

**THE EXECUTIVE**

**27 APRIL 2004**

**REPORT FROM THE DIRECTOR LEISURE AND ENVIRONMENTAL SERVICES**

<b>RESPONSE TO THE CONSULTATION ON THE MAYOR FOR LONDON'S DRAFT ECONOMIC DEVELOPMENT STRATEGY "SUSTAINING SUCCESS"</b>	<b>FOR DECISION</b>	
<p><i>This report is of strategic significance to the Council.</i></p> <p><b><u>Summary</u></b></p> <p>This report sets out the proposals contained in the draft economic development strategy, <i>Sustaining Success</i>, prepared by the London Development Agency (LDA) on behalf of the Mayor for London, along with a response prepared on behalf of the Council. The strategy looks to set shared priorities for all agencies involved in economic development in London. It sets these out under four broad priorities of investment in infrastructure and places, investment in people, investment in knowledge and enterprise and investment in marketing respectively.</p> <p>The Council's response is supportive of these four broadly drawn priorities for investment. It seeks clarification on the Mayor and LDA's role in the supply of homes in relation to other agencies such as English Partnerships and makes clear that the Borough will require significant investment in infrastructure to deliver growth in the number of jobs and homes. It also seeks a greater focus on skill levels as a priority for investment in people so that existing residents can benefit from the regeneration of the Borough.</p> <p><b><u>Wards affected</u></b></p> <p>This will have a substantial impact on all wards in the Borough, with a particular emphasis on the south of the Borough.</p> <p><b><u>Recommendation</u></b></p> <p>The Executive is recommended to endorse the Council's response to the Mayor for London's Draft Economic Development Strategy</p> <p><b><u>Reason</u></b></p> <p>To assist the Council achieve its Community Priorities of "Regenerating the Local Economy" and "Improving Health, Housing and Social Care".</p>		
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## **1. Background**

- 1.1 The draft strategy, *Sustaining Success*, is one of eight that the Mayor for London is required by law to produce. It is underpinned by the London Plan and seeks to promote strong and diverse economic growth, along with social inclusion and the sustainable use of finite resources. There is a clear commitment to steer growth to those parts of London where it is needed most and can be effectively accommodated. Regenerating the Thames Gateway is one of the regional priorities identified.
- 1.2 The document makes clear that, given the finite resources that the LDA has at its disposal, there is a need for partnership working with other stakeholders involved in delivering economic development, including Councils. The LDA is looking to secure a commitment from its partners to the aims and objectives outlined in the strategy.

## **2. Investment priorities in the draft strategy**

- 2.1 An analysis of the key issues in relation to economic development for London in the draft strategy leads on to four key investment objectives, each of which is associated with a series of strategic actions that will help in their delivery. The draft strategy also lists key indicators for each investment priority that will be used to measure progress. The four investment priorities are outlined in turn below.
- 2.2 *Investment in infrastructure and places* – Objectives 1-4 set out wide-ranging priorities relating to transport, the delivery of an adequate supply of commercial property and homes and the development of a healthy, sustainable, safe and high quality urban environment.
- 2.3 *Investment in people* – Objectives 5-8 set out labour market interventions that will enable all of London's residents to secure employment and businesses to secure the qualified employees they need to succeed.
- 2.4 *Investment in knowledge and enterprise* – Objectives 9-12 focus on support for the knowledge economy, support to small and medium-sized businesses (SMEs) and London's role as a business location. Objective 12 highlights creative, technology-intensive and green industries as key sectors that warrant targeted support.
- 2.5 *Investment in marketing* – Objectives 13 and 14 focus on international marketing and promotion of London as a centre of tourism, trade, learning, culture and a location for investment.
- 2.6 Full details of the objectives, strategic actions and high level indicators in the strategy are included at Appendix 1 to this report.

## **3. The Council's response**

- 3.1 The draft strategy is a key document that will set the framework of investment priorities for the LDA and key partners involved in the delivery of economic development within London. The Council's response seeks to influence the objectives, strategic actions

and key indicators of progress in ways that are favourable to the Borough, reflecting its pivotal position in the regeneration of the Thames Gateway.

- 3.2 Appendix 2 sets out the full response of the Council, which is supportive of the four broadly drawn priorities for investment, especially the inclusion of investment in infrastructure and places. The response seeks clarification on the Mayor and LDA's role in the supply of homes in relation to other agencies such as English Partnerships. It makes clear that the Borough will require significant investment in a range of infrastructure (including transport and utilities) if it is to achieve growth in the number of jobs and homes.
- 3.3 The Council's response seeks a greater focus on skill levels as a priority for investment in people and an expectation that it is included as a partner in the local implementation of actions under this investment heading. It stresses that the Council is actively looking for ways in which existing residents can benefit from the regeneration of the Borough through access to jobs and skills initiatives. The promotion of green industries, which accords with the strategy for Dagenham Dock, is strongly supported.

#### **4. Consultation**

- 4.1 Consultation on the draft strategy has been taken forward through a report to the Regeneration Board (30 March 2004) which includes all Chief Officers, the Head of the Regeneration Implementation Division and Councillor Kallar.

#### **Background papers used in the preparation of this report:**

Mayor for London / London Development Agency, Sustaining Success: Developing London's Economy – Draft Strategy

## **Investment in infrastructure and places**

### **Objective 1: Support the objectives of the London Plan**

- 1a ensure co-ordinated strategy development and delivery across London, and in the Thames Gateway in particular (including inter-regional co-ordination where appropriate)
- 1b apply London Plan policies to help deliver a sustainable pattern of development in London
- 1c ensure joined up-interventions in the fields of physical development, skills and business support.

### **Objective 2: Deliver an improved and effective infrastructure for London's future growth and development**

- 2a make the economic, social and environmental case for London and help ensure the delivery of major projects that are critical to London's growth (such as Crossrail, the Thames Gateway Bridge and Wembley Stadium), as well as securing funding for vital improvements to the existing transport system
- 2b implement the Mayor's Transport Strategy
- 2c maximise the use of London's 100 per cent broadband availability
- 2d maximise the economic, social and environmental benefits from investments in infrastructure
- 2e ensure that the required infrastructure is in place to support bidding for – and holding – the 2012 Olympic Games, while maximising the lasting legacy for London
- 2f address labour shortages in the development and construction sectors and build the capacity of London firms to respond to supply chain opportunities, in order to avoid delays to key projects.

### **Objective 3: Support the delivery of an adequate supply of commercial property and homes**

- 3a ensure an adequate supply and mix of housing that is accessible to all income levels and is suitable to meet the diverse needs of all of London's people
- 3b ensure an appropriate strategic approach to land use in London and retention of essential employment sites, while facilitating changes of use in appropriate locations.

### **Objective 4: Promote the development of a healthy, sustainable, safe and high quality urban environment**

- 4a support the objectives of the Mayor's environmental strategies

- 4b develop an integrated approach regeneration, to the fostering of regeneration expertise and the sharing of best practice
- 4c develop and implement initiatives to improve the design and management of public spaces and places, while ensuring issues of energy efficiency, noise and air quality, safety, health, biodiversity, and sustainable design and construction practices are taken into account
- 4d take action to encourage developers and all businesses to adopt environmentally friendly goods and services
- 4e support the adoption of sustainable construction and design practices and address the strategic location needs of waste, recycling and other environmental industries
- 4f develop and implement new forms of partnership to attract private investment and other new resources to achieve development objectives.

### **Indicators**

- Expected phased completion of Crossrail 1 from 2012 and of Thameslink 2000 by 2012.
- Increase in supply of housing and affordable housing over the economic cycle of 458,000 units by 2016, at a minimum rate of 23,000 net additional homes per annum with a target of 50 per cent being affordable.
- Increased number of new eco-homes and a greater percentage of new buildings with high sustainability rating as a share of all new homes by 2016.

## **Investment in people**

### **Objective 5: Tackle barriers to employment**

- 5a improve accessibility, affordability and availability of childcare
- 5b act to reduce and, where possible, eradicate barriers to women, disabled people and those from black and minority ethnic backgrounds from entering employment in high level positions
- 5c increase the accessibility of lower paid employment through better use of in-work support
- 5d encourage the expansion of flexible and family-friendly employment practices in the public and private sectors
- 5e support active labour market approaches to developing pathways to employment
- 5f improve the standard of training and business support to meet the needs of the wider community

**Objective 6: Reduce the disparities in labour market outcomes between groups**

- 6a ensure that employment programmes proportionately benefit disadvantaged groups in London
- 6b target interventions to address specific barriers to the labour market faced by particular groups
- 6c ensure that all London's employers are ready to implement Part III of the Disability Discrimination Act

**Objective 7: Improve the skills of the workforce**

- 7a promote and improve links between education and business
- 7b make the case for increased educational resources, particularly to help those facing additional economic burdens, including women, black and minority ethnic groups and disabled people
- 7c support training for those re-entering employment after periods of inactivity, promote progression and ensure sustainability of outcomes
- 7d ensure London businesses are fully engaged in identifying skill needs and developing provision and initiatives to address them.

**Objective 8: Address the impacts of the concentration of disadvantage**

- 8a ensure that existing and planned housing developments lead to balanced, healthy and sustainable communities, including provision of safe play areas and amenities
- 8b increase participation and attainment of disadvantaged pupils
- 8c ensure disadvantaged young people are able to participate fully in society

**Indicators**

- Government targets for widening participation in higher education achieved.
- The gap between the Job Seeker Allowance claimant rate in the 20 per cent most deprived wards in London and the London average is eliminated by 2016.
- Age-specific unemployment rates for black and minority ethnic groups to be no higher than for the white population by 2016; 50 per cent reduction of the difference by 2011.
- Difference in employment rates between disabled and non-disabled residents are halved by 2016.

## **Investment in knowledge and enterprise**

### **Objective 9: Increase participation in the knowledge economy**

- 9a increase the take-up of product, process or service innovation in a wider variety and number of businesses
- 9b provide infrastructure for start-up and sustenance of high growth businesses
- 9c support growing and high potential technology sectors
- 9d increase access to finance for businesses facing a barrier (such as start-ups or black and minority ethnic owned businesses)

### **Objective 10: Support SMEs to increase survival, productivity and employment potential**

- 10a increase the supply of affordable SME accommodation
- 10b deliver customer-responsive, high-impact business advice to SMEs
- 10c support development of, and advice to, social enterprise and voluntary organisations

### **Objective 11: Maintain London's position as a key business location**

- 11a maintain London's position as a key destination for inward investment
- 11b retain businesses in London where economically efficient and feasible
- 11c promote enterprise in areas with low business start-up and survival rates

### **Objective 12: Support improvements in productivity through targeted sector interventions**

- 12a support successful clusters such as creative, tourism and technology-intensive industries
- 12b promote green industries and services to help meet the Mayor's target of 10,000 jobs and ensure the promotion of resource efficiency and goods and services to improve business productivity and environmental sustainability.

### **Indicators**

- London maintains its position as the leading recipient of Foreign Direct Investment in Europe in 2016
- The gap between the proportion of innovation-active firms in London and the UK average (as defined by the Department of Trade and Industry) is eliminated by 2016.
- Year-on-year increase in expenditure on green products by London's businesses, through the Mayor's Green Procurement Code.

## **Investment in marketing and promotion**

### **Objective 13: Invest in and deliver new products to support effective international marketing and promotion**

- 13a counter negative perception of London and develop a shared marketing and promotional resource for London
- 13b raise the level of foreign direct investment in London
- 13c attract domestic and international students to London
- 13d benchmark London's offerings with other international cities

### **Objective 14: Reinforce and develop London's status as a top international destination and gateway to the UK for tourism, inward investment, learning, trade and culture**

- 14a develop London's capacity to compete for business and convention tourism and to host major events
- 14b increase the returns from London's role as a centre for international students
- 14c strengthen London's gateway role to promote the rest of the UK
- 14d increase the appeal of less visited parts of London as a destination
- 14e counter unexpected downturns in tourism and investment
- 14f improve the quality of London's visitor accommodation

### **Indicators**

- Successfully hosting a major new international sporting event by 2016.
- Decline in London's market share of world tourism arrested by 2016.
- Number of international students studying at London Higher Education Institutions increased by 15 per cent by 2016, maintaining London's above average national share.



**Sustaining Success: Developing London's Economy – Consultation on Draft Strategy**

**1 Response of the London Borough of Barking and Dagenham**

- 1.1 The Council supports the four broadly drawn priority areas identified in the draft strategy (investment in infrastructure and places; investment in people; investment in knowledge and enterprise; investment in marketing and promotion) and the commitment to target resources on, among other things, the regeneration of the Thames Gateway. In particular it welcomes the inclusion of investment in infrastructure and places, particularly transport, as a vital underpinning to the functioning of London's economy and to the regeneration of Barking and Dagenham.
- 1.2 Whilst there is agreement with these high level objectives the Council will be concerned to ensure that it is fully consulted and involved in their implementation with the London Development Agency and other partners. Comments on each of the priority areas, analysis of issues, objectives and actions where appropriate are addressed in turn below.

**2. Investment in infrastructure and places**

- 2.1 In respect of references to housing it is unclear from objectives 1 and 3 and their associated activities whether the role of the London Development Agency is in supporting or delivering the supply of homes in London, especially in the Thames Gateway. This is further complicated by other regeneration agencies such as English Partnerships, who have a specific remit around this issue, along with questions around the role of the prospective Urban Development Corporation. Clarification is therefore sought by the Council on the LDA's role.
- 2.2 Strategic action 3a sets out the need to ensure "an adequate supply and mix of housing that is accessible to all income levels". In this respect there is a need for the identification of key worker needs, particularly for Barking and Dagenham which is expected to accommodate a significant degree of growth in the Thames Gateway both in terms of housing and associated social infrastructure. This should therefore be included as a proposed activity.
- 2.3 A significant concern for existing businesses in Barking and Dagenham is the affordability of business space to both lease and buy. A further concern is the mix of premises that are available, with a need to supply smaller premises in certain locations. This has an impact on business retention and survival. This is not currently reflected in the strategy and should be included within Objective 3 as a key action, along with the need to create new affordable space and to the protection and enhancement of existing second hand space which serves this function.

- 2.4 The draft strategy states that “If London’s economic development potential is to be realised, it needs significant investment in both its infrastructure and places”. Barking and Dagenham can achieve significant employment growth as part of the delivery of the Sustainable Communities Plan only with significant investment in terms of infrastructure, transport, utilities, environmental improvements and remediation of land.
- 2.5 The Thames Gateway generally and London Riverside in particular face significant utility servicing issues in delivering the density of jobs and homes sought. Power shortages are already resulting in delayed employment development. As the draft strategy states that “sustainable, safe and secure delivery of key utilities is required” the LDA should work to secure investment in sustainable power supply and other utility infrastructure, looking at innovative methods such as combined heat and power systems and other renewable systems, in order that housing and job targets for the Borough can be met. The commitment to the regeneration of the Thames Gateway must be backed by significant financial support.
- 2.6 In respect of strategic action 2d (maximising the economic, social and environmental benefits from investment in infrastructure) the proposed activity should look to encompass more than transport. The need to ensure that all developments benefit existing local communities is also addressed under Investment in People below.
- 2.7 With respect to strategic action 3b (ensure an appropriate strategic approach to land use in London and retention of essential employment sites, while facilitating changes of use in appropriate locations) it should be explicitly recognised that the Council is best placed to understand local circumstances and to determine whether industrial land should be reallocated.
- 2.8 The Council strongly supports strategic actions 4d and 4 e of encouraging the adoption of environmentally-friendly goods and services. This accords with the strategy for green industries at Dagenham Dock.

### **3. Investment in people**

- 3.1 The principal weakness in this priority area is the relative lack of emphasis placed on the skills agenda, as set out by the Government in the national skills strategy, *21<sup>st</sup> Century Skills: Realising Our Potential*. In particular the vital importance of basic skills and the need to increase the proportion of the adult workforce qualified to NVQ Levels 2 and 3 or equivalent needs to be an explicit objective.
- 3.2 Levels of unemployment and employment rates are, of course, indicators of labour market disadvantage. However, economic disadvantage is also reflected in low skills and low pay. According to the census, Barking and Dagenham has the highest proportion of adults with no qualifications in London (almost 40%). Additionally, the English Local Labour Force Survey shows 50% of Borough residents fall below Level 2 in terms of qualifications, while 74% fall below Level 3. These are the highest in London East and well above the corresponding figures for London of 28% and 46% respectively. These figures directly translate into the very low average wage rate of Borough residents.

- 3.3 The draft strategy recognises that “because the demand for labour is concentrated far more in higher skilled (and higher paid) occupations than in other parts of the UK, those with low qualifications face higher risks of exclusion from the labour market”. Welcome though pathways to employment are, they need to be accompanied by a much greater focus on workforce development for those in lower paid employment. Those with low levels of skills need to be explicitly recognised as a disadvantaged group.
- 3.4 If the draft strategy is setting the priorities for all agencies involved in economic development in London then the national skills strategy targets which filter down to the Learning and Skills Councils need to be explicitly acknowledged and included as a key action under the objective of improving the skills of the workforce. At present there is only a brief reference to the Framework for Regional Employment and Skills Action (FRESA).
- 3.5 The Council agrees that the availability of childcare is a crucial determinant in the supply of labour, particularly for women. However, the strategy should recognise the existing financial commitments made in this respect under the Sure Start and Children’s Centre initiatives. These have as a crucial aim the reduction of the proportion of children in workless households. The draft strategy needs to underpin and build upon these initiatives, recognising the crucial role being played by local authorities in their delivery.
- 3.6 The Council welcomes the commitment to tackling the barriers to employment faced by people with disabilities. Greater London Authority analysis of published Labour Force Survey figures shows that almost a quarter of working age residents in Barking and Dagenham have a disability, the highest in London. The Council has, through the Local Strategic Partnership, supported a Welfare to Work for Disabled People project with pump priming from the Neighbourhood Renewal Fund. The commitment to financially support and develop such initiatives at a local level under strategic action 5e is welcome.
- 3.7 The Council has recently adopted Economic Development, Access to Jobs and Workforce Development Strategies. These stress that, as part of the regeneration of the Borough and the wider Thames Gateway, the Council will look to explore how local residents can directly benefit through pathways to employment and upskilling initiatives. Actions will take place through the Council’s roles as planning authority and major local employer as well as its significant procurement programmes. As such commitments to support the construction sector are particularly valuable and the Council would be expected to be included as a key partner in their implementation locally to maximise the benefit to existing local communities.
- 3.8 The Council sees itself as a key partner in all of the strategic actions listed and would expect to be included as a partner in their local implementation. There are a number of reasons for this. Like other authorities the Council is a funder and deliverer of business support initiatives / networks, adult and community learning and support for the voluntary sector. It also supports a groundbreaking Adult Basic Skills Initiative, an Adult College and a Training Services arm that focuses on skills development for young people aged 18-24.

- 3.9 In partnership with the University of East London and Barking College the Council is leading on the development of a Lifelong Learning Centre in the mixed used scheme for Barking Town Square that will focus on the delivery of training to the education, health, social care and public administration sectors, along with basic skills provision, integrated with the Council's main library facility. The education authority also leads for the Council in the Early Years Development and Childcare Partnership and the Children's Centre Initiative. A new fully extended school is being built in the Borough incorporating a training facility for 16-25 year olds, a children's centre, adult learning facilities and a library, as well as a secondary school.
- 3.10 The Council also supports job brokerage activities through the Heart of Thames Gateway Jobnet project, which is LDA funded. Actions and activities that do not take into account the Council's role in these respects will not lead to the optimal use of public funds, but result in overlap and duplication.

#### **4. Investment in knowledge and enterprise**

- 4.1 The Council supports the strategic actions contained in Objective 9 (increase participation in the knowledge economy) and would want to see a targeted approach to presenting a package clearly to businesses. This should be combined with the effective business support contained in strategic action 10b (customer responsive, high impact business advice to SMEs). Strategic action 10a on access to finance should be reworded to take into account expansion rather than start-up. The Council should be regarded as a partner in strategic action 10c (development and advice to social enterprises) particularly in relation to procurement.
- 4.2 Strategic Action 11b, looking at the retention of businesses in London, needs to be accompanied by measures in relation to accommodation. The Council strongly supports strategic action 12b (promotion of green industries) which accords with the strategy for green industries at Dagenham Dock.

#### **5. Investment in marketing and promotion**

- 5.1 Many of the actions and activities here are not directly relevant to the Council but have been noted. However, the Council would welcome the opportunity to explore how it could contribute towards action 14d (increasing the appeal of less visited parts of London as a destination) through the promotion of heritage and conservation attractions in the Borough such as Eastbury Manor House, Valence House Museum and Eastbrookend Country Park / Millennium Visitor Centre.