by upskilling in the work place.

9. On promoting London, we will be seeking to build a relationship that ensures that London and Partners (and partners in Kent and Essex) develop a clear sub regional marketing and promotion strategy for the London Thames Gateway which will be used for sub regional, London wide, Thames Gateway wide and international FDI work.
10. On supporting London's businesses, in addition to the proposed creation of skills and enterprise hubs mentioned above, we will continue to seek a relationship that delivers support to new, existing and emerging sectors, ensuring that companies continue to trade grow and remain within the sub region economy. Additionally, we are keen to ensure that new business investment activity has a single sub regional portal to ensure we maximize the impact of finite resources.

Our response to the issues raised by the Committee

11. Our response to the issues raised by the Committee takes as its starting point the key question; under the new arrangements, can the benefits of close collaboration and partnership across all levels of government in London be achieved, can the best outcomes for the sub region be secured, and can London as a result speak with the loudest possible voice to national government on the basis of a track record of successful delivery with available resources?
12. The rest of this response comments on four key issues, in each case looking at concerns around progress and impact in relation to the key question of economic development outcomes;
 - The level of resources available to the GLA in support of economic development following the demise of the LDA
 - The degree of collaborative and partnership working between different levels of government in London
 - The potential impact of further structural changes (the London Enterprise Partnership, Mayoral Development Corporation(s) and Enterprise Zone(s))
 - The future of the Thames Gateway

The level of resources available to the GLA in support of economic development following the demise of the LDA

13. It is clear that the level of resource directly available to the GLA in support of economic development activities in terms of funding and LDA staff folding into the GLA will be considerably reduced. This coincides with significant reductions in the capacity of many local authorities to deliver economic development outcomes. It is therefore essential that the sub regional partnership arrangements which the LDA developed and invested considerable sums of public money in along with boroughs are seen as the starting point for the development of closer collaborative links in support of shared objectives. The resources at the GLA's direct disposal represent only a fraction of what is available when local authority, the education sector and contributions from business are taken into account
14. The signs so far are not encouraging, certainly at the sub regional level. We are concerned that opportunities are being lost as we have yet to have a meaningful discussion with the GLA about how we might work together with them and in support of the London Enterprise Partnership. In our view, had the importance of sub regional arrangements been properly recognised by both the LDA and GLA, relationships would have been embedded within the cultures of both. We would not now be losing momentum or losing out to a coalition drive toward rebalancing the economy by prioritising the rest of the country over London. We hope that the appointment of Sir Peter Rogers, with his experience of partnership working from the LDA will address this issue at an early opportunity.

The degree of collaborative and partnership working between different levels of government in London

15. TGLP's view is that collaboration and partnership working are key to all the issues raised by the Committee for consideration. The GLA seem to be relying too heavily on their own resources and not doing enough actively to organise collaborative working with others in London.
16. To give one example, TGLP has been working with partners in the sub region at the request of local businesses to develop an apprenticeship scheme with private sector partners and skills agencies including the Thames Gateway Manufacturing Alliance, SEMTA, UK Construction, the National Apprenticeship Service, YPLA and local colleges. The GLA were invited to be involved but said they did not have the capacity to engage in our work as their effort was focussed on their own skills delivery work.
17. To give another example, the GLA has been tasked with leading the work to develop Tech City. But to date there has been little progress or clarity, again partly because of insufficient resource at the GLA. Moreover, the GLA are championing Tech City in the context of a drive to make London the "digital capital of Europe" which, while welcome, is not giving Tech City the focussed attention as part of the East London offer it needs.

The potential impact of further structural changes

18. TGLP is very concerned about the lack of progress and engagement with other partners in developing the **London Enterprise Partnership**. We recognise that the LEP will have a very narrowly defined remit and scarce resources in part and repeat our concerns about progress to date, part of which relate to what this is telling us about the GLA's capacity to deliver. It is very hard to see what can be achieved on the ground by a London Enterprise Partnership which looks as if it will consist of Board serviced primarily by a secretariat and a small number of officers working on economic development in City Hall together with the Mayor's much reduced single promotion agency, London and partners.
19. TGLP and other sub regional partnerships have suggested that the London Enterprise Partnership might agree formal recognition of the activities that we could undertake in support of the LEP, which, in our case, would be along the lines set out in our EOI. One way of doing this might be to designate the five sub regional partnership arrangements being developed as sub regional divisions of the London Enterprise Partnership. This would have two clear advantages. First, it would be a way of meeting the remit set by CLG and BIS ministers that the Mayor should agree how we can play an active role alongside the citywide arrangements. Second, it would give the LEP a much more credible base of resources to draw upon in delivering economic development outcomes.
20. On **Mayoral Development Corporations**, TGLP supports the broad thrust of the proposals to create an Olympic Park Legacy Corporation as an effective way forward on the basis that the relevant boroughs will continue to be represented on the board of the new Corporation. However, when it comes to strategic decisions about whether and where any further MDCs should be created, the London Enterprise Partnership should be asked to take a strategic overview before any decision to consult on any individual location.
21. While the details of the OPLC have to be finalised, TGLP supports the broad thrust of the proposals as an effective way forward on the basis that the relevant boroughs will continue to be represented on the board of the new Corporation.
22. By contrast with MDCs, there is a clear expectation that **Enterprise Zones** will primarily be proposed by LEPs and granted to them, with the proceeds from increased business rates shared across the LEP. This has clearly not happened in London, where in the absence of any LEP architecture, the EZ proposal has been driven by the GLA in consultation with potentially affected boroughs. TGLP naturally welcomes the choice of the Royal Docks in Newham as the starting point for London's first EZ, which we believe is an accurate reflection of where the greatest potential gains will arise, and consistent with other proposals, supported by the GLA, for the designation of the Thames Gateway as an economic zone. But as with further proposals for MDCs, we believe that it would be reasonable to expect a London Enterprise Partnership to be asked to take a strategic overview before any further proposals are made, including for example the possibility of extending the Zone further into the Gateway to cover London Riverside.

23. While it is too early to comment on the effectiveness of the practical arrangements that will be put in place to support the EZ, with proper management and organisation (which we believe means effective partnership working at regional and local level), the proposals are likely to have a positive impact on the regeneration of the area.

The future of the Thames Gateway

24. While the Mayor's announcement of the London LEP included a reference to working to deliver the Gateway through the newly formed Thames Gateway Strategic Group, unlike the Kent, Greater Essex and East Sussex LEP, the London LEP has not explicitly identified a London Thames Gateway sub regional group with clear responsibility for leading this work on behalf of the LEP. Our proposal in paragraph 18 above, which would have the benefit of clarifying and formalising the position TGLP is already taking on TGSG, would put London on a par with Kent and Essex. It would also be possible to streamline action if (with suitable reporting arrangements in place) responsibility for acting upon decisions arising from TGSG could be decentralised, with TGLP acting in the Thames Gateway on behalf of the London Enterprise Partnership. Again it is clearly concerning that while the TGSG is about to have its second meeting which will involve representatives from TGLP and the GLA, the London Enterprise Partnership cannot support this even though it is a priority for London as it does not yet have any structure in place that would allow it to do so.

Conclusion

25. The Committee's investigation will "examine the ways in which the Mayor might fulfil his statutory responsibility to promote economic development in London after the abolition of the London development Agency (LDA)" TGLP's overall conclusion is that with the significant reduction in available resources for the capital through all funding routes, the Mayor will struggle to match or improve upon the promotion of economic development achieved by the LDA both directly and through and with partners unless clear steps are taken urgently by the GLA to make the London Enterprise Partnership a reality and engage effectively with partners able to support the Mayor's ambitions by delivering on the ground. We are concerned that the London Enterprise Partnership will be insufficiently resourced on its own account or engage effectively with sub regional partnerships, boroughs and other key delivery partners in public and private sectors.
26. We support the proposed Olympic Park Legacy Corporation as a useful and effective delivery mechanism, but await further details. Similarly we support the designation of an Enterprise Zone in the Royals, but await further details of what this will mean in practice.

**THAMES GATEWAY LONDON PARTNERSHIP
27 MAY 2011**



West London Partnership

Response to the London Assembly on the Review of the Mayor's role in Economic Development

Introduction

1. The West London Partnership welcomes the opportunity to respond to the invitation by the London Assembly Economy, Culture and Sport Committee to submit views on the Mayor's role in Economic Development.
2. The West London Partnership (WLP) brings together the West London Boroughs of Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon and Hounslow, the West London Business Chamber and the West London Network of voluntary and community groups. The WLP's purpose is to provide a unified voice for West London stakeholder organisations on issues concerned with spatial planning, economic development, transport and the environment and to promote sustainable economic development. Its aims are to –
 - represent the interests of residents and businesses in the promotion of sustainable economic development in West London
 - co-ordinate the activities of the members of the WLP in relation to sustainable economic development and to facilitate collaboration with other organisations and stakeholders to support the achievement of the WLP's aims
 - promote and facilitate a dialogue and interchange between the businesses and the public and not for profit sector in West London
 - facilitate and support business investment and job creation in West London
 - identify opportunities for leveraging public sector investment into West London in support of the WLP's aims and to co-ordinate and facilitate bidding for funds by West London stakeholders
3. The WLP has recently published a West London Economic Assessment¹ which sets out the key position of the West London economy and highlights a number of key issues to be addressed by organisations concerned with the economic development of West London.

4. Economic Development Funding and Delivery Generally

5. Prior to addressing the four funding and delivery themes the Committee is exploring we wish to make some general comments on the approach that we believe the Mayor will need, and we hope will want, to adopt towards economic development activities.
6. We operate in straitened times with regard to economic development in London with considerably reduced resources. Whilst the Committee briefing has focused on the reduction in government funding for economic development for the Mayor this needs to be considered in the context of the overall reduction in public sector spending and particularly that affecting boroughs in London. Overall boroughs are making 25%-28% reductions in their expenditure over the next three to four years and this will impact on their ability to work with the Mayor and the private sector on economic development projects and programmes. These reductions are front-

¹ Copy downloadable from <http://bit.ly/wl-ea>

loaded so serious effects are being felt now. The impact of reduced resources is not just on the level of direct investment but also has an adverse effect on the availability of expertise to support the design and delivery of economic development activity in London.

7. As we note later there are also question marks surrounding the significant support that boroughs have hitherto been able to provide to local and sub-regional training and employment schemes through the use of S106 contributions from developers .
8. On the other hand, whilst we note that the Government has chosen to place stronger emphasis on areas outside London in certain economic development programmes (RGF, support for small businesses), there may be some future funding opportunities which will be of benefit to London as an outcome of the Local Government Resource Review which will consider issues including business rate retention and TIF.
9. At a time of very constrained resources, both in terms of money and expertise, close collaboration is the most efficient and effective way to achieve good value and successful economic development outcomes. Against this background we believe that the Mayor's approach to economic development should embody a much closer and more dynamic relationship with the boroughs and with sub-regional partnerships than hitherto.
10. There should be close working with the boroughs because the Mayor should recognise that they also have a strong desire to support local people and businesses, statutory powers for economic development in their localities, have significant place shaping capabilities, mainstream services supportive of economic development and, still in some cases capital and revenue resources available to invest.
11. The Mayor should also work closely with sub-regional partnerships. Firstly, because they are important in terms of executing and delivering programmes at a time when the Mayor's own organisation's ability to manage and deliver programmes and projects has been severely constrained by the impact of budget reductions on staff numbers. Secondly, as the Mayor has recognised, London's economy is not homogenous but is geographically very diverse in its characteristics, challenges and opportunities and sub-regional partnerships and their members are close to the ground and have valuable links with and understanding of their local economies. Collaborating with sub-regional partners will enable the Mayor to leverage that knowledge and on the ground capability to better achieve the objectives of the London EDS.
12. As an example, whilst we very much welcome the Mayor's intention to invest £50m in some outer London Town Centres we believe that rather than announcing the scheme then consulting on how to implement it (with the OLC) the proposal would have benefited from early consultation and development with the sub-regional partners prior to the announcement. This would have informed deliverability and practical design at an early stage and potentially accelerated its implementation and roll out. As it is we are likely to be a long way into this financial year before the scheme is fully detailed and launched presenting practical challenges for year 1 applicants and delivery.
13. We are of the view that it would be very beneficial if the Mayor's economic development team worked in a much more integrated way with boroughs and sub-regional partners than has been



the case with the LDA. We are concerned that there appears to be slow progress in completing the design of the management of the Mayor's economic development functions and that there is a currently a lack of clarity about what the eventual medium term organisation and resourcing of economic development in the GLA will be after the 2011/12 transition year. However, this does provide the Mayor with the opportunity of engaging with the boroughs and sub-regions to involve them in the design of new delivery arrangements to ensure that the kind of integration and collaboration that we suggest can be achieved in practice.

14. In this regard we are not encouraged by the approach that has been taken to the establishment of the Local Enterprise Partnership (LEP). As a sub-region we stood back from pursuing a West London LEP when the Mayor announced that he wished to set up a London LEP and instead made a strong offer to work closely with the Mayor on the London LEP. However, since the LEP was approved on 17th February 2011 progress on its establishment has been slow and has lacked energy compared to other areas of the country. Liaison with Government and decisions on important issues such as Enterprise Zones have been led by the Mayor whereas we would have expected the LEP to have been directly involved had it been established. Sub-regions have made a number of approaches to the GLA about how the LEP will work with the sub-regions (as suggested in the Mayor's LEP proposal) but we have been unable to make progress. We are currently left reflecting that if there had been a West London LEP the West London partners would have been in a stronger position to work with the Mayor and Government in advancing the economic development interests of West London businesses and residents.
15. Key questions for us about the governance of the LEP include; how can boroughs and sub-regional initiatives be linked to regional programmes; how will regional programmes be drilled down to the local level; how will outcomes and performance of the LEP be measured; and how will the LEP itself be funded.
16. We believe that management and delivery of economic development in London will be much stronger if the Mayor does pursue the sub-regions' offer to work closely with the LEP. In particular, we would like to see some business representation from the sub-regions as well as central London businesses. In addition we would see great merit in the LEP nominating from amongst its membership a link member for each of the sub-regions who could be supported by each of the sub-regional partnerships in developing a sound expertise and understanding of the sub-region in order to enrich the knowledge and decision making on the LEP.
17. With regard to the management support for the LEP we are concerned that the new organisational structure in City Hall may not allocate enough resource to enable the LEP to be effective. Where resources are constrained this will strengthen the need for the Mayor and the LEP to fully engage with sub-regional partners to enable resource sharing.

18. Funding and Delivering Regeneration Projects

19. In the absence of substantial funding being available to the Mayor for the support of regeneration schemes successful regeneration is going to rely on the private sector with the Mayor and sub-regional partners working closely together to create the conditions to encourage private sector investment. Operationally the boroughs have a lead role in working with the

private sector in regeneration and development. With potential new funding streams emerging through the changes to the business rate system and the likely key role of Boroughs in realising this opportunity, the Mayor and LEP should create strong links with boroughs to work jointly with them and will need to have the necessary management organisation in place to achieve this.

20. Since transport infrastructure is important to economic development the Mayor will need to have strong linkages between the economic development activities in the GLA and the TfL staff who work with boroughs and developers. The sub-regional Transport Plans and Panels set up by TfL and the sub-regional partners are an effective basis for joint action and are also a good example of how joint working between the GLA group and sub-regional partners can be managed.

21. Funding and Delivering Skills

22. Changes to the arrangements for the delivery of skills and training in London are regretted and the Mayor and other stakeholders in London will have to work hard to deliver the ambitions of the EDS. There is yet to be a convincing explanation of how the LEP which is to absorb the LSEB role will operate and succeed in influencing positively training and skills provision in London. It is important that the Mayor maintains the commitment to the London Skills and Employment Observatory as an important resource to inform the LEP about the employment and skills issues. He should consider the relationship between this resource and GLA Economics in the longer term. We recently completed a review² of the future of the use of S106 funding in the light of the introduction on the Community Infrastructure Levy and this has highlighted some serious concerns about a possible further loss of locally controlled funding for employment and training.
23. A particular issue will be the relationship between the London Work Programme contractors and the boroughs. A close working relationship between the boroughs and contractors, and a well-coordinated and performance managed programme will be necessary if the opportunities are to be maximised. The Mayor and LEP should have a role in supporting and encouraging the development of such a relationship which will also need to engage boroughs and DWP/JCP.

24. Promoting London

25. We welcome the merging of previous promotional functions into London and Partners as a good simplification of the arrangements. However, we question whether the budget is sufficient to meet the challenge and we are concerned that inward investment may focus on central London rather than working with the sub-regions and particularly the West London offer of sites in key locations and town centres which is very strong. The new offer by London and Partners does not reference business retention as an objective but we would see encouraging and supporting businesses in London to remain and invest further here as also important and one where close working with boroughs and sub-regional partners is just as important.

² Report on Development Sites and Projects: securing training and employment opportunities can be downloaded here <http://bit.ly/jVrr8f>



26. Thinking about the promotion of London in its wider sense we would welcome the Mayor's active engagement with the sub-regions in making the case to Government that investment in London is necessary if private sector employment growth is to take place – London's economic strengths should be built on if the economy is to grow and prosper.

27. Supporting London's Businesses

28. In the absence of sufficient funding for the short term, the Mayor's support for business has to take the form of policy positions and engagement, rather than, say start up advice or investor development programmes. Such policy positions can include: supporting and promoting transport infrastructure initiatives to improve accessibility; helping support and encourage an improved credit access environment for SMEs; supporting and promoting development and regeneration schemes alongside boroughs to encourage more private sector investment and job creation; working towards a smoother and faster planning processes; encouraging and facilitating SME access to procurement/supply chain opportunities. We would also place importance on promoting knowledge transfer between HEI and SMEs.

LONDON ASSEMBLY REVIEW
INTO THE MAYOR'S NEW VEHICLES FOR THE DELIVERY AND
FUNDING OF ECONOMIC DEVELOPMENT

RESPONSE FROM LONDON BOROUGH BEXLEY

- Bexley Council welcomes the Economic Development Culture Sport & Tourism (EDCS&T) Committee's decision to review how the Mayor proposes fulfilling his statutory responsibility to promote economic development in London, and specifically the delivery and funding of economic development functions, previously carried out through the London Development Agency (LDA).
- It is proposed that the Review examines four key priorities or functions previously carried out by the London Development Agency, namely regeneration; skills; promoting London; and supporting businesses, and will look at how the Mayor proposes delivering and funding those four functions in the future.
- The LDA's priorities were set as a result of the Mayor's Economic Development Strategy which was published in May 2010. However, much of its preparation took place in 2009, taking account of economic forecasts available at the time.
- Since then the economic environment and outlook has changed and though the Committee has chosen to focus this review on issues of delivery and funding, we believe there is a strong argument for carrying out a review of the Strategy itself, so that the Assembly can question whether those four areas still constitute the most important that the Mayor should focus on, in light of the changed economic outlook and the likelihood, at least in the short term, of London having substantially reduced resources (c £63m in 2011-12 compared to c £112m in 2010-11) for economic development.
- We also believe that the Mayor should continue to work closely with boroughs about the wider economy to ensure that new delivery arrangements properly reflect the opportunities of outer London
- it would therefore be helpful for the Committee to reflect on important functions and delivery mechanisms that are likely to be the most effective and efficient to meet the needs of all parts of the Capital.
- The delivery arrangements announced by the Mayor are:-
 - that the functions of the LDA be folded into the GLA
 - that the London region of the Homes and Communities Agency is also effectively folded into the GLA
 - when it comes to the LDA's former function of promoting London that a new agency, London & Partners, be created to replace

- the work previously carried out by 3 agencies (Think London, Visit London, and London Higher)
 - and the creation of the London Enterprise Partnership (LEP)
- The respective roles of the London LEP and GLA must be made clearer alongside an explanation of what is meant by ‘folding the functions of the LDA into the GLA’
- Another issue which we believe should be highlighted is the case for a bespoke business support service for London. The decision by the Government to restructure the national Business Link service and to close Business Link regional offices, which have their own business adviser teams (in London the adviser team was approximately 30 strong), means that there is the prospect of the Capital not having a London wide business support service, even though the Committee has found that 85% of new businesses in London sought government funded support.
- Even though London is likely to struggle to successfully bid to the Regional Growth Fund, we believe that the London LEP has a crucial role to play. We believe that bringing together as it does private sector and public sector “stakeholders” in London’s economy, led by the Mayor, it should be given the lead responsibility for London’s Economic Development Strategy and for agreeing key priorities, budgets and delivery mechanisms. This would also include deciding on which areas of London should be prioritised, for example for Enterprise Zone status.
- Such an arrangement would help to strengthen the concept of a “Team London” approach to developing the Capital’s economy and ensure greater transparency in the way that priorities and funding allocations are decided.
- The report to the Committee also recommends that it hold an informal meeting with business groups in April on the LEP and changing arrangements for economic development. There is value in something more formal with London Councils and business support agencies in London (eg Capital Enterprise) invited and to also seek the views of less well known business groups in London, for example in our Borough, the Bexley Industrial Logistics and Technology (BILT) networking group.
- Finally, we are concerned that centralising the adult skills budget may create a disconnect from the four main functional areas. The Mayor’s EDS talks about providing Londoners with both jobs and skills which would be better supported by an LSEB with the power to approve the skills allocation for London as the Jobcentre network, which is the main public sector lead on jobs, appears likely to remain separate from regional economic development structures.

Tim Walby, Principal Economic Development Officer

Dear Tim

I am writing in response to the request from the London Assembly Economy, Culture and Sport Committee for initial views on the likely effectiveness of the new arrangements and/or changes in the Mayor's powers, resources and responsibilities regarding economic development.

The City of London Corporation has an interest in the continued delivery of the four key areas previously delivered by the LDA (regeneration, skills, promotion and business support).

We are best known for our role in influencing policy relating to the financial services sector, and promoting the industry, in the UK, EU and globally (including inward investment), including the work of the Lord Mayor of the City of London and of our Chairman of Policy and Resources.

Less well known is our extensive programme of projects to support the skills, employment and business support agenda in our immediately neighbouring boroughs ('the City fringes'), we provide support for communities to becoming suitably skilled to access employment in the City, and also provide support for them to access employment opportunities in the Square Mile. Indeed, in 2010/11 we:

- helped 170 City/City fringe residents into jobs
- provided training for around 4,000 City/City fringe residents
- introduced around 3,000 City/City fringe residents to City-type jobs e.g. through taster visits to City businesses
- funded support to over 450 small and medium-sized enterprises (SMEs)
- placed around 90 school leavers into paid work placements within City businesses through the City of London Business Traineeship programme.
- Supported over 800 City employees to volunteer in neighbouring boroughs
- Rewarded and recognised over 100 London-based businesses for first-class community engagement programmes

We recognise the budget constraints the Mayor's economic development function faces but would encourage a good balance between themes to ensure, for instance, that support for SMEs and for enterprise receive adequate funding to help bring about the 'private sector led recovery'. We welcome opportunities for joint working with the Mayor in areas such as support for the growth of the 'Tech City' cluster on the City's immediate borders in the so-called 'Silicon Roundabout' cluster.

The City Corporation works extensively with City businesses, including on a range of issues related to corporate responsibility. We are keen to work jointly with the Mayor's Office where useful, both to maximise the impact of our efforts and to avoid duplication. Our respective interests in the apprenticeship,

internship and work experience agenda, and in employee volunteering to support the employability and business support agenda are areas where joint working could be especially useful.

The City Corporation is watching the development of the London-wide LEP with interest. As a member of both Central London Forward and Thames Gateway London Partnership, we are keen to see the LEP helping to secure economic benefit across London, recognising the particular challenges of Central London alongside other areas in Greater London. We would welcome a good spread of London's key employment sectors to be represented in the governance structure of the LEP.

As a contributor to London & Partners, the City Corporation is keen to work closely with the agency in our own promotional work for London focused on the financial and related business services sectors. We also look forward to continued close working with the Mayor's Office, through our membership of The City UK, of which the City is the single biggest funder.

We look forward to the results of the Committee's investigation and a continued, fruitful working relationship with the Mayor.

Best regards

Liz

Liz Skelcher
Assistant Director of Economic Development

Enfield Council's response to the London Assembly's Proposed Review into the Mayor's Role in Economic Development

1. Introduction

Enfield Council welcomes the opportunity to comment on the scope of the Review to ensure that our various concerns relating to the better integration of economic development with spatial planning policies in Outer London, the continuing need to tackle Worklessness, addressing skills gaps and promoting inward investment are fully taken into account.

Whilst we fully recognise that the reductions in funding provision have necessitated structural changes to the Mayor's organisational arrangements, we have deep concerns about the withdrawal of monies from programmes that are vital to stimulate local economic development activities in Enfield and the Upper Lee Valley.

Our detailed comments are set out below.

2. Organisational Change

Enfield sees the integration of the function of the HCA and the LDA into the GLA as offering the opportunity to align London plans so that we have greater consistency across strategic planning, transport, economic development and housing policies, enabling more effective partnership-working with boroughs to achieve shared goals for business and the people of London.

A range of detailed issues of local importance arise from the transfer of the LDA and London function of the HCA to the GLA :-

- i. We understand LDA's assets may be sold off rather than passed to local authorities. The Riverside Walk Industrial Park in Brimsdown is owned by the LDA and we would like to know the intentions for this site.
- ii. There are probably other sites owned or controlled by the LDA in Enfield, and it would be helpful to know about them and their disposal arrangements.
- iii. The LDA has been leading on the development of a Green Enterprise District (GED) in east London, where it owns assets. We have been in discussion about developing another GED in the Upper Lee Valley, but it is not clear how under the new structure how this initiative would be taken forward in the future?

- iv. What resources will the GLA have to support the purchase of land and other assets to take forward OAPF plans.
- v. Given the reduction in staff resource and added responsibilities how will the GLA work with London boroughs? (eg to gather economic intelligence, support business sectors, take forward strategic development plans etc).
- vi. How will the GLA play a role in addressing worklessness across London given welfare reform and the growing concentrations of disadvantaged groups in Enfield and other Outer London boroughs?
- vii. What are the Mayor's plans for housing development in London given its new responsibility for housing in London?
- viii. The Outer London Commission plays an important role in supporting the economic development. How will this role develop in the future given the re-structuring plans?

3. Funding and delivering regeneration projects

It is not yet clear what the Mayor's investment programme will be. Of particular concern is the extent to which the housing investment programme will reflect only the HCA's current land ownership - such an approach would be unbalanced and unfair, as it would not be prioritised to address housing need across London. The recent changes to the housing benefits system will have a marked impact on demand for social housing in our borough

It is noted that no reference is made in the document o the announcement of the £50m fund to support town centre projects in Outer London.

4. Funding and delivering skills

As a borough which has a marked skills gap and which has experienced dramatic rises in Worklessness over the past decade, especially amongst our young people, we are very concerned about the loss of a separate skills funding stream for London (as manifested through the Government's decision not to support the continued operation of the London Skills and Employment Board).

We note that this function will be centralised with the Skills Funding Agency (SFA) and that the Young People's Learning Agency will also become part of the SFA from 2012.

These changes will mean that that there will be a significant reduction in the number of contracts managed by the SFA. Contracts are already being scaled back and the value of individual contracts is expected to be significantly increased to minimise the SFA's contract management responsibilities.

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We understand that the SFA will not have direct contact with individual London boroughs and that resources will be allocated based on data relating to economic trends etc. Although we appreciate this approach we are concerned that there is a risk that generalisations could be made, which do not take into account sub-sector trends and local business clusters.

Although the Mayor's Economic Development Strategy went into some detail about the context for addressing skills gaps in London, it lacked detail on how this was to be addressed. Therefore we would welcome information on how the Mayor will press for resources to meet London's training needs.

Given the lack of communication lines with the SFA and the varied levels of development of Skills Councils, how can the Mayor co-ordinate sharing of information, co-ordination of bidding and aspects of forward planning to ensure London not only gets its share of resources but that they are effectively targeted?

Will the London-wide LEP play a key role in securing skills training funding for London? If this is the case - how will decisions be made about bidding, partnerships/consortia and delivery of training to avoid duplication and ensure a demand-led approach to planning training?

5. Promoting London

The continuity of our successful inward investment activities in North London has been jeopardised by the withdrawal of core-grant funding from Think London to our sub-regional agency, North London Business. Whilst the intended role of the new London Enterprise Partnership is understood, its establishment has created an unnecessary hiatus with no clear focus from the Mayor's Office on the delivery arrangements being put in place to direct inward investment activity to North London, thereby creating confusion and causing damage to our Offer to prospective businesses.

6. Supporting London's businesses

At a time of severe economic recession it is most disappointing that arrangements for consolidating the business support service in London have not been put forward. There are over 10,000 businesses in Enfield, and our local economy is characterised by a preponderance of micro- and small businesses.

Self-employment is advocated by Government as a vital route out of unemployment, yet our hitherto very successful Enterprise Agency is being denied the level of funding support it needs to meet the demand to provide advice and guidance to prospective start-ups.

7. The London Enterprise Partnership

We have previously confirmed our support to the establishment of the London-wide LEP and, as a complement to it, shall continue to pursue the setting-up of the London Anglia corridor growth partnership to ensure that the sub-regional investment needs

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of this distinct and important functional economic geographical area are suitably addressed and delivered.

We continue to be concerned about representation arrangements on the London LEP to ensure that the interests of local businesses and boroughs are appropriately addressed. In addition, it is not clear what delivery arrangements will be put in place to ensure that the needs of Outer London are covered adequately.

It is not clear how the London LEP will act as a conduit for Government funding streams, including the Regional Growth Fund.

8. Enterprise Zones

The comment in para 4.27 about the merits of designating an Enterprise Zone in the Upper Lee Valley is welcomed, so long as due consideration is given to the merits of including the various pockets of major brown field lands lying within the defined Opportunity Areas. This would facilitate the unlocking of the development potential of the Meridian Water site, one of the biggest regeneration schemes in London.

London Borough of Hammersmith and Fulham

Response to Proposed Review into the Mayor's Role in Economic Development – June 2011

Introduction

We welcome an opportunity to respond to the Proposed Review into the Mayor's Role in Economic Development. We believe that the Mayor has a crucial role in Economic Development, both in supporting businesses out of recession, but also providing opportunities for Londoners to gain improved access jobs and employment. The timing of this request for comments on how economic development should be taken forward by the Mayor is timely as London comes out of the recession and seeks to make best use of scarcer public sector resources. This may be an opportunity to focus on a much smaller number of key strategic issues which will make a real difference to London's economy and assist places like Hammersmith & Fulham to play an appropriate part.

In particular H&F is aiming prioritising physical development and growth across the Borough and we do not envisage that pump priming funding from GLA/LDA will be required to enable this growth; rather we require timely decision-making and delivery in order to harness and encourage private sector investment.

That said LBHF is keen to understand how this review fits in with priorities and opportunities set out in the pending '*localism*' legislation, as well as understanding the fit with '*Big Society*' thinking.

The report shows clearly the dramatic budget reductions which will necessitate even more efficient spending and joined up priorities and in commenting on this we are disappointed to note that much of the budgets are already committed. In the absence of a clear understanding of the Mayor's strategic priorities – i.e. from the 'long-list' of desired projects which are essential/critical – and the continuing absence of a transparent vehicle to deliver these projects, it is difficult to comment in the particular.

In addition confusion surrounding the submission of sub-regional LEP bids resulted in a time consuming W.L. bid which was later superseded by a London LEP led by the Mayor without clear sub-regional representation on the proposed LEP board.

Issues for Consideration

Business Support

Government has recently reviewed how it delivers business improvement and support services and has announced a series of changes. As part of these

changes, the closure of the regional Business Link advisory service by November 2011 has been confirmed. BliL's pan-London service provides a comprehensive and streamlined offer – it seems that this offer is being withdrawn without a clear replacement service. This considerable budgetary reduction means that the region's much needed business support service will be severely curtailed. The budget is over 50% less than it has been previously. It is also not clear how the Mayor will link with the new Mentoring Service for Businesses (Coming out of BIS – Vince Cable, Mark Prisk) – this is being developed with the British Bankers Association.

For a number of reasons, publicly funded business support services appear to be disappearing despite the fact that business formation, and their survival, is a key indicator of economic growth. Small and micro-businesses and the self employed are critical to the long term future of London's economy. In addition many of the deprived areas in H&F are under-represented in terms of business formation and survival.

There is therefore a role for the Mayor and local authorities in stimulating business growth by building positive relationships with their small business communities, especially in deprived areas – and the Mayor's Local Enterprise Partnership should focus on this when prioritising activities. In this Borough key statistics to note are:

- Just over 25% of all businesses in the borough are classed as being at "Maximum Risk" of closing within the next 12 months (Experian).
- The number of new businesses in the borough in 2009 is almost 14% lower than the number of businesses that ceased. This is the 9th worse gap between 'new born' and 'dead' businesses in London.
- Of all businesses that were 'born' in 2008, 87% survived the first year. Whilst comparatively good compared to London, this is still significantly lower than the England levels. This is also a significant drop from the 93% in the previous year – a position seen right across London.
- Although long term survival rates appear to improve between 2002 and 2008, long term survival of businesses in the borough is poorer than in most other areas. Of those businesses 'born' in 2002, only 29% have lasted 5 years, compared to 38% for Inner London and 45% for England.

Funding and Delivering Regeneration Projects

The Council welcomes the proposed restructuring of the LDA/GLA regeneration functions and the Mayor having direct control over the full regeneration agenda in London, including subsuming the HCA funding for the region. We are hopeful that this will allow more a holistic and joined up approach being taken to key regeneration schemes across London, allowing for timely and streamlined decision-making processes.

Consequently it is this Council's view that through co-ordination and prompt decision making, the Mayor and GLA can bring added value to major regeneration schemes.

H&F is aiming to promote new physical development and growth in key locations across the Borough. The Council does not envisage that pump priming funding from GLA/LDA will be required to enable this growth; rather we require timely decision-making and delivery in order to harness and encourage private sector investment.

Funding and Delivering Skills

The loss of statutory powers of the London Skills & Employment Board including the requirement to produce a strategy for employment and skills in London appears to signify a diminishing priority at a time when there is a Government push to increase employment rates and reduce welfare dependency.

It is viewed as crucial that a mechanism is established whereby the priorities identified and subsequently contracted by the Skills Funding Agency for London FE Colleges and other training providers meet employers and community needs and their aspirations.

This will also clearly impact on the ability of the LSEB to 'ensure that JobCentre Plus and DWP expenditure in London has regard to the LSEB strategy'.

In this Borough employment and skills support is crucial if we are to impact on the high levels and long term worklessness that is prevalent across our social housing estates. Key statistics to note are:

- Despite having one of the strongest and most resilient economies in the country, H&F has the 9th lowest employment rate in London, with only 65.1% of the working age population in employment.
- The borough has the second lowest employment rates for people from BME backgrounds in London.
- The borough is extremely polarised with 46.4% of the population being education to NVQ 4 or higher and with 13.4% having no qualifications at all. Both levels are above the London average.
- 17% of businesses in the borough believe there is a skills gap (2009).

Promoting London

All activity focussing on promoting London is essential to support the Council and its partners' plans to regenerate Opportunity areas and we welcome the Mayor's continued role in this.

International promotion has been one of the Mayor's priorities for economic development, hence his involvement in MIPIM and other Inward Investment platforms. London is arguably 'The World City' and the Mayor needs to maintain this role. There is support for the Mayor's decision to create a single body to undertake promotional activities by bringing together Think London (Inward Investment through businesses), Visit London (supporting the visitor economy) and Study London (promoting the education industry) – however it is yet to be seen how effective this will be in practice, given that each individual body was focussed on a single coherent audience, the message may become mixed and inconsistent.

There is concern that at the height of activity which will surely put London in the spotlight – The Queen's Diamond Jubilee, Notting Hill 50th Street Carnival 2012 and the 2012 Olympics – the GLA will be cutting budgets and therefore services. We would like to be clear on what this will mean for businesses in the leisure and retail sectors and whether there will be sufficient support for businesses to derive benefits from these excellent opportunities.

London-wide LEP and London Local Enterprise Zones

The London LEP will identify opportunities for business and economic growth, innovation, training and job creation. It will also make the case to central Government to ensure London receives its fair share of funds to support economic development. The LEP is to be business-led, but only representatives from 3 London Boroughs will sit on the Board.

We believe that the LEP should seek the maximum feasible devolution of services and spending to the region and to boroughs and groups of boroughs. We also think that, in line with the emerging localism agenda, decisions should be made as close to the coal face as possible. Since the London LEP covers by far the largest population and volume of economic activity than any other LEP, it should seek advice and involvement of boroughs as they are in the best position to know how to maximise economic opportunities in their areas. Most of all, given the limited resources, the LEP should seek to focus on a short and efficient 'to do' list rather than a long list of light touches. Even better still a focus around the key opportunity areas where growth is assured would be most effective.

The Mayor of London has selected the Royal Docks as the first Enterprise Zone in London. Currently there is only speculation on what the other areas might be and we would welcome confirmation on the Zones as there is a great deal of interest locally in the selection of these areas, and the rationale behind the choices.

26 May 2011

Harrow's response to the Borough and sub-regional partnership call for evidence in respect of the Mayor's role in economic development

Harrow's response focuses on the 4 areas of consideration outlined in the GLA Report to the Economic Development Culture Sport and Tourism Committee

Regeneration projects

Harrow Council welcomes the Mayor intentions to lever in private sector funding to support Regeneration Projects. Harrow welcomes the support of GLA in the development of the Intensification Area. We note that Mayoral priorities will focus on Crossrail and the Tube extensions; Olympic Park and Lower Lea Valley; the £2.5billion development of King's Cross; and Infrastructure projects including the building of Thames Tideway sewer project. We welcome the consultation on the proposed London Town Centre Initiative which we believe will provide new catalytic opportunities to lever in private investment and develop key sites that are crucial to London's overall offer as a place to live, work, study and shop in.

Skills

We recognise the reduction in the budget for skills and worklessness from £28.5m in 2010/11 to a potential £19.6 million in 2011/12, which will be spent on committed projects. Harrow Council like many others is working with FE Colleges, Jobcentreplus and employment providers to reduce the skills gaps within London and help workless residents secure employment. There is a real funding gap in the provision of ESOL training, in Harrow, and West London. Without English, the opportunities of new communities to enter the labour market are severely constrained. We would therefore encourage the Mayor to advocate greater provision for ESOL provision. We would also welcome support from the Mayor and GLA in advising London boroughs on the major contractors that are offering apprenticeships and delivering work for GLA family and London Councils. In some cases we may already be working with those contractors and it would be helpful to build on apprenticeship provision the GLA may have agreed.

Promoting London

We supported the new London and Partners to promote London as a place for business, to study, and for tourists. In London, Harrow has one of the highest concentrations of Indian owned businesses, with international links. Harrow would be keen to work with London and Partners to promote our key sites and Strategic Industrial Locations and Metropolitan Town Centre.

Supporting London's businesses

We recognise that the Mayor's business support budget is less than 50% of the LDA's budget and is committed for 2011/12. We are also concerned that business support provision is moving away from one to one support for start ups and micro-businesses. However, following the last 2 recessions, growth and job creation was generated by SME's and start ups. Harrow has a proud record of self employment and the majority of businesses in the borough employ less than 5 people. We would welcome Mayoral support in calling for funding for business support measures in London that can grow and develop start ups and our small businesses, especially through initiatives promoting enhanced technical skills, knowledge transfer between HEI and SMES' and the development of local supply chains.

The London Enterprise Partnership

Harrow Council supports the London LEP and is keen to develop a working relationship with it. We would want to know how the LEP or other agencies could be used to promote Harrow's key sites. We support the LEP's call for a "Fair share" for London in the allocation of the Regional Growth Fund and Innovation Pot, and advocate that the "fair share" translates to a fair share for West London, the Outer London boroughs and specifically Harrow. We would like clarity on the governance arrangements for the LEP, particularly in respect of

- How will the views and needs of the boroughs be represented?
- How can borough initiatives be linked to regional programmes?
- How will regional programmes drill down to a local level?
- How will performance and outcomes be measured?
- How will the LEP be funded?

Greater London Assembly Economic Development, Culture, Sport and Tourism Committee

Review into the Mayor's Role in Economic Development

The London Borough of Havering welcomes the opportunity to contribute initial views to the Committee on the Review into the Mayor's Role in Economic Development. You have asked specifically for views on the following key issues:

- Funding and delivering regeneration projects
- Funding and delivering skills
- Promoting London
- Supporting London's businesses

In addition views have been requested on the likely effectiveness of the new arrangements for the Mayor in relation to how economic development is delivered in the capital and/or changes in the Mayor's powers, resources and responsibilities as well as on the role of the London-wide LEP, Development Corporations and Enterprise Zones.

Summary

- It is important for the future sustainable growth of London that the Mayor continues to support areas where there are opportunities for growth, where regeneration programmes are continuing – in Havering this would include London Riverside
- Metropolitan centres such as Romford will continue to be a focus for commercial, cultural, civic and social activities, particularly in outer London and the Mayor's continuing support for these places will support the growth of the London economy
- In London the majority of people with low or no skills are in work so in tackling the skills deficit the Mayor should have regard to supporting both people in work and businesses to develop their workforce.
- The Mayor should seek to ensure that all of London benefits from the tourism and inward investment secured by London and Partners through promoting supply chains and business and tourism opportunities in outer London
- It is important to the competitiveness of London that the Mayor supports small businesses in particular with access to finance, support for procurement and simplification of support services as well as starting and sustaining new businesses.
- The establishment of a sub-regional framework is considered be important to support the establishment of the London wide LEP
- It will be important for the Mayor to support the boroughs in developing new delivery arrangements in the former Development Corporation area in London Riverside including the potential for an Enterprise Zone

London Borough of Havering

London Borough of Havering is the eastern most London borough. It is the 3rd largest London borough and 50% of the borough is green belt. Havering is home to 234,000 people.

Havering's working age population is 149,000, 70% of whom are in work. The borough has over 8,000 businesses (predominantly small businesses) employing 70,000 people. As well as this valuable local economy, the borough also supplies 60,000 people into the London workforce in areas such as Canary Wharf and the City.

The borough has above London average numbers of businesses in the production, construction and retail sectors with 28% of businesses in business and financial services. The borough also has an above average levels of public sector employment.

Havering has two main opportunity areas – London Riverside in the south of the borough and Romford, east London's largest town centre. It also has a cultural centre in Hornchurch and its most significant area of deprivation is Harold Hill in the north, parts of which are in the 10% most deprived communities in England.

Havering is, therefore, important to the London economy through its opportunities, businesses and people, but is vulnerable to reductions to the public sector and to competition in the private sector much of which comes from outside London on its eastern boundary with Essex.

The comparatively low skills in the borough further increase its economic vulnerability through changes in the wider economy, illustrated by the a rapid rise in unemployment during the recent economic downturn. Over half of the borough's working population has low or no recognised qualifications and the borough has very low levels of higher qualifications.

The borough has great potential for economic growth through its popular retail businesses and through the competitiveness of the office sector in Romford. The development of green enterprise alongside logistics and construction also offer significant opportunities for growth in the south of the borough.

Funding and delivering regeneration projects

The opportunities for growth in London continue to be greatest in the east, in the London Thames Gateway. In particular, these opportunities have been recognised through the designation of the area covered by the London Thames Gateway Development Corporation. This area also contains a high proportion of the LDA's land holdings in London.

Certainty on the future funding of part of this area will be delivered through the Mayor's Development Corporation for the Lower Lea Valley, but the future of London Riverside is less certain. Significant opportunities still exist in London

Riverside for economic and housing growth. In particular opportunities for Green Enterprise, production and logistics industries create the prospect of a building a more diverse economy in London.

Significant successes have been achieved in the Havering part of London Riverside with the development of the LDA's Beam Reach sites, the London Riverside Business Improvement District, the revitalisation of Rainham Village and the Parklands flagship project on Rainham Wildspace. This programme has the capacity to deliver huge regeneration benefits and unlock private sector investment, provided there is a continued basis for public sector intervention to capture and put to good use the significant private investment, which is beginning to flow in this area.

London's metropolitan centres will continue to be essential foci for retail, leisure, cultural and civic activities and provide accessible opportunities for commercial and residential growth. This is particularly important in east London where the future growth of London will be concentrated. The largest of these centres in east London is Romford. Romford faces fierce competition from outside London with Lakeside and Bluewater, both of which operate under a different planning regime than London. Romford will also be severely challenged by the opening of Stratford city. The Combined effect of Lakeside and Stratford City could have a devastating impact on the economy of the town centre.

In the longer term Crossrail may bring benefits to the town centre, but this will be long after the impact of expansions to Lakeside and the opening of Stratford City. It will be important for Mayor to take an overview of these strategic town centres and the impact that investment in competing centres will have. Continued investment in centres such as Romford will lever significant private sector funding and maximise the benefits that Crossrail will bring in 6 years time.

Funding and delivering skills

Workforce skills is one of the most significant issues facing Havering. In common with the rest of London, the majority of people with low or no skills are in work, so tackling the skills deficit needs to have a clear focus on people in work.

In order for this to be effective, close working with businesses is essential to understand the issues they face in supporting their workforce to gain new and enhanced skills.

While it is clearly important for there to be a continued focus for the Skills Funding Agency to work closely with Jobcentre Plus on programmes of employment and skills for people out of work across London, a key role for the Mayor in economic development could be to champion and support businesses and the workforce to increase their skills.

A combined business support and workforce development programme could bring significant improvements in the competitiveness of small businesses across the capital and in particular in outer London where the proportions of small businesses are very high.

For people out of work a more flexible approach should be adopted to outputs for employment support, which compliments the Jobcentre Plus Work Programme, and focuses less on sustained job outputs, but on helping individuals to gain the skills required to get a job, before they become long term unemployed.

Promoting London

There is a continued need to support London as a place to visit and invest and maintain its profile as a World City. This Global promotion has significant benefits to large businesses and property companies, so there is a great opportunity to maximise private sector funding for this essential promotional activity.

There is a continuing need to ensure that local businesses can benefit from the investment secured through the development of local supply chains. This should be an important part of inward investment activity to ensure benefits can be captured by local businesses at the earliest opportunity in the process of landing new businesses in London.

London and Partners' role in promoting London should recognise the wider offer London has outside of central London and the opportunity to build a stronger economy in London through encouraging a diverse range of sectors to London. This includes promoting areas such as London Riverside for green and other production industries and outer London town centres such as Romford for support office functions.

In addition, the wider tourism offer in outer London with its history of villages and open spaces should be promoted to support the economy across the whole of the Capital.

Supporting London's businesses

The suggested focus on business start up and support to sustain small businesses is welcome. In addition, supporting businesses to access finance is a particularly important issue for small businesses.

Businesses in Havering and, it is understood, from other parts of London, continue to have difficulties in accessing opportunities for local procurement through for example CompeteFor. The economy in London would benefit significantly through simplification of procurement processes and in particular from support to businesses to help them to be ready to bid for local contracts.

In addition, the continued simplification of support services and a co-ordinated approach to helping businesses with bureaucratic processes would be an important area for local authorities and the mayor to work together closely.

London Wide LEP

The early proposal to establish a Thames Gateway London LEP, prior to the establishment of the London LEP, was supported by Havering. Now that the London LEP has been agreed, Havering would like to work closely with the London LEP. There are aspects of the proposal put forward by Thames Gateway London Partnership for the Thames Gateway LEP, which it is considered form a good basis on which to develop sub-regional working arrangements for the London wide LEP. This is covered in more detail in the TGLP response to this consultation.

Development Corporations and Enterprise Zones

The London Riverside area, which includes the southern part of Havering is currently covered by the London Thames Gateway Development Corporation. The development corporation is due to wind down activity in 2013-2014 and effectively earlier in Havering. The new Mayoral Development Corporation will be established in part of the current development corporation area – Lower Lea Valley. In addition it is proposed to establish an Enterprise Zone in part of Lower Lea Valley – Royal Docks.

There is significant concern over the impact on the continuing regeneration of London Riverside that the loss of Development Corporation investment will have. This will be compounded by the competitive advantage the adjacent area of Lower Lea valley will receive through the establishment of the MDC and the introduction of an Enterprise Zone.

These combined factors are likely to have a considerable impact on the area's potential to attract new business. It is considered important, given these concerns and the presence of large areas of land owned by the LDA, that the Mayor works with Havering to support this area during this challenging transition. This would include considering options for future partnership working in the area and for extending the current proposal for the Enterprise Zone.

Response from the London Borough of Newham (LBN) regarding the Mayor's role in economic development.

Summary:

- LBN welcomes the Mayor's continuing commitment to the key roles previously delivered through the LDA. However, we have concerns that the budgets for regeneration, skills and supporting businesses have been significantly reduced. Given the role which skills and employment has to play in the economic development of Newham, we are very concerned that the cut will impact negatively on our jobs brokerage scheme, Workplace. We believe that this budget should be safeguarded to reflect its importance in making Newham a more prosperous place.
- LBN is concerned that the economic benefit of an Enterprise Zone may not be maximised unless we ensure that Local Enterprise Partnerships will provide as much focus on the area as a Regional Development Agency would.
- LBN would welcome local involvement and representation on the planned Local Enterprise Partnership board. With the current and future major developments in Newham, the Borough is in a good position to recommend business leaders and employer representatives from a wide range of sectors.
- Our response to the MDC consultation focuses on ensuring that the borough is directly and inclusively involved throughout the operational functions of the MDC and that its planning committee is based on the LTGDC model.

Response

1. The Mayor's Four Economic Development Roles

LBN welcomes the Mayor's continuing commitment to the four key roles previously delivered through the London Development Agency (LDA): funding and delivering regeneration projects; funding and delivering skills; promoting London; supporting London businesses and sectors. Comments specific to each focus area are outlined below:

1.1 Funding and delivering regeneration projects:

LBN previously benefitted from the partnership working with the LDA, particularly in relation to the land assembly and joint master planning activities undertaken between the two organisations in the Royal Docks. The announcement of the Enterprise Zone in the Royal Docks is very positive although we do have some reservations that benefits may not be maximised unless we ensure that Local Enterprise Partnerships will provide as much focus on the area as a Regional Development Agency would.

1.2 Funding and delivering Skills:

Skills development is key to placing residents into work. Newham's employment rate is the lowest in London at 59.5% compared to the London average of 68.1% and we are committed to raising our employment rates by equipping our residents with the necessary skills needed to access employment.

Our vision for Newham is to make it a more resilient place. Resilience is about possessing a set of skills and having access to the resources that allow us to negotiate the challenges that we all experience but also that allow people to overcome the more difficult circumstances many of Newham's resident's experience.

We believe that there is a close and two way relationship between employment and skills, and resilience. Many of the key features of resilience are vital to finding and sustaining work

– confidence, social skills, motivation as well as contacts with other people who can give us careers advice, let us know about employment opportunities or provide support with things like child care. But working is also one of the most effective ways to build and reinforce many of these skills and relationships, and of course it is the best way to create the financial resilience that enables people to live securely and to grasp the opportunities presented to them.

Our aspiration for the borough is to reach convergence. This means within the next 20 years, we want to close the social and economic gap between East London and West London. We want our residents to have access to the same opportunities as their neighbours across London to make us net contributors to UK PLC. If the East End and the Thames Gateway were developed to the same level as the rest of London, it would generate an extra £13bn a year in GDP.¹

We believe employment and skills are the key to developing greater resilience. We have worked closely across sectors to establish our jobs brokerage scheme, Workplace, which has helped 6,000 people in to work in the last three years and will help 5,000 residents find employment this year alone. We are continually looking at new and innovative ways to help our residents to access jobs including partnership working with the private sector. John Lewis have already committed to ring fencing 250 jobs for residents who are considered long term unemployed and this year, working in partnership with Westfield, we will be opening The Skills Place –Newham. This retail and hospitality academy will help local residents with a whole range of levels of experience to build their skills and access jobs at the new Westfield Stratford City centre.

The flexibility of LDA funding to support our employment and skills agenda has been a much needed resource to ensure that the Borough maximises economic benefits arising from the regeneration of the Borough and supporting Workplace. Whilst we are pleased that Workplace will continue to benefit from the LDA “sustained employment” theme (via GLA) until 2012/13, we are concerned the lack of funding beyond this date will have a negative impact on the convergence agenda.

LBN shares The Mayor’s and his Economic Advisor’s belief that there is a need for a London strategy to address issues relating to employment and skills support in London. We agree that there needs to be a focus on this despite central government’s intention to abolish statutory powers of the London Employment and Skills Board. However, as part of the Newham Economic Development Strategy, we will continue to have a local approach to employment and skills which identify pathways to employment to ensure residents are skilled for the current and future job opportunities in the region.

LBN is concerned that the overall budget for skills has been disproportionately cut in comparison to the relatively small reduction for “Promoting London” i.e. skills funding has been reduced from £28.5m in 2010/11 to the Mayor’s final budget of £19.6 million in 2011/12. As skills and employment are central to the convergence agenda and as LBN has one of the lowest employment rates in London, we suggest it is vitally important to safeguard this budget.

We also share concerns about the move to a centralised and demand-led funding base via the Skills Funding Agency (SFA). Whilst London will soon benefit from SFA funding linked to

¹ *Return on Capital: a prospectus for the future of the London Thames Gateway*, Thames Gateway London Partnership <http://www.thames-gateway.org.uk/>

Westfield, Crossrail and The Olympics, there is no longer-term guarantee that future developments will secure skills funding for London.

1.3 Promoting London

Plans to simplify and co-ordinate the institutional architecture to promote London appear to be very sensible. However, we note that this budget has hardly been reduced despite efficiency savings likely to arise from the rationalisation of three organisations into one. LDA budget for 3 organisations in 2010/11 was £16m compared with GLA budget for London & Partners of £14m in 2011/12.

We welcome the appointment of the chief executive officer of Excel London to the Board. As one of the anchor organisations within the proposed Royal Docks Enterprise Zone (EZ), his involvement will be key to establishing and promoting the EZ. We also welcome the involvement of the chief executive of Travelodge as Newham has identified hospitality as a growth area in the Borough and already has two established Travelodges (both in Royal Docks area), one at construction phase in Stratford and another at the planning stage (Royal Docks).

1.4 Supporting London businesses and sectors

Newham has a relatively small business base and reductions in resources to support business growth will have a very negative impact in the Borough. In 2009 there were 19.1 businesses per 1,000 residents, much lower than the equivalent London average of 44.2 per 1,000 residents. We understand that in the future only larger organisations and those with high growth potential will receive business support via the GLA which leaves little resources for business start-up, capacity building of SMEs and supply chain support. This allocation of funding will have minimal impact on improving the failure rate of businesses in London, particularly East London where there is a low concentration of high growth, high value businesses in the region (excluding Canary Wharf).

2. London Enterprise Partnership and Enterprise Zones (EZ)

LBN led the call for an EZ and we are very much looking forward to working with the GLA to maximise the economic benefit it will bring to the comprehensive regeneration of the whole of the Royal Docks.

LBN is concerned that a London-wide Local Enterprise Partnership (LEP) may not be a sufficient substitute for the abolition of the LDA, particularly in relation to the land assembly and joint master planning activity which was previously undertaken by the LDA. To ensure we maximise the economic opportunity from the Royal Docks EZ, the GLA must ensure that a model is in place which will provide a similar focussed support previously provided by the London Development Agency.

Going forward, LBN would welcome local involvement and representation on the planned board. With the current and future major developments happening in Newham, the Borough is in a good position to recommend business leaders and employer representatives from a wide range of sectors. Equally, with the higher education institutions of University of East London and Birkbeck College in Newham, we are well placed to make recommendations to the Board from these institutions. LBN is currently in detailed discussion with the GLA over governance structures for the Enterprise Zone and we look forward to continuing these talks positively.

3. Creation of the Mayoral Development Corporation (MDC)

LBN has responded separately to the MDC consultation (submitted 6th May 2011). We welcome the creation of the MDC and have had very positive discussions with the GLA on this and look forward to continued discussion.

Whilst our views on the MDC are on the whole very positive, we do have some reservations which we hope we can be negotiated to ensure the best MDC model.

Similar to the Enterprise Zone we hope that the benefits of an MDC will be felt not just by regeneration schemes within its boundaries, but by regeneration schemes across the Borough. It will be important that the new corporation does not forego long term regeneration benefits to maximise receipts and that we continue to invest some gains into other regeneration priorities in Newham, and not exclusively back into the operation of the MDC. It is therefore essential that an MDC CIL is prepared with the boroughs to ensure wider infrastructure benefits are delivered.

Newham welcomes the aspiration to work in partnership with the boroughs, but this should be formally reflected in the MDC's organisational and decision making structures. We believe that the new Corporation should not only see the boroughs as statutory consultees; but instead take a richer, more inclusive approach to local involvement and collaboration for the benefit of the area. It is the borough's view that adopting this ethos and embedding it into the operational culture of the organisation will be a key determinant to securing the success of the MDC.

We would therefore expect the borough leaders to have appropriate representation on the main Corporation Board; with two political representatives nominated by Newham, in recognition that the majority of the land in the MDC area falls within the borough. We believe this more inclusive partnership approach would create a more effective regeneration body.

We would also expect a Newham representative to chair the planning committee and the composition of the committee to reflect the fact that the majority of the MDC area falls within Newham. In order to ensure the full involvement of the host boroughs and in the interests of local democratic transparency, nominees from the host boroughs should have representation on the planning committee as proposed. To that end we believe that a majority of planning committee members should be host borough nominees. We would recommend that the MDC take the London Thames Gateway Development Corporation (LTGDC) as a model in terms of borough working for development control purposes as this model is inclusive, with strategic applications above a certain threshold being submitted directly to the borough for assessment.

We hope our comments are helpful and look forward to continuing and developing the positive relationship the Authority has with the GLA.

May 2011
London Borough of Newham
Regeneration, Planning and Property
Newham Dockside, 1000 Dockside Road
London E16 2QU

Dear Mr Steer

Waltham Forest's Response to the Mayor's plans for Economic Development

We welcome the opportunity to comment on the Mayor's role in economic development, the GLA's intention to focus on the four key areas previously delivered by the LDA (regeneration, skills, promotion and business support) and the role of the London-wide Local Enterprise Partnership (LEP).

The case for economic development in Waltham Forest is over whelming. Currently, Waltham Forest has the smallest borough economy in London – producing around £1.46bn in gross value added each year. It has around 3% of London's population, while it only produces around 0.8% of its wealth. The local economy is heavily reliant on the public sector which in the current economic climate presents a major challenge.

However, Waltham Forest has much potential not least of all in terms of its locational advantages. It enjoys a prime position with good access to the rest of London and the South East, good tube and train links to the City, and the West End from our key town centres, and easy access to the A406 (North Circular), M11 and M25. Waltham forest is a connector borough that sits alongside the Olympic Park and the Stratford City development and provides a link between these opportunities to the south and to Tottenham Hale and Central Leaside to the north and west.

We currently have four regeneration areas, Walthamstow Town Centre, Northern Olympic Fringe, Blackhorse Lane and Wood Street. Area Action Plans are being prepared to guide regeneration and economic development demonstrating our commitment to deliver long lasting improvements for our residents.

While there are opportunities the borough also faces tough challenges in bringing these forward and in tackling deprivation.

We believe there are four main areas of economic development that are specific to Waltham Forest and North East London:

- The upskilling of local residents to ensure that the benefits of growing sectors of the economy are accessible to them.
- Supporting business to create and retain jobs and promote inward investment in order to support the long term growth of the area.
- The construction of new transport infrastructure which increases labour market mobility allowing residents to access jobs.
- The provision of new housing and decent homes to meet growing demand and ensure that sustainable communities can be developed which can support a growing population.

Funding and delivering regeneration projects.

We understand that the Mayor will need to find alternative ways to fund key regeneration projects given the reduction in public funding. The absence of further funding from Government to enable regeneration will have an impact on the scale and pace of change anticipated for the

borough. The reduction in local government funding will also reduce our capacity to develop the community infrastructure needed to support growth and maximise the benefits of new strategic infrastructure such as Crossrail. Mechanisms such as TIFs could provide a source of funding for long term regeneration projects and we would be interested in working with Mayor to explore this. Schemes which encourage business growth are important and it will be important for the newly created LEP is able to address functions covered by the LDA such as business start-up support, inward investment and business incentives.

As an East London borough, and an Olympic Host Borough we welcome the Mayor's commitment to the large scale regeneration programmes outlined in the Mayor's Economic Development Strategy. By continuing to invest in the legacy of the Olympics, the role of Waltham Forest could change significantly. In addition the London Plan forecasts major jobs growth from large scale development of the Isle of Dogs, Stratford, the Thames Gateway and the London-Stansted-Cambridge corridor, and the borough is very well placed to take advantage of these developments. However, despite excellent access to the City and West End, connectivity between parts of our borough and with our immediate neighbours to the south and west is often poor and needs to be improved. This is particularly crucial given the importance of the Olympic legacy to enable our residents to access new jobs at Stratford, Isle of Dogs, and Canary Wharf. In terms of the Mayor's commitment to delivering convergence, it would be a false economy to cut investment in this area.

We are committed to the delivery of new homes. However, we have concerns that cuts to the affordable housing budget and the reliance on the affordable rent model will mean that housing in the borough will not be sufficient to meet the expected demand. In addition to cuts in funding the challenge of housing people in the borough is made more difficult by the benefit reforms. The cap of housing benefit and the cut in LHA will lead to migration of social tenants from central and inner London to outer east London. These policies will have a significant impact on employment.

Funding and delivering skills

In order to support sustainable jobs growth, there not only needs to be continued investment in infrastructure but investment in skills to ensure that residents are able to get jobs in growth sectors. Skills levels in Waltham Forest are very low, as in most of East London. The borough is characterised by its polarised skills base: 32% of the working population has a level 2 or below qualification while 29% have a level 4 or above qualification. At 21% Waltham Forest has proportionately far more residents with no qualifications than London. Two key strategic issues emerge from this – higher end employment opportunities are forecast to grow and those occupying the lower end are more vulnerable to economic swings, through increased risk of redundancy and because of less potential for self employment through lesser skills levels and experience.

We believe that there need to be an approach to employment and skills that addresses issues that are unique to London.

Promoting London

We welcome the Mayor's approach to international promotion as one of the key priorities for economic development. We are hopeful that the resources the Mayor is investing in this area will seen in our borough where despite our locational advantages we have not had a strong track record in attracting new business.

Supporting London's businesses

We are pleased that the Mayor sees a continuing role for supporting business in London and agree that access to finance is one of the critical factors in ensuring the survival of a business.

Waltham Forest is very much a small business borough (96.5%) with micro businesses providing more than a fifth of employment. Waltham Forest also has a healthy enterprise culture. In terms of self employment it ranks 48th in Britain and 18th in London. Two thirds of firms in the borough, some 10,000 businesses have one employee. These companies are generally very productive and have a high degree of self motivation.

The growth plans from the government are to support the development of SMEs especially in sectors such as low carbon industries, creative industries and high end manufacturing. We believe the Mayor should recognise the potential role that the borough and the wider sub region can play in helping to support the growth of these sectors.

The London Enterprise Partnership and Enterprise Zones

We are aware that the government has approved the Mayor's proposal for a pan London LEP as a new vehicle for the delivery of economic development and the borough of Waltham Forest along with our North London sub-regional partners is committed to work with him on this.

Responding to the government's request for areas to develop proposals for local enterprise partnerships a proposal was submitted for a LEP formed from the boroughs of Enfield, Hackney, Haringey, Islington, Redbridge, and Waltham Forest together with the districts of Broxbourne, East Herts, Epping Forest, Harlow and Uttlesford. This grouping reflects our functional economic area

Whilst the government decided that the enterprise partnership for London would be formed by the GLA with the Mayor as chair, the government's decision requires the Mayor to "reconcile the ambitions of boroughs and sub-regions" and agree how they can play an active role alongside the city-wide priorities of the London Enterprise Partnership". We believe that in a city-region the size of London, which is 25% of the UK economy, there is a real need for sub-regional corridor partnerships.

There is a clear focus amongst North London boroughs to:

- Facilitate the growth of private sector jobs within the sub-region with particular focus on maximising opportunities from the transition to a low carbon economy;
- Ensure local people have the skills and opportunities to access employment;
- Work collaboratively to provide high quality services at least

cost

- Promote the sub-region to maximise inward investment;
- Promote growth of sustainable communities to increase the supply of affordable housing within the sub-region;
- Work with TfL and others to improve north London's transport infrastructure;

As stated above the north London sub-region is committed to work with the Mayor and the London-wide LEP.

In the coming year the sub region is committed to :

- Develop a sustainable, business-led London Anglia Growth Partnership (LAGP) to promote private sector growth in the sub region;
- Agree a growth framework for the LAGP with clear outcomes to promote private sector job growth, improve skills and improve employment rates.

The plans for enterprise zones will also help to regenerate deprived areas by providing incentives for business growth and encouraging new investment. We very much welcome the priority the Mayor is giving to supporting the economic development of the Upper Lee Valley and would welcome discussions that explore the possibilities of creating an Enterprise Zone.

Thank you for giving us an opportunity to communicate our thoughts

Best wishes

Councillor Chris Robbins
Leader of the London Borough of Waltham Forest

Wandsworth Council's response to the GLA's invitation to contribute to the GLA's investigation into the Mayor of London's role in economic development

1. **Introduction.** The London Assembly's Economy, Culture and Sport Committee investigation into the Mayor of London's role in economic development is timely. The Mayor has a key role in helping London emerge from the recession. This is a challenge particularly given the much scarcer public sector resources. It is time for a step change in economic development in London. The Mayor should focus on a much smaller number of key strategic issues which will make a real difference to London's economy. The Council's response is outlined below.
2. **General comments.** Wandsworth Council welcomes the opportunity to engage with and help the GLA and the Mayor to deliver his economic development strategy, policies and priorities, particular during a period of very constrained public expenditure. The way that the Council, GLA and TfL have started to pool our respective knowledge, expertise and resources to regenerate the Vauxhall Nine Elms Battersea (VNEB) is a good example of a new partnership approach to economic development. This example should be followed in more areas where the strategic and local priorities merge.
3. **Regeneration:** The London Plan's Opportunity Areas (OA) provide the strategic focus where it makes sense to bring together investment programmes, including those of the LDA, HCA, TfL and local authorities. More weight should be given to the OAs given their potential to grow London's economy and tackle deprivation. For example, VNEB OA is expected to create 15,000 new homes and over 25,000 new jobs. As London's largest new regeneration area and forming an extension to the Central Activities Zone – the most productive part of the London economy – it hardly warrants a mention in the current Mayor's Economic Development Strategy (EDS) and did not feature in the LDA's thinking. The support of the Mayor is an essential ingredient to the success of the emerging regeneration plans for Nine Elms. Whilst there will be a focus on achieving commercial returns from the Olympic legacy and maintaining regeneration momentum in East London, this should not be to the detriment of VNEB and London's other OAs. Specifically, the Mayor's support is critical to the delivery of the critically important Northern Line Extension, especially in finding innovative financing mechanisms to fund this key project. As mentioned above a new partnership is being forged to achieve this.
4. **Skills.** High skill levels are critical to the future of London's economy. The lack of skills is also one the main barriers to unemployed gaining and sustaining a job. The Mayor set up of the London Skills and Employment Board with a view to bringing about a more integrated and customer focused employment and skills service with personalised support, focused on the needs of the individual. However, only limited progress seems to have been made on this front, despite it being a Mayoral manifesto commitment and the new arrangements need to take a hard look at the most effective action at the London level. It is the actions being taken by the Coalition Government which are, for better or worse, moving towards a simpler and more focussed approach. Wandsworth's view is that it (and other London Boroughs) are well placed to work with the Mayor to ensure that skills and employment support services are better joined up than currently *at the local level* (as well as strategic level) in order to tackle London's deep-seated problems of deprivation and unemployment.. There are examples of good local practice, such as the Job Shop in Battersea (which is the start towards acting as a one-stop shop for support for employers and people looking for work and the skills to get work) that are worth considering and spreading to other parts of London. We would want to work with the Mayor to ensure that largely nationally commissioned skills and employment support services facilitate such joint working.

5. While the EDS recognises the importance of giving all Londoners the opportunity to take part in London's economic success, it does not appear to make the link between this and promoting enterprise and self employment and demand by employers to take on more staff needs to be stimulated. Currently, there is a hiatus in how to provide sufficient and appropriate business support in the UK and London.
6. **Promotion.** International promotion has been one of the Mayor's priorities for economic development. The Council has always supported the Mayor in this role and supports the Mayor's decision to create a single "platform" to undertake promotional activities by bringing together Think London, Visit London and Study London. This will enable consistency across all promotional activities. The London is arguable The World City and needs to maintain this role. We are keen to work with these new arrangements particularly to attract inward investment to the VNEB area.
7. **Business support.** For a number of reasons, publicly funded business support services appear to be disappearing. Central government is centralising the business support functions carried out by the RDAs, including Business Link. Moreover, with the advent of the internet it is now possible for businesses to access much more comprehensive business information and support from a wide range of sources. Business formation, and their survival, is a key indicator of an economy coming out of recession. Small and micro-businesses and the self employed are critical to the long term future of London's economy. Moreover, many deprived areas (e.g. Roehampton in Wandsworth) are under-represented in terms of businesses formation and survival. Therefore, there is a role for the Mayor supported by local authorities in stimulating business growth by building positive relationships with their small business communities, especially in deprived areas. Wandsworth's has a long and successful track record in business start-ups. In the current environment we are making greater use of business talent and expertise in the Borough. Businesses have expressed a clear desire for a more strategic business-led forum within the Borough to identify and address issues of common concern. Accordingly, Wandsworth is setting up the Wandsworth Business Partnership to release more energy and resources from Wandsworth's business community which would lead on to further growth in the local economy. In the past, the LDA appear to have found it difficult to connect with the local enterprise agenda. We want to work with the Mayor and the new London LEP, to help to remedy this and provide better leadership in supporting SME led economic growth in Wandsworth and the rest of London. .
8. **London-wide LEP.** The Council felt that the LEP concept was best operated at the Borough level, and indeed in some respects the Wandsworth Business Partnership, referred to above, in a mini informal LEP. However, both the Government and Mayor of London indicated that they would not support single borough LEPs. Subsequently, proposals for a London LEP have been agreed. The Council believes that the London LEP should seek the maximum feasible devolution of services and spending to the region and to boroughs and groups of boroughs. Since the London LEP covers by far the largest population and amount of economic activity than any other LEP, it should seek support and involvement of boroughs as they are in the best position to know how to maximise economic opportunities in their localities and build the day-to-day essential relationships with businesses. Most of all, and given the limited resources, the LEP should have clear priorities and do a few things very well.
9. **Local Enterprise Zones.** The former Leader wrote to the Mayor of London on the issue of Enterprise Zones, and his selection of the Royal Docks as the first Enterprise Zone in London and the press speculation about a further two in Croydon and Tottenham. There is naturally a lot of interest locally in the selection of these areas, and the rationale behind the choices. The Mayor has rightly observed that, after the Olympics, the next great opportunity area in the capital is Vauxhall Nine Elms Battersea. If Enterprise Zones are

about accelerating the potential to deliver on economic growth, there is no case that is stronger than Nine Elms. The return on public investment here will be quick and strong. On the other hand, if Enterprise Zones are about the parts of London that have been left behind by the capital's success, we would want to make a strong case for Roehampton – a geographically isolated part of south London that merits more attention and investment. Enterprise Zones are only one tool amongst many, and that there are other mechanisms for supporting the delivery of the Northern Line Extension that is integral to Nine Elms.

Wandsworth's disappointment at Nine Elms not being designated an EZ is, therefore, tempered by the knowledge that the Mayor sees this as a first order priority. Any early announcement that the Mayor can make on how the NLE will be supported by the new London wide Community Infrastructure Levy, for example, would be very welcome as a tangible sign of GLA backing.

10. **Mayoral Development Corporations.** Development Corporations must be a bottom up and not imposed on localities. Our Partnership arrangements for Nine Elms are informal and are working well (including the participation of the GLA, TfL and HCA) but there may come a stage when a more formal arrangement may be required. A Mayoral Development Corporation may be one option to consider but Wandsworth would want to ensure a similar balance of board member as currently in place for Nine Elms and that such an arrangement could offer substantive added value as well as maintaining private sector involvement.
11. **Conclusion.** In summary, Wandsworth wants to see London develop as a even better World City with a highly successful economy. We are willing and able to support the Mayor in this endeavour. If the Mayor is able to harness the expertise of Councils such as Wandsworth and other partners, then London's economy will prosper.

The Town Hall,
Wandsworth,
SW18 2PU.
Officer

MIKE BROOK
Economic Development

25th May 2011



Westminster City Council's response to the call for evidence on the Mayor's statutory responsibility to promote economic development in London

Introduction

Westminster City Council welcomes the opportunity to respond to the London Assembly's Economy, Culture and Sport Committee's call for evidence on the Mayor's statutory responsibility to promote economic development in London after the abolition of the London Development Agency.

For London to grow and thrive, we believe that it needs strong leadership and ambition, and good local politicians and managers who share a vision and a clear strategic plan. We believe that local authorities, working in partnership with the private sector and Mayor, are best placed to shape the capital as an attractive location to live, do business and invest. Foremost, the Mayor and boroughs need to ensure that given the importance of London to the UK economy central Government should provide suitable funding for national projects in London and this should not all fall or excessively fall on London to fund.

The Mayor has an important role to play in supporting economic development in London. This is particularly true when it comes to co-ordinating and financing large regeneration projects, such as Cross Rail and the Olympics. However, local authorities are also key to driving growth in the capital – we create a clean and safe environment for companies to do business and invest, we develop a skilled workforce, and we provide specialist support to local clusters of high value, knowledge-based industries. It is therefore vital that the Mayor's economic development role aligns with, and complements, the important work already delivered by local authorities.

Our response is structured in five main parts which address each of the Mayor's economic development functions: funding and delivering regeneration projects, funding and delivering skills, promoting London, supporting London businesses, London Enterprise Partnerships and Enterprise Partnerships.

Summary of key recommendations

- Outside of the large regeneration programmes, regeneration spending should be prioritised on supporting start-up businesses and helping hard to reach jobseekers into sustainable employment.
- The Mayor should lobby BIS for a separate skills funding stream for London. This could then be managed jointly by the Mayor, London boroughs and businesses to drive skills according to regional and local priorities.
- The Mayor should ensure that additional support is available to hard-to-reach groups (such as lone parents) who are at risk of losing skills funding and support for affordable childcare.
- While it is vitally important to promote the capital's global brand and attract foreign investment, the market already performs very strongly in securing inward investment. In a time of fiscal austerity we would argue that priority should instead be given to supporting business start-ups – the real drivers of growth and productivity.
- The Mayor should support the London Enterprise Partnership to become an effective advocate for London's businesses and employers. This means ensuring that it works collaboratively with the London boroughs, sub-regional partnerships and, of course, the private sector to support shared priorities for growth and attract resource from central government.

1. Funding and delivering regeneration projects

Westminster Council supports the Mayor's decision to invest £40bn in large regeneration projects over the next ten years. An attractive city environment, prestigious events of global importance, and a world-class transport system will be key to ensuring London maintains its competitive edge in attracting skilled workers and high value industries. If Government are minded to grant Tax Increment Financing (TIF) powers to local authorities to support complementary investment in infrastructure this must not be at the risk of requiring either the Mayor or local authorities having to bail them out or provide support to the detriment of other projects.

To ensure that the Mayor's investment in large regeneration projects achieves the aim of improving London's economic competitiveness, we believe that the £17m allocated to regeneration in 2011/12 should prioritise supporting start-up businesses and helping

hard to reach jobseekers into sustainable employment. This will ensure that capital investment results in job creation and improved productivity.

Driving growth by supporting start-up creative industries

Research from the OECD has shown that it is new businesses that make the largest contribution to creating jobs and increasing productivity. A programme that effectively supports business start-ups will ensure that large regeneration projects are fully linked-in to driving innovation and productivity across the rest of the capital's economy.

In 2009, Westminster City Council invested £4 million to transform derelict space in an area of high inner-city deprivation into 64,000 sq ft of affordable business workspace for 200 businesses, who predominantly work within the designer-maker industry. After an initial cash allocation of £1 million with a £3 million commercial loan, the facility is self-financing and the council will obtain the £3 million commercial loan in full on 1 April 2014.

To accompany the investment in creating affordable workspace, the council partnered with industry trade representatives to provide intensive business skill development. The programme saw 140 individuals attend training bursaries to develop core business skills, 24 individuals attend four international trade missions, 8 businesses sign-up for industry specific high speed cabling.

As a result of the council's support, the creative industries sector has expanded rapidly to now employ over 64,000 people.

Ensuring sustainable growth through neighbourhood-based employment programmes

Over the long term, the benefits of economic growth need to flow to all citizens, at least to some extent. If they do not, competitiveness and economic growth will suffer by stunting the development of a skilled and flexible labour force.¹ In 2009, Westminster City Council launched a neighbourhood-based employment support service with the aim of better connecting hard-to-reach workless residents with economic opportunities created in the city.

Over the past two years Westminster Works has supported 511 residents into work and helped a further 3,000 improve their employability. This is one of London Councils' most successful ESF programmes and the council's innovative, neighbourhood-based

¹ OECD Territorial Reviews: competitive cities in the global economy (2006) p. 137

approach to tackling worklessness has been praised by central government and industry experts.

Environment programmes

While environment programmes currently undertaken by the LDA do not come within the Mayor's definition of economic development, the council believes that creating an attractive city environment is inextricably linked to supporting a productive economy. The council would therefore encourage the Mayor to ensure his economic development activities closely align with environment programmes.

2. Funding and delivering skills

Westminster is home to clusters of high-value, knowledge-based industries that make a vital contribution to London's national and global economic competitiveness. These industries rely on a highly skilled workforce to maintain their competitive edge and high levels of productivity. However, a significant number of residents lack the basic skills needed for even entry level jobs. Over 42,000 residents of working age have English language needs and a further 14,600 residents of working age have no formal qualifications. We believe that local authorities and the Mayor have a vital role to play in supporting all residents (including those on benefits and those classified as economically inactive) to develop the world-class skills needed to support a globally important economy.

Funding

Westminster envisages a strong role for the Mayor in supporting skills across London. We are concerned that the Government's decision to create the Skills Funding Agency and not allocate a separate funding stream for skills in London risks creating an additional and unnecessary level of bureaucracy. We believe that this may result in the duplication and inefficient use of public funds, remove accountability and influence from the Mayor and council leaders that best understand local needs, and fail to provide the right framework for growth.

To ensure that skills funding is truly demand driven, Westminster Council would advocate the recommendation of the City Finance Commission² to devolve funding for

² The Inquiry into the Future of Cities and Local Government Finance was established to feed into the Government's Local Government Resource Review. Through a time-limited independent commission, the inquiry has gathered evidence of the importance of the UK's major cities – central London, Birmingham, and Manchester – to achieving and accelerating economic growth. The Inquiry was chaired by Sir Stuart Lipton.

skills to local authorities and the Mayor through an Area Growth Budget. Under this approach, local authorities would work with the Mayor, local business community (through Local Enterprise Partnerships and Business Improvement Districts) to determine local priorities for increasing growth. Importantly, this would include not only supporting skills but also other key economic development activity, such as employment, business support, transport and housing. This approach would better connect public services, communities and businesses in agreeing local priorities for investment to drive growth. It would also streamline commissioning arrangements, reducing bureaucracy and cost, and improving the experience of the end user.

Delivery

While the council welcomes the introduction of greater conditionality in the benefits system, we are concerned that the decision to limit free access to skills training to jobseekers on active benefits will restrict the support available to workless residents. For many groups on inactive benefits - such as low wage workers receiving Income Support and workless residents in receipt of Lone Parent benefit - access to skills training provides an important route to sustainable employment.

The council believes that local authorities, working with the Mayor, FE providers and Jobcentre Plus, have a key role to play in ensuring that additional support is available to these groups. This includes:

- **Developing employer-led employment and skills programmes** – Working with partners such as the Paddington Waterside Partnership, the Crown Estate and Cross River Partnership, Westminster has developed successful workplace co-ordinator programmes in Paddington and Regent Street, funded via s106 planning obligations, which work with local businesses to develop pre-employment training programmes and broker job opportunities for workless and low-skilled residents.
- **Targeting ESF at those groups that will fall out of mainstream provision** - Through the LDA's and London Councils' ESF co-financing arrangements the Mayor and local authorities have an important role to play in commissioning provision that complements, and adds value to, SFA and Work Programme services.
- **Working with Jobcentre Plus and voluntary organisations to ensure that residents understand their entitlement to skills funding.**

3. Supporting London's businesses

There are 40,000 businesses in Westminster employing 600,000 people and generating £40 billion of GVA per annum. The percentage of business start ups surviving at least one year of trading has dropped dramatically since 2008. 80% of business start ups in 2008 survived for at least one year, compared to a high of 2006 in 96%.

Westminster City Council therefore welcomes the Mayor's commitment to play a continuing role in supporting businesses in London. We believe that this support should be closely targeted at business start-ups in high-value, knowledge industries.

We would also encourage the Mayor to avoid being over prescriptive when commissioning business support programmes. This 'black box' approach has proved very effective when used to commission business start-up programmes in Westminster. Over 2010-11 the council's Creative Industries Programme supported over 410 new business start-ups and generated over £8.7m of new sales and revenue. When compared to other business support programmes delivered to more prescriptive specifications, our Creative Industries Programme has been shown to offer better value for money and generate greater increases in sales and revenue.

4. Promoting London

Tourism

Westminster is a national and global centre for tourism and the night time economy. Considerable numbers of people are employed in these industries, with a vast number and range of businesses catering for visitors and entertainment, such as hotels and restaurants, tourist attractions, galleries and other enterprises. The tourist and night time economies generate significant business rates, and tourist expenditure contributes very significantly to the Westminster and London economy.

Analysis has shown that Westminster is ranked 26th out of the 50 most visitor dependent English local authorities, based on 2006 data (Deloitte, 2008), with tourism related industry representing around 14% of the total economy. LDA data shows that Westminster is by far the most visited London borough, with over 55 million trips per year. It is estimated that 85% of first time visitors to the UK visit London and of those 90% visit Westminster. Total visits to Westminster in 2007 represented over a quarter of all trips made to London, and Westminster had nearly four times the number of trips compared to the second most visited borough, Kensington & Chelsea.

With the creation of a single promotional agency, London & Partners, we believe that there is a risk the activities previously delivered by Visit London may be reduced. We

believe the council has an important role to play in supporting London & Partners promote London, and in particular Westminster, as a global centre for tourism.

Foreign investment

Foreign investment is critical to the success of London's economy. However, we believe that the market already performs very strongly in attracting multi-national companies to locate to London and international firms to invest in the capital's businesses. In the council's view, some of the activity directed by London & Partners at attracting inward investment should be targeted at supporting high-value business start-ups. As research from the OECD has shown, it is new businesses that make the largest contribution to creating jobs and increasing productivity. If London is to maintain its competitive edge and remain at the forefront of innovation there should be a strong focus on supporting start-up businesses in high-value, knowledge intensive sectors.

The knowledge economy

We welcome the Mayor's decision to continue to promote London as a global and national destination for students to study.

Westminster is home to the main campuses of several of the best universities in the world: Imperial College London, the London School of Economics and Kings College London. The city is also home to the Royal College of Arts, the Royal Academy of Music, the London College of Fashion, the Courtauld Institute and the London Business School, all of which are part of the University of London. In addition, Westminster is home to the University of Westminster, the University of the Arts, Regent's College, and the London campuses of several American Universities. In total, universities in Westminster employ nearly 15,500 people and teach 100,000 students – all of whom contribute to the city's economy.

The London Enterprise Partnership and Enterprise Zones

Local Economic Partnerships

Westminster Council supports the aim of Local Enterprise Partnerships as a means to focus business-led, economic development across functional economic areas. It is, however, unclear how the role of the London Enterprise Partnership operating over and above councils' economic development functions – such as planning, transport and housing strategy will deliver this business-led development. The Mayor will need to ensure the LEP develops a close and positive relationship with councils and sub-

regions to deliver shared priorities for growth and not duplicate work already undertaken or underway. This should include:

- Creating at least three seats for local authority representatives on the LEP
- Not being overly prescriptive about the size and structure of LEPs. If a business case can be made to have LEP sub-groups across different functional economic areas (such as the central London sub-region) then there should be sufficient flexibility to support this.

The LEP also has an important role to play in making the case to central government for devolving funding and responsibilities for economic development. The Mayor should support the LEP to become an effective advocate working on behalf of London's businesses and residents.

Enterprise Zones

The Enterprise Zone approach is neither desirable nor required in Westminster and potentially threatens the long term policy and investment needs of the City.

Notwithstanding, Westminster Council believes that local authorities in London should be incentivised to drive growth, irrespective of whether they sit within an Enterprise Zone or not. We support the City Finance Commission's proposal for the Government to make a formal commitment to supporting city-led growth and we would encourage the Mayor to give his support to this recommendation. Under the proposal London would be given the right to apply to be a 'devolution pilot', whereby it would take control of the leadership of aspects of growth policy, where it can be shown that this would drive stronger and faster economic growth, reduce the complexity and public costs involved in commissioning, and deliver better outcomes.

Examples of the type of powers that could be sought under this arrangement include:

- Local control of business support policy and commissioning, with local authorities able to match the needs of local residents and employers.
- The ability to levy additional business rate for defined infrastructure developments, with the agreement of the business community. Although the relationship with s106 agreements and the Community Infrastructure Levy (both the Mayor's and local authorities) would need to be carefully defined.
- Financial freedoms to achieve full cost recovery in areas, such as planning and licensing.

We believe that this approach would give local authorities a far greater incentive to develop policies and programmes that support economic growth by allowing them to balance risk and responsibility and support economic development in the ways that work best for their area.

LONDON COUNCILS RESPONSE TO THE ASSEMBLY'S REVIEW INTO THE MAYOR'S ROLE IN ECONOMIC DEVELOPMENT

London Councils welcomes the opportunity to respond to the invitation by the London Assembly Economy, Culture and Sport Committee to submit views on the Mayor's role in economic development.

London Councils represents the 32 London boroughs and the City of London Corporation. London Councils delivers influence, improvement and excellent direct services for Londoners.

Changes to economic development funding and policy

The focus on this review is the Mayor's role in economic development following the abolition of the London Development Agency (LDA) in March 2012. The abolition of Regional Development Agencies is one strand of a significant change in economic development policy and funding under the coalition government. These include:

- **Financial incentives rather than grants** – grant funding for economic development has significantly reduced, as reflected in the Mayor's settlement for economic development following the Comprehensive Spending Review (CSR). Instead the focus is on incentivising growth, particularly at a local level, with proposed initiatives such as Tax Increment Financing (TIF) and the Local Government Resource Review;
- **Rebalancing the national economy both sectorally and geographically** – London is unlikely to benefit from the Regional Growth Fund (RGF) that is focused on areas with high proportions of public sector employment. No bids in London were successful under Round 1;
- **Centralisation of some key programmes** – the government is centrally procuring a number of key programmes that contribute to economic development – such as Business Link, the Work Programme, skills and support to high-growth businesses. These programmes will not fully respond to London's or local economic circumstances and needs.

London boroughs provide and commission services essential for economic development and creating an environment for economic growth – local planning, public realm, business regulation, land assets, employment and skills, housing and local transport. They understand their local economy and co-ordinate economic development services locally. London boroughs need to freedom to deliver these services to best effect for their local businesses and communities – both from government and the Mayor.

London boroughs are also making overall expenditure cuts of up to 28 percent over the next four years – frontloaded in the first two years. Many borough economic development departments are likely to see expenditure reduced in line with this; some even more. This will impact on capacity in some of the boroughs for economic development and regeneration projects.

The abolition of the LDA means significantly reduced capacity for economic development at the regional level too.

Reductions in funding and capacity mean that boroughs, business and the Mayor need to:

- collaborate on economic development as equal partners;
- focus efforts and agree priorities;
- identify new ways of funding key projects (using private or institutional investment or loans).

LONDON COUNCILS RESPONSE TO THE ASSEMBLY'S REVIEW INTO THE MAYOR'S ROLE IN ECONOMIC DEVELOPMENT

London Enterprise Partnership (LEP)

London Councils supported the LEP proposal to government. This was on the understanding that the Partnership will provide 'a city-wide approach with strong partnership arrangements'¹ and 'flexible approach that supports local partnerships as they emerge and evolve'².

Consequently, the LEP should effectively engage and work with London boroughs and vice versa. The mechanisms to do this should be determined by the boroughs but also take into account the focus and functions of the LEP. These are to be determined by the LEP's shadow board.

In this context, borough engagement should be based on the following principles:

- It will reflect differing business and economic priorities identified by the LEP shadow board in different parts of London;
- Engagement will be flexible to ensure a bottom up approach. This will allow boroughs to engage individually or in groups when appropriate, but this will not be constrained by formal structures.

The LEP should also operate on the principles of subsidiarity – that services are delivered and decisions made as close to people as possible. The LEP should not cut across principles of localism. It should also have a clear and transparent decision-making process.

To make the best use of resources at a London level, improve co-ordination, inform strategy and ensure that the LEP has sufficient 'teeth':

- There should be strong links between the LEP and the new housing and regeneration delivery arm of the GLA;
- London and Partners, the Mayor's promotional agency, should regularly report into the LEP to ensure strong links and influence with inward investment and tourism promotion and activities to attract students to London. These activities are important to the investment theme of the LEP. London and Partners has established another London-wide private sector led board.

The relationships between these delivery agencies and the LEP are not yet clear. Whilst the activities of the LEP should be focused, it should also improve co-ordination and get key delivery agencies to work collectively around agreed priorities.

London Councils called for the London Skills and Employment Board (LSEB) to be incorporated into the LEP. This has now been agreed with the Mayor and the LSEB.

Funding and delivering regeneration projects

The CSR saw key infrastructure projects remain largely unscathed in London such as Crossrail and the Tube extensions, alongside the Olympics. However, identifying funding for other infrastructure and regeneration projects beyond this will be significantly more difficult. This includes funding for housing – where grants have been significantly reduced and the government's 80 percent affordable rent model will detrimentally affect housing supply in London (particularly family sized housing). Government funding for the physical and social regeneration of deprived areas no longer exists.

¹ London Enterprise Partnership proposal, pg 4

² Ibid

LONDON COUNCILS RESPONSE TO THE ASSEMBLY'S REVIEW INTO THE MAYOR'S ROLE IN ECONOMIC DEVELOPMENT

London boroughs, the Mayor and business will need to work together to identify new ways of funding these schemes including:

- Lobbying the government to make finance mechanisms like Tax Increment Financing (TIF) available quickly and widely to London boroughs;
- Exploring new forms of institutional and private sector finance for infrastructure projects e.g. bonds;
- Considering how London can make more use of loans from the EU – for example, the European Investment Bank.

This work is highlighted as a strand within the London Enterprise Partnership proposal.

Funding and delivering skills

Increasing employment and skill levels among Londoners are significant challenges for the capital. Mainstream employment funding and programmes are increasingly centralised. The government has procured the Work Programme through a national procurement framework. There has been no opportunity for London boroughs to shape its development – despite their role in providing significant 'wrap around' services that are crucial for getting long term unemployed people into work such as childcare, housing, benefits and debt advice, children's centres and adult education.

The government is taking a demand based approach to funding skills – giving colleges and training providers the freedom to provide training that meets local demand. Public funding for skills training is being significantly reduced – with individuals and employers being expected to contribute; only people on specific active benefits³ can expect fully funded training beyond Level 2. ESOL funding has been significantly reduced.

The LSEB will be absorbed into the LEP. Whilst the focus of its work has yet to be agreed, priorities could be:

- Ensuring that the Work Programme is operating effectively in London, working with the prime providers. This should be undertaken at both a London level, Contract Package Area (CPA) and JCP district level. All discussions should be informed by borough-level performance data and borough intelligence and feedback. London Councils is working with boroughs, prime providers and the GLA on this;
- Ensuring that the new demand-led approach to skills is meeting the needs of business across London and that more disadvantaged communities are continuing to access skills training and placing a demand on the system – again, this should be informed by borough level data and intelligence.

The European Social Fund (ESF) has become an increasingly important source of funding for employment and skills activity is one of the more flexible funding pots left. The Mayor's role around European funding is changing as he will be responsible for both developing the strategic direction of funding and managing the funds within the GLA (previously undertaken by the London Development Agency). Consequently there must be a clear and transparent separation of these functions within the GLA. Priorities for European funding should be set with strong input from key stakeholders – boroughs, business and the voluntary and community sector. This could be a role

³ Jobseekers Allowance (JSA) and Employment Support Allowance (ESA) – Work Related Activity group

LONDON COUNCILS RESPONSE TO THE ASSEMBLY'S REVIEW INTO THE MAYOR'S ROLE IN ECONOMIC DEVELOPMENT

for the LEP. Once priorities are established, the Mayor should not attempt to micro-manage the selection, focus and delivery of projects.

Promoting London

As stated earlier, there should be a clear line of reporting from London & Partners and the LEP. Boroughs have an important role to play in attracting inward investment and promoting tourism and making this part of their economic development strategies. However, it is not clear how London and Partners will work with the boroughs or groups of boroughs in these areas, particularly inward investment. London and Partners should work with boroughs to ensure businesses are attracted across the whole of London. London Councils can help to facilitate this process.

Supporting London businesses

Given the lack of funding in the short term for business support activities, the Mayor should work with partners, particularly business, London Councils and the London boroughs, to:

- Identify effective means of supporting businesses through better regulation, planning policies, improving access to finance and procurement opportunities for SMEs etc;
- Identify priorities for London's business support to influence proposals to national funding programmes such as Technology Innovation Centres and the high-growth business programme;
- Continue to argue for more devolved arrangements for national business support initiatives to London and London boroughs, given the lack of access to the Regional Growth Fund in London.

The comments in relation to European Social Fund apply equally to the European Regional Development Fund (ERDF). However, there is an added issue in that the GLA could be in a position to both manage and to benefit from ERDF, in which case a robust separation of functions would be even more important.