

Economic development

A Review by the Public Accounts Select Committee



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Members of the Select Committee

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Chair's introduction

Cllr Alex Feakes



The Council's Economic Development Service plays a vital role in encouraging a thriving, dynamic and creative local economy with the aim of making Lewisham one of London's most attractive, vibrant and prosperous boroughs. However, the service is in a period of transformation as it seeks to respond to the significant reduction in the amount of external funding available to the service; the effects of the current economic downturn; and the introduction by central Government of a raft of new measures impacting upon economic development, including a new statutory duty to assess local economic conditions.

Partly in response to these developments, the council decided that the service should be re-structured; and we therefore felt that a scrutiny review into how the restructured service was able to respond to these emerging local and national priorities, would be very worthwhile.

I believe our findings and recommendations will help ensure that Lewisham's Economic Development Service focuses on the right priorities in the context of reduced external funding; can respond effectively to new government measures in a way which adds value to the services it provides and influences the London Development Agency's and London Mayor's economic development plans and investment strategies; and is in a position to provide effective support, guidance and information to residents and businesses as to how they might overcome the worst effects of the economic downturn.

Cllr Alex Feakes

Chair of the Public Accounts Select Committee

Terms of Reference

Our review considered (a) the implementation of the restructuring proposals put forward in an externally commissioned review into the options for the future staffing and resource structure of the economic development service; and (b) the ability of the re-designed service to respond to government and local priorities.

The following terms of reference were agreed for the review:

The review will seek to answer the following key questions:

1. Have all the proposals in the commissioned review, relating to the preferred option, been implemented? (If not, why not?)
2. Has implementation of the proposals been sufficient to ensure the service stays within budget and meets (a) the expectations of Central Government in relation to economic development; and (b) local expectations?
3. Does the Committee agree that implementation of the proposals put forward in the consultant's report, including the 'slimmed down' structure, has resulted in the best way forward for the economic development service? (If not, are any additional actions required?)
4. Can anything more be done to respond to (a) the expectations of Central Government; and (b) local expectations?

The review will aim to identify specific actions that might be taken by the Council to further improve the economic development service and enhance its ability to respond to both its strengthened economic development role and local priorities.

Executive summary

Our review found that, in the context of shrinking external funding, the new lean model had been successful in reducing the Economic Development Service's dependency on that funding, by containing all core costs within the base budget and only using external funding to cover programme development costs. However, it must be recognised that introducing such a model in the midst of very challenging economic circumstances, is not ideal. It is important that key projects and services are maintained; and priorities considered carefully. Small businesses need to be provided with increased support, worklessness needs to be robustly addressed and vibrant town centres need to be sustained. We have therefore made ten recommendations to help ensure that the Economic Development Service focuses on the right priorities in the current economic downturn, helping to tackle unemployment; maintain the vibrancy of the borough's town centres and smaller shopping parades; and effectively support and guide local small businesses.

Long-term worklessness

We do not feel that the stringent targets around getting the long-term unemployed back into work, to which funding for the Opening Doors service (a crucial service given the current economic circumstances) is linked, are fair. The targets are increasingly harder to achieve given the economic downturn and funding for such a vital service should not be put at risk as a result of factors beyond the Council's control. We would also like to see Council work experience opportunities for all local training projects made easier to obtain, so that these training projects can more easily offer beneficial and varied local authority work experience placements to their clients.

The promotion of small businesses

It is our view that more support should be provided to small businesses. They need to be provided with more information on the help available to them; and specifically, they need to be encouraged to tender for contracts with the Council. To this end, Council contracts, wherever possible, should be broken down into a number of smaller-value lots to increase the likelihood of small local businesses tendering successfully. We would also like to call on the Government to reduce business rates.

Vibrant town centres

A major drawback of the lean model is that the proposed expansion of the town centre management programme to cover some smaller town centres is no longer possible. Whilst we accept that prioritisation must take place when there are limited resources, we feel that there is a strong case for support being offered to smaller town centres and shopping parades to avoid a 'tipping point' being reached where there are too many empty shops and the wrong sorts of businesses.

Local targets

It is our view that, in addition to Local Area Agreement targets which are developed nationally, there should be specific 'local' targets based on local priorities.

Methodology

The review was delivered in the following way:

Two evidence gathering sessions were held in **December 2008** and **March 2009**. These sessions involved:

Assessment of documentation: Officers provided us with comprehensive written information on all aspects of the restructured economic development service and a copy of the externally commissioned report.

Questioning of officers: Officers attended the first evidence session to discuss the restructuring of the service and the service's key priorities; and to answer our questions. Officers also attended the second session to discuss the new statutory role for local authorities in relation to economic development.

Questioning of external witnesses: Representatives from local businesses and training providers attended the second evidence session to discuss their needs and priorities in relation to the Council's economic development service.

Specifically, the following written and verbal evidence was considered at each session:

Evidence session one:

- Written and verbal evidence from the Head of Planning and the Head of Economic Development on the proposals advocated in the commissioned review, their implementation and their impact.

Evidence Session two:

- Written and verbal evidence from the Head of Planning and the Head of Economic Development on the new role for local authorities in relation to economic development, including the statutory duty to assess local economic conditions, and the ability of the restructured service to respond to this new role.
- Verbal evidence from two small business owners¹, South East Enterprises, MacDonald Egan, the North Downham Training Project and 170 Works on local needs and expectations in relation to the economic development service.

In addition, we sent a series of follow-up questions to officers following the first evidence session and we received written responses to these questions. We also requested further information on the role

¹ Deborah Le'cand, owner of Khaana and Appetito restaurants in Catford; and Mark Stacey, owner of Riva Lounge restaurant and events venue in Catford.

of the town centre managers, following the first evidence session; and further information on the Economic Development and Enterprise Board and the Small Business Friendly Concordat following the second evidence session.

Minutes of the two evidence sessions, the written responses provided to the follow up questions, the additional information requested and the budget for the Economic Development Service 2009/10 can be found at Appendices B – F.

Findings

A: Background

The Local Context

1. Lewisham's economic development service is in the final stages of being restructured in light of an external review into the options for the future staffing and resource structure of the service, commissioned by the Head of Planning in view of shrinking external funding. We noted at the start of our scrutiny review that the Regeneration Directorate Management Team had accepted all the proposals put forward in the external report, relating to the 'lean' service model option, which was based on using the £900k Council base budget to maintain core strategic competencies at management level within the Council, whilst placing a greater emphasis on partnership working and contracting out for the delivery of some services; and was in the process of implementing them. We also noted that the resultant slimmed down structure would necessitate the service targeting key work areas at the expense of more generic working and that specifically, the "lean" service would concentrate on:
 - Management focus on direction setting and maintaining capacity for procuring external funding.
 - Delivering the Government's "worklessness" agenda with the employment support service targeting the borough's incapacity benefit claimants and lone parents and offering in-depth support to enable them to re-enter the job market or further education.
 - Re-focussing the business support programme away from new starts and towards more in-depth support for existing small and medium enterprises to support sustainability and growth.
 - Concentrating town centre support on the twelve principal town centres in the borough divided into four area-based patches.
 - Developing the local labour scheme to enable local people and small businesses to take advantage of the numerous development opportunities taking place in the borough over the next few years.

The Regional context

2. At a regional level, the London Development Agency has set out a series of core thematic aims and objectives within its economic development strategy². Other key regional influences are the

Thames Gateway regeneration strategy and the London East LSC Annual Plan. The Thames Gateway London Sub-Regional Economic Development Implementation Plan for the east sub-region identifies key areas to the north and centre of the borough – Deptford, New Cross, Lewisham Central and Catford as the key opportunities for addressing large scale regeneration in a sub-regional context. The London East LSC Annual Plan recognises the London East area as one of the most diverse in terms of affluence and poverty and has identified the following priority areas:

- Improve Educational Opportunities for All Young People
- Tackle London’s Skills and Employment Gap
- Raise the Effectiveness and Performance of the Learning and Skills Sector
- Integrate Skills within Economic Development and Local and Regional Regeneration
- Equip Londoners with Skills to Benefit from Investment in the London 2012 Olympic and Paralympic Games .

The National Context

The review of sub-national economic development and regeneration

3. The 2007 Comprehensive Spending Review was informed by a series of policy reviews, one of which was a review of sub-national economic development and regeneration³ to consider how to strengthen economic performance in regions, cities and localities throughout the country. As a result of the review, the Government will be implementing a range of proposals to encourage economic growth and tackle deprivation by:

- Strengthening the local authority role in economic development,

² These are: Investment In Places And Infrastructure: Supporting the delivery of the London Plan by promoting sustainable growth and economic development; delivering improved and effective infrastructure to support London’s future growth and development; and delivering healthy, sustainable, high quality communities and urban environments; Investment In People: tackling barriers to employment; reducing disparities in labour market outcome between groups; and addressing the impacts of concentrations of disadvantage; Investment In Enterprise: Addressing barriers to enterprise start-up, growth and competitiveness; maintaining London’s position as a key enterprise and trading location; improving the skills of the workforce; and maximising the productivity and innovation potential of London’s enterprises; and Investment In Marketing And Promotion: Ensuring a coherent approach to marketing and promoting London and developing maintaining it as a top international destination and principal UK gateway for visitors, tourism and investment.

³ Further Information available at: http://www.hm-treasury.gov.uk/media/9/5/subnational_econ_review170707.pdf

including a new statutory duty to assess local economic conditions.

- Empowering local authorities to promote economic development and neighbourhood renewal, with greater flexibility, stronger partnership working and cooperation from other agencies, and better incentives for achieving economic growth and for ensuring disadvantaged areas benefit from and contribute to economic development.
 - Taking a differential approach that supports local authorities to work together more effectively where they so wish, for example through pooling resources, responsibilities and targets at the sub-regional level, and supporting the development of robust decision-making at this level.
 - Sharpening the focus of central government on sub-national devolution – with clearer objectives and responsibilities within central Government and improved accountability arrangements.
4. The Government's response to the consultation on its plans to take forward key Sub National Review recommendations has been published,⁴ setting out exactly how it will deliver the above proposals, having taken into account the views of local authorities. A cross-Government programme has been established to manage the implementation of the proposals with the Department for Business, Enterprise & Regulatory Reform and the Department for Communities and Local Government jointly responsible.
 5. The future direction of the Council's economic development service will be influenced by the proposals that have come out of the review of sub-national economic development and regeneration and, positively, the Council's role in economic development will be strengthened by the new statutory duty to assess local economic conditions. The duty falls on individual London boroughs rather than the Greater London Authority, although each borough will be required to consult with the Greater London Authority in preparing their assessment.

Other Government priorities

6. A key Government policy is the issue of worklessness. Tackling worklessness is at the heart of the Green Paper "*No one written off: reforming welfare to reward responsibility*"⁵ published in July

⁴ Further information available at: <http://www.berr.gov.uk/regional/sub-national-review/page40430.html>

⁵ See: <http://www.dwp.gov.uk/welfarereform/noonewrittenoff/noonewrittenoff-complete.pdf>

2008. The Government welfare reform programme aims to achieve an 80 per cent employment rate “full employment in our generation” and aims, amongst other things, to get one million people off incapacity benefit by 2015. The key themes of the Green Paper are:

- An obligation to work.
- No one written off – more support, more responsibility.
- Helping people to remain in work.
- Devolving power to personalise support.
- A right to control for disabled people.
- Simplifying the benefits system.

7. The Government is also developing a range of employment and enterprise policies designed to respond to the challenges faced in the current economic downturn. The proposals being developed aim to support small and medium sized businesses by improving access to finance and support for businesses with retraining for staff who are being made redundant.

B: The ‘Lean’ Economic Development Service

8. The key objectives of the Council’s economic development service are:

- encouraging local business growth and diversity
- promoting the area to attract new and sustainable investment
- maximising funding opportunities to assist infrastructure development
- encouraging individuals and organisations to adopt 'lifelong learning' to equip them to compete now and into the future
- promoting prosperous and vibrant town centres
- assisting local community groups to harness resources.

9. The economic development service runs a number of services and projects, including:

- **The ‘opening doors’ employment service** – helping residents with careers advice, writing CVs, applying for jobs, interview preparation and ‘finding work’ training
- **The town centre management service** – supporting independent retail

businesses and promoting and developing local town centres

- **The local labour scheme** – engaging with developers and Registered Social Landlords to promote local employment through Section 106 (S106) and other mechanisms
 - **The business advisory service** – run in partnership with South East Enterprise, providing information, advice and training for businesses and people wishing to start up in business.
10. However, the significant reduction in the amount of external funding available to the service; the effects of the current economic downturn; and the implementation of the ‘lean’ service model (see paragraph 48) have resulted in a particular focus on long term worklessness and the promotion of small businesses (which provide the most significant source of future local jobs), both felt to be key priorities for Lewisham. The service also places a particular emphasis on encouraging prosperous and vibrant town centres as these are felt to be critical to preserving and enhancing the long term economic resilience of the borough.

Key priority one: Long term worklessness

11. At the first evidence session held on 9 December 2008, we were informed that, whilst a more targeted approach had been adopted throughout the economic development service, this had particularly been the case within the employment development area. We noted that all resources in the Opening Doors team were now targeted towards assisting incapacity benefit claimants and lone parents into work, a change from the generic employment support to all unemployed residents provided in past years. We were also informed that partnership work had been developed across the Council to imbed the worklessness agenda. Much of the work was focussed on the 12 super output areas⁶ within the borough where the benefit claimant rate was above 25%.
12. We expressed concerns around the short-term unemployed/long-term unemployed split between Job Centre Plus and the Council (with Job Centre Plus focussing on the short term unemployed and the Council focussing on the long term unemployed) as we felt that it was a more difficult task for the Council’s Opening Doors service to get the long term employed back into work than it was for Job

⁶ A Super Output Area is a unit of geography used for statistical analysis. Super Output Areas are not subject to frequent boundary change so are more suitable for analysing statistical information figures than other geography units (such as Wards) because they are less likely to change over time.

Centre Plus to get the short term employed back into work. We were told that the short-term/long-term split between Job Centre Plus and the Council had always existed although it was becoming more defined. It was also unlikely to change as funding for the Opening Doors service was linked to targets around getting the long term unemployed back into work. We were also told that the current economic climate was making these targets harder to achieve, although funders were aware of the difficulties being caused by the downturn. We were concerned that, at present, there has been no relaxation in the targets.

13. Our concern was echoed by Caroline Hamilton from 170 Works (a training service funded through the New Cross New Deal for Communities Programme⁷), who commented at our second evidence session, held on 10 March 2009, that it would be helpful if the targets around getting people back into work applied by Funders to her organisation were re-thought through in response to the economic downturn. Her project had targets relating to sustainable employment which meant that anyone they helped access employment had to (a) be unemployed at the point of going into work; (b) enter a job that involved working for 16 hours or more per week; and (c) stay in the job for at least 26 weeks, for the project to be able to count it. 170 Works had found that, due to changing nature of the labour market (with more temporary part-time jobs) targets were not reflecting how people were moving in and out of employment. Caroline felt that it might be more effective to measure employment outcomes in different ways and that, due to the economic downturn, it might no longer be cost effective to target certain groups, such as those on incapacity benefit, as much as before. Following the evidence session we found out that 170 Works had successfully negotiated a variation of their “into employment” target.
14. We also took evidence from officers on the local labour scheme and heard that it had been developing steadily and, following the closure of the construction training service in March 2008, had concentrated on facilitating Construction Skills Certification Scheme training, providing unemployed local people with the necessary site safety certificate to gain site work, and forging links with local contractors working on both public and private projects within the borough.

⁷ The service offers careers guidance, entry to employment training programmes, job-brokerage, specialist advice for school leavers and young people, back to work benefit/debt advice and mentoring to New Cross Gate unemployed residents (amongst the most disadvantaged unemployed residents in the borough).

15. At the evidence session held on 10 March we heard from Sue Barry from the North Downham Training Project, a scheme which provides a range of training activities for local people including a fast track to work course offering back-to-work training; Job preparation training; and work experience placements; in addition to hearing evidence from Caroline Hamilton from 170 Works.
16. In terms of interaction with the Economic Development Service, Sue informed us that her organisation worked closely with the Council's Employment Development Manager who was very supportive and provided good advice and information. Caroline told us that the Employment Development Manager had introduced her organisation to the Diamond Initiative (a pilot scheme to help prevent convicted criminals from re-offending, operating in Lewisham, Lambeth and Newham) which was very welcome and had attended their launch event.
17. We asked about the effectiveness of both training projects in getting people into work and the impact of the recession. Caroline reported that more short term contracts were being offered, with employees in and out of work very quickly and that people were tending to get temporary, rather than permanent jobs following training. Sue reported that, although her organisation was currently focussing on getting people into further training rather than into work, she had noted that more people appeared to be looking for lower level jobs. In addition, people had it in their mind that it was harder to find work because of the recession and this was proving to be a barrier to finding work. We then asked what assistance the projects would like to see from the Council in order to help boost their success rates. Sue reported that her organisation needed to find forty placements each year for its trainees and that it would be helpful if it was easier to arrange work experience with the Council, as it was a big employer and provided very useful and wide-ranging work experience. Caroline reported that her organisation needed to provide more focussed training around sustaining employment once in work (e.g. office etiquette) and needed to offer more careers guidance generally.
18. Martin Nash from McDonald Egan, a South London-based property company involved in residential and commercial developments in some of London's key regeneration areas, reported that his company had worked with 170 Works to take on apprenticeships and offer work experience in relation to major schemes. However, he felt that offering apprenticeships in the current economic

circumstances was difficult for companies, as it was a long term investment. Companies generally did not get any value off trainees during the first year.

19. After taking in to consideration all the evidence provided to us on long term worklessness, it is our view that:
- The stringent targets around getting the long-termed unemployed back into work, to which funding for the Opening Doors service is linked, are increasingly harder to achieve given the economic downturn. This is a cause for concern and we would like to see the targets relaxed.
 - The North Downham Training Project needs to find forty placements each year for its trainees and feels that it would be helpful if it was easier for trainees to secure work experience with the Council. We would like to see Council work experience opportunities for all local training projects made easier to obtain.

Recommendations:

1) That the Council lobbies funders to relax the targets around getting the long term unemployed back into work in view of current economic circumstances, to ensure that funding is not at risk due to factors beyond the Council's control.

2) That, as part of the Mayor's recently announced apprenticeship scheme, a minimum of 25% of the available apprenticeship places / work placements are allocated to local schemes such as the North Downham Training Project, with the rest open to competitive allocation.

Key priority two: The promotion of small businesses

20. At the evidence session held on 9 December we were informed that, over the coming 3-4 years, in order to support small businesses, the service would be seeking to increase its intelligence on the local property market and the external demand for business property. (See paragraph 43). This would help:
- Make the case for widening the supply of small and medium sized business workspace
 - Match demand and supply of such workspace appropriately as this comes forward on major redevelopment sites

- Orchestrate specialised approaches to small workspace provision linked to the development agreements concluded with property developers of mixed use schemes.
21. We welcomed this and also noted that the challenging economic circumstances affected the type of services offered to small businesses and that, for example, there was now a greater emphasis on supporting existing businesses to survive, rather than supporting new starters. However, we also noted that there appeared to be as many start ups as before the recession, which was a pressure as the economic development service was unable to meet demand for start up advice.
 22. In relation to training opportunities for small businesses, we asked officers if the Learning and Skills Council (LSC) funded opportunities for training were being advertised. We were informed that the LSC funded training had not been publicised that much as it was only available for businesses with more than five employees; and the majority of businesses in Lewisham employed fewer than five employees. The Council, however, had run training programmes for retailers, although it was difficult for them to spare the time to attend training courses. For that reason, they tended to prefer mentoring and the eight hour mentoring opportunities (that took place in shops rather than at external venues) and which were funded by the London Development Agency (LDA) had been very successful. However, such tailored training was very expensive and under the new lean model, the Council was not in a position to fund this.
 23. We also asked officers if the re-letting of the new Business Link contract had had an impact on small businesses in the borough and we were told that, since the contract had been re-let, the Economic Development Service had enjoyed closer contact with Business Link and was now 'on their radar'. They had been involved in talks about mixed use sites in the borough, suitable for small businesses, and had helped the council in identifying potential occupants. We noted that previously, the Thames Gateway development involving large commercial investment had been a huge focus for Business Link, meaning that they were not really involved in Lewisham projects. However, this had changed recently and Business Link was beginning to look at the bigger picture and realise that there is a lot going on in Lewisham.
 24. At the evidence session held on 10 March we heard from the owners of three small local businesses - Deborah Le'cand, owner of the Appetito and Khaana restaurants in Catford; and Mark Stacey,

- owner of Riva Lounge restaurant/events venue in Catford. We started by asking about their relationship with The Economic Development Service. We heard that both Mark and Deborah had taken up the offer of shop improvement grants after meeting the local Town Centre Manager (TCM). Both felt that it was useful to have a single point of contact (the TCM) with the Council.
25. We also heard that the TCM had offered both businesses help with marketing and was working on a joint advertising deal between the theatre and local restaurants. Both businesses also received regular emails offering assistance and information from the TCM and specific help with issues such as suppliers. Furthermore, the TCM was working on getting local businesses to come together with regular meetings so they could help each other and address issues of communal concern.
 26. We asked the witnesses what more they felt the Council could do to help their businesses. Deborah suggested that providing a welcome pack for new businesses when they first contacted the Council (or when triggered by VAT registration) setting out all the different services offered by the Council would be helpful. Mark agreed that it might be helpful if there was a way of advertising the 'whole package' and not just the TCM element of the economic development services offered by the Council. Deborah also mentioned that it would be helpful if Shop Improvement Grants were re-introduced.
 27. We heard that the recession had had an impact on business at Khaana and Riva Lounge and that marketing help from the Council might help. Although not in the control of the Council, Deborah commented that it would be helpful if business rates could be reduced for a temporary period or if more flexibility/cashflowing could be offered in terms of payments. The rates were high and the small business discount was only 1%.
 28. Martin Nash from McDonald Egan informed us that, in Haringey, 'meet the buyer' events were sometimes held, where developers and contractors got together with small local businesses, with the aim of encouraging developers to engage with small local businesses rather than their standard suppliers. This had been very successful and, as a result of one of these events, McDonald Egan had gone on to use local suppliers in one of its projects.
 29. We asked if the Council thought that the promotion of a Lewisham branded microfinance initiative would be a beneficial activity for the

Council to engage in and if it would represent value for money. We noted that local businesses had access to a wide range of initiatives around London and that the creation of a specific council initiative might not be the best use of resources as it would take a relatively large amount of money to establish.

30. Sue Barry from the North Downham Training Project reported that, although her organisation was a charity, it operated like a small business and was on the verge of making people redundant so needed to improve its viability. She commented that the Council could help by making it easier for projects like hers to tender at sub-contract stage so the organisation could become more independent. We asked officers how easy they felt it was for small local businesses to tender for contracts with the Council and if Council contracts, where possible, were broken down into 'bite-sized chunks' to increase the likelihood of small local businesses tendering. Whilst we noted that the economic development service helped get local small businesses 'contract ready' and encouraged the Council's procurement team to break contracts down into smaller contracts where possible, the breaking down of large contracts was only done on occasion. The procurement team worked for departments and breaking contracts down into smaller parts was not always the priority. It was suggested that a Council wide policy on this matter would be helpful. We also asked how upcoming tendering opportunities with the Council were advertised to small businesses and if there was a procurement section on the website and we noted that there was a procurement section on the website.
31. Following the evidence session we asked for more information on this matter. We were informed that one of the main obstacles preventing small businesses from getting work with local authorities was that the tenders were too large. However, the Council had signed a national procurement concordat called the Small Business Friendly Concordat, which committed the Council to helping small businesses by encouraging a mixed range of suppliers in order to help develop and stimulate a varied and competitive marketplace. We hoped that this would encourage the procurement team to split up large contracts into packages of smaller work which local small businesses could then compete for. We noted that the Council did actively look at its supply chains to see how small businesses could benefit and had recently split up a large catering contract to enable smaller companies to compete for this work. We also noted that the Council actively encouraged local small businesses to access opportunities not just with the Council, but with other public

sector organisations and with large private sector organisations. For example, the Business Advisory Service had recently held an event entitled 'How to win business in Lewisham' at which more than eighty local businesses attended.

The Business Advice Service

32. At our second evidence session in March, we took evidence from Tony Goldstein from South East Enterprises, a local firm offering a range of services to established businesses, start-ups, or individuals wishing to update their IT or business skills. The company also ran the Council's business advice service which offered a varied range of services, including regular network events for both pre-starters and established businesses; and IT courses for existing businesses helping them, for example, to create their own website. We noted that Deborah and Mark had not heard of the service and felt that it could be advertised more strongly. Tony informed us that his organisation did not have the resources to be as proactive as the TCMs or advertise strongly, but was able to provide a lot of support to local businesses that approached the service. He explained that, when setting up a business, people often did research on the internet, found Business Link and Business Link then referred the new business owners to his organisation. They had also had referrals through Job Centre Plus and had advertised in Lewisham Life in order to promote the business directory, their start up services and their support services.
33. We welcomed the news that the business advice service would be maintained at the existing level with the external contracts secured until the end of the current financial year (though a mix of base budget and LABGI funding) and that this funding was also available for 2009/10, enabling the next two year contract to be let at the current level. However, we noted that a clause would be included within the new contract to allow the Council to reduce the level of service if the external funding was not continued or reduced.
34. We further noted that the Council and South East Enterprises had been successful in securing additional external funding to expand the service provided to existing businesses over the next three years, although this could be counter-balanced by the Government's drive to reduce the number of business support products and providers as part of the Business Support Simplification Programme. This could result in a single regional

provider in London with a loss of the current localised service funded by the LDA and provided by South East Enterprises.

35. Taking into consideration the recession, we considered the role that the service was likely to play in relation to the Government's new employment and enterprise policies designed to respond to the challenges arising from the economic downturn. We were pleased to hear that the service would be continuing to work alongside key partners such as Job Centre Plus and Business Link for London to provide services to meet government priorities which had been reinforced in the new enterprise and employment policies. For example, the New Horizons project, jointly run and funded by the Economic Development Service and South London and Maudsley Mental Health Trust, would continue to support long term incapacity benefit claimants and lone parents back into work or education.
36. After taking in to consideration all the evidence provided to us on the promotion of small businesses, including the specific concerns of local businesses, it is our view that more support should be provided to small businesses, especially given the current economic circumstances. Whilst we welcome the fact that the Council has signed the national procurement code, *the Small Business Friendly Concordat*, we feel that more can be done to help small local businesses tender for contracts with the Council by ensuring that the size of contacts does not preclude them from tendering. We also feel that small businesses should be provided with more information on the help available to them and that the issue of business rates (the high cost and the payment options available) needs further attention.

Recommendations:

- 1) As a general rule but nevertheless subject to best value, Council contracts should be broken down into a number of smaller-value lots to increase the likelihood of small local businesses tendering successfully.
- 2) Each new business should be sent a 'welcome pack' when it first contacts the council, setting out all the different services that the Economic Development Service can provide to businesses, including contact details for the Business Advice Service run by South East Enterprises.
- 3) All new businesses should be provided with a named contact in the Economic Development Service (with email address and telephone number supplied) to serve as their primary point of contact with the Council.
- 4) The Council should develop an explicit model for assisting the self employed businesses (or 'consultant' style businesses) within the borough.
- 5) The Council should support business networking for small businesses, either through the Town Centre Managers or through other named officers within the Economic Development Service.
- 6) Whilst we note that the Government has announced that it will bring forward regulations to enable businesses to defer payment of 60% of the increase in their 2009-10 business rate bills until 2010/11 and 2011/12, we feel that more can be done to help small businesses. Specifically, the Council should (a) lobby Central Government to introduce a temporary reduction in business rates, in addition to allowing deferral of part of the payments due, to help small businesses through the recession; and (b) offer more flexible payment methods for the paying of business rates, in so far as this is within the Council's power.

Key priority three: vibrant town centres

37. At our first evidence session we heard that the town centre management team, following the adoption of an area-based approach (see paragraph 54), had been following a more structured work pattern to ensure that a service was maintained to each of the town centres. We also noted that each town centre manager was allocated a small development budget, currently sourced from Local Authority Business Growth Incentive Scheme (LABGI) funding, which provided them with seed-corn funds to promote and develop the town centres in partnership and with support from local retailers and other stakeholders.
38. We recognised that the TCMs were welcomed by businesses in

Lewisham and asked, at our second session, whether there was any way of measuring the benefits they were bringing. We heard that the Council measured the number of vacant units in town centres (as a Key Performance Indicator) and that in areas covered by TCMs there were fewer vacant units and, when there were vacant units, they stayed vacant for less time than in non TCM areas. However, we noted that this might not simply be due to the activity of the TCMs, as the areas covered by TCMs were more popular with businesses and therefore the units were easier to let.

39. Although we accepted that prioritisation must take place when there are limited resources, we felt that there was a case for the town centre management service supporting smaller shopping parades to avoid a 'tipping point' being reached where there are too many empty shops and the wrong sorts of businesses. We felt that smaller shopping parades could be successful and could complement the town centres by encouraging people to shop locally. In response, we were informed that due to prioritisation, there was not a lot of proactive work directed at the shop parade level; and that the economic development service needed to focus the resources it had. Furthermore, for the town centre managers to be credible, they needed to have a visible presence and not be spread too thinly so they could not support small shopping parades. However, we were informed that small shopping parades were supported at a strategic and policy level. For example, the economic development service was working closely with planning policy to ensure that the planning applications process supported shopping parades and encouraged the right mix of retail and service businesses in local parades. Thus the turning of retail shops into service premises (e.g. cafes) was not supported by planning policy. However, we were told that it was not normally the case that planning applications of this sort were received. Normally, the retail shop went out of business, the shop lay vacant, and then an application to turn it into a café was put forward. Obviously in this case, it was felt better to allow a service to operate than for the property to lay vacant.
40. We heard that the Planning Service was working to encourage people to spend more money locally as a borough wide retail assessment had demonstrated that there was significant out of borough migration for employment resulting in a leakage in expenditure (and demonstrating the need for additional retail space within town centres). The assessment also highlighted the low percentage of residents within the catchment for Lewisham Town centre using it as their primary retail destination and concluded that more people would shop in

Lewisham (rather than travel to Bromley for example) if there was a better range of goods on offer. We heard that one of the key roles of the town centre managers was therefore to understand local markets and encourage local traders to improve their level of service (e.g. widen their opening hours, have more attractive shop fronts). We also noted that there had been a significant change in the approach to planning policy to reduce the leakage in expenditure, with the Local Development Framework (LDF) proposing that the major town centres of Lewisham and Catford are transformed. The retail sector was being encouraged to expand into new sites, offering a wider range of goods to entice weekend shoppers; and the night time economy was also being encouraged. In addition, the Planning service was working to ensure that new development provided a mix of uses with appropriate business space.

41. We noted that the borough was very residential and wondered if this meant that planning applications for industrial use encountered more opposition than they would in boroughs with a greater mix of land use. However we were informed that officers did not have that perception. The Council received very few commercial applications but officers did not feel that these applications encountered a disproportionate amount of opposition.
42. It is our view, after taking into consideration all the evidence provided to us on promoting vibrant town centres, that a major drawback of the lean model is that the proposed expansion of the town centre management programme to cover some smaller town centres is no longer possible (see paragraph 54, first bullet point). Whilst we accept that prioritisation must take place when there are limited resources, we feel that there is a strong case for support being offered to smaller town centres and shopping parades to avoid a 'tipping point' being reached where there are too many empty shops and the wrong sorts of businesses. We wonder if, for example, proposals for reforms to the Local Authority Business Growth Incentive (LABGI) Scheme, when implemented, could provide the Council with additional resources to provide such support.

Recommendations:

1) That the Mayor investigates whether additional funding can be found from the Council budget or external sources, to provide specific support to businesses in smaller town centres and shopping parades, along the lines of the support provided by TCMs to businesses in areas covered by this service.

Other areas of focus

(a) Creating more business space

43. At the evidence session held on 9 December, we noted that, over the past few years, economic development and planning officers had been looking closely at the prospects and opportunities for employment growth in the borough and that their work had informed the two Area Action Plans for Lewisham and Catford, the Deptford New Cross Masterplan and the employment land review, together with a greater understanding of the potential for smaller scale interventions in areas such as Forest Hill, Hither Green and Brockley. It was clear that the borough had a small employment base with a prognosis of low value sectors, low opportunities and low growth. In many areas the quality of the urban environment presented a poor image, there was a lack of good quality accommodation for potential occupiers, the potential to grow particular sectors was hampered by the lack of specialist accommodation and the switch from employment to residential use had been a constant pressure. To break this cycle, officers had been exploring opportunities associated with the growing London business economy and population, specifically for business services and food, retail and creative industries. Much “industrial” space was now occupied by businesses providing goods and services to other businesses in London which required accessible, economic and simply specified premises in a range of tenures from which to service their customers. They were generally compatible with other neighbouring uses, including housing, but there was currently a mismatch between the kinds of premises in demand for both start up and established businesses and the typically poor quality industrial sheds in low quality environments currently available. The resultant approach had therefore been to work with partners to bring forward masterplans for high quality mixed use localities, typically using the high value of residential use to secure the required quality of employment space and environment required.
44. We further considered the importance of providing suitable business premises in order to encourage growing businesses to stay in the borough, at our second evidence session and noted in particular, the dearth of larger premises. We were informed that many businesses were reliant on adjacent units becoming vacant in order to grow. The economic development service was working with agents and owners to help fill vacant units with appropriate businesses that would be viable and sustainable and would suggest

unit mergers if this was a viable option. We welcomed the fact that, in new schemes, the Council encouraged the building of flexible units which were large enough to accommodate bigger businesses but could also be subdivided to accommodate small businesses, although we noted that supplementary planning guidance had not been used to date to address this issue.

(b) Regeneration Projects

45. At the evidence session held on 9 December, we were pleased to note that all indications were that the Lewisham Gateway Project would be going ahead despite the downturn and that outline planning permission had been granted. We also noted that there was relatively little risk involved for the Council as it was not providing any finance, just land, although there was an element of public sector grant involved (LDA and Single Regeneration Budget (SRB) funding).
46. At the evidence session held on 10 March we heard from Martin Nash from McDonald Egan, and were pleased to hear that his company felt that the regeneration vision for the borough was exciting and that they wanted to get involved.

(c) Leisure facilities

47. At the December evidence session we queried whether Lewisham's leisure facilities should be more widely publicised. We noted that leisure facilities in other boroughs were being advertised in Lewisham, perhaps because many residents were not aware of the leisure facilities available in the borough, such as Beckenham Place Park, due to poor marketing and signage. We were informed that there was an officer within the economic development service with a tourism brief and that parks and theatres were being marketed, although the marketing (and the signage) could be improved. We noted that the recently held Bike and Kite Festival had been very successful and had encouraged people to spend money in Blackheath. Similarly the Cornmill Country Fair in Lewisham had been very successful. However, we heard that events of this kind were very expensive and that each town centre had a budget of only £12,000 per year which would only fund 3 or 4 promotional events. Nonetheless, the European Funding Officer was looking to secure more funding for this type of work. Officers were also working on improvements to both the environment and signage of Waterlink Way, the route which runs south to north along the Pool and Ravensbourne Rivers as a central spine of open space for the borough.

The budget, key functions and issues going forward

48. The Economic Development Service operates within a base budget of approximately £900k⁸ and external funding of approximately £1.385m which is expected to shrink over the next few years. More detailed information on the budget for the service (broken down into controllable and non-controllable elements) is shown at **Appendix F**, including detailed information on the sources of external funding. The lean service model was developed to address the severe reduction envisaged in traditional funding for economic development and the service's reliance on one-off funding such as S106 and LABGI and the current challenging economic circumstances have underlined the need to move to a lean model. The model is based on (a) maintaining core strategic competencies at management level within the council with a high dependence on securing outcomes through partnership working, funding procurement and contracting out delivery of services and (b) using the limited base budget to largely cover salaries and core running costs and utilising external funding to provide additional funding for the work programme.

49. The key functions of the service retained under the lean model are summarised below:

(A) Central Coordination

- Focus on strategic direction setting, programme management and maintaining capacity for procuring external funding

(B) Employment Development

- Priority clients as defined within the Government's worklessness agenda, reflected in the strategic objectives of the London Development Agency and the Local Strategic Partnership, and will be those for whom it is possible to obtain funding.

(C) Town Centre Management

- All town centre management functions funded by the Council at the current level with a change of the staffing structure to an area-based format.

⁸ The total net controllable budget for the service for 2009/10 is £1,052k but this falls to £917k if you exclude the one off funding of £135k from Corporate Reserves.

(D) Business Engagement, Growth and Retention

Business Growth and Retention

- Comprehensive intelligence gathered on businesses of over 20 employees.
- Account management of businesses employing more than 20 employees and others of strategic importance to the borough. Focus on business retention support and links to development site opportunities.
- Business awards and business directory as further mechanisms for business engagement.

Business Advice and Support

Emphasis on supporting growth of existing businesses as well as start up; pre-start up awareness focused on only prospects which are more likely to lead to start up. Enterprise development amongst groups and businesses underserved by mainstream business support services e.g. social enterprises, businesses in the informal economy, disadvantaged groups with the potential to achieve high rates of enterprise activity.

(E) Additional Services

- Development facilitation collectively provided by the Economic Development team, including the attraction of European funding.
 - Culture and Tourism Development service provided by Town Centre Management Team.
50. At the evidence session on 9 December, we noted that the “lean structure” budget had been incorporated into the 2008/9 budget and that some elements of the re-structuring had been implemented using existing staff vacancies. However, further work on formalising changes to the staff structure had been slowed as the re-organisation had to go through the Council’s “single status” review before the re-structuring could be finalised. We also noted that only two core posts were still reliant on external funding and that the funding sources of both posts was secure until the end of 2009/10 after which it was anticipated that the posts might be assimilated into the base budget. However, we also noted that this meant that most of the services provided by the economic development service came out of external funding. Hopefully, funding would continue to be available in 10/11 but this could not be confirmed until the next LAGBI announcement was made. We noted that £300k per year from LAGBI would enable the current level of service provision to continue.

51. Following the first evidence session, we asked officers to inform us of the key benefits and drawbacks of the lean model. We were told that the main benefits were:

- Almost all salary costs were now covered by the core budget with the exception of the Opening Doors service.
- There was concentration on the highest priority Government and Council priorities.
- The town centre manager areas were now more evenly allocated.

We were told that the main drawbacks were:

- The Council could no longer provide a service in non-priority areas such as the short-term unemployed.
- There was a reliance on external sources to fund the service delivery programme.
- The proposed expansion of the town centre programme to cover some smaller town centres was not currently possible.

52. We noted that, as many of the services provided by the Economic Development Service depended on external funding, the service had tended to grow organically, largely as a result of the need to respond to short term funding opportunities. This had resulted in the creation of a number of new posts, part or wholly-funded by this short-term funding. However, as this was unsustainable in the long-term, as sources of external funding had reduced both in terms of the sums available and the range of programmes supported, the new lean model was attempting to address this. The model was designed to ensure management focus on maintaining capacity for procuring external funding and using the base budget, and not external funding, to pay for salaries. Although the key functions of services reliant on external funding had been safeguarded by the lean model restructure, we asked for information on the functions/additional services that had been lost. We were informed that the following services and functions had been lost as a result of the restructure:

- The number of town centre managers had been reduced from five to four.
- The Construction Related Skills Service closed in 2008.
- The Opening Doors service was restructured with two staff made redundant.

- The Opening Doors information, advice and guidance service at Sydenham Library was reduced and only training was now provided at this venue.
 - The Business awards event was now run every two years (changed from an annual event).
 - One post in the business support section had been lost.
 - One post in the project monitoring section had been lost.
53. We asked officers if implementation of the 'lean model' proposals had affected the ability of the service to meet the expectations of Central Government, and local expectations, in relation to economic development. We were informed that the lean model had been specifically structured to concentrate on delivering key central government priorities and local priorities as identified in the regeneration strategy, the corporate plan and the sustainable communities strategy. However it did mean that other local expectations could not be addressed such as the expansion of the town centre programmes and providing an employment and training service to short-term unemployed. Other expectations were also limited by the level of external funding that could be sourced to fund new initiatives and external funding often meant that such new initiatives were short-term.
54. We noted that the reduction in external funding had resulted in a number of gaps and weaknesses in the service that had not yet been fully resolved and which were a cause of concern for the committee:
- The Town Centre Management service, which provides a key, locally recognised point of contact and helps address the borough's KPIs and LAA targets for people into jobs, new businesses and filling vacant units, had been reduced from six posts to five. This had meant, as the Council had not wanted to reduce the number of town centres it supported, that managers were no longer based at a particular town centre but were area based.
 - The Employment Development service, which delivers the "Opening Doors" programme, was still highly dependent on external funding. This programme was important in addressing LAA and current government and external funders targets for reducing worklessness.
 - The Business Development Service provides an important advice and information service for businesses, but fifty per cent of the

costs of the business advice service contracts are externally funded. The business directory, business property database and business awards schemes also contribute to the engagement process and these services are fully externally funded.

55. However, we were pleased to note that the new structure for the town management service had been largely successful, although we felt that further dilution must not occur as the success of the scheme relies on forming partnerships with local traders and developing strong personal relationships – and a further loss of posts would jeopardise this. We did note that proposals for reforms to the Local Authority Business Growth Incentive (LABGI) Scheme could provide the Council with additional resources to support business retention and growth and support the town centre managers in particular.

C: The new Statutory Duty

56. As part of the review of sub-national economic development and regeneration, the Government is due to place a duty on each London borough to carry out an economic needs assessment of their local area. Following the evidence session held in December, we asked about the impact that this would have on the Economic Development Service and what preparatory work was taking place in relation to the new statutory duty. We were informed that the new duty would affect the service significantly, partly as it would introduce a new measure of the health of the local economy as a gauge of the effectiveness of the service but also as it would raise the profile of economic development as a service within the Council. We noted that local authorities were being encouraged not to wait for the legislation but to move ahead as part of good practice, ensuring that policy development was underpinned with a strong evidence base. This evidence base would also help local authorities meet the requirements of the new Comprehensive Area Assessment (CAA) as one of the key questions asked in the CAA is *‘How strong is the local economy?’* underpinned by 3 supporting questions *‘How well do local priorities express community needs and aspirations?’*; *‘How well are the outcomes and improvements needed being delivered?’* and *‘What the prospects for future improvement?’*
57. We noted that the Council was therefore planning to take forward the development of a Lewisham local economic assessment as part

of its CAA programme. This would be undertaken as a corporate project led by the Regeneration Directorate and the Policy and Partnerships Unit. Economic Development would obviously have a key role to play in undertaking the assessment but input from services across the Council would be sought.

58. We recognise the importance of the Council making sure that the assessments are carried out in a way which (a) adds value to the Council's economic development service and (b) allows the Council to influence the London Development Agency's and Mayor's economic development plans and investment strategies, to ensure that local priorities and issues are taken into account sufficiently. Increased partnership working is another key element of the sub-national economic development and regeneration review, something which, we note, was also advocated in the external review commissioned by the Council. In particular, we feel that closer working between the local, sub-regional and regional tiers in London will be crucial to ensuring that local economies are supported to cope with the effects of the economic downturn.

D: Local Targets

59. Following the December evidence session, we asked for information on the work being undertaken to meet relevant Local Area Agreement (LAA) targets and asked if meeting these targets was at risk, given the reduction in funding for the Town Centre Management Service. We noted that the key relevant LAA targets for Economic Development were:

- VAT registered businesses in the area showing growth
- Overall employment rate (NI 151)
- Working age people on out-of-work benefits (NI 152)
- Working age people claiming out-of-work benefits in the worst performing neighbourhoods. (NI 153)

In addition there was a local target of the number of vacant retail units in town centres.

60. We were informed that all the work of the Economic Development Team was now aimed at specifically addressing these targets but that the economic downturn was having an adverse effect on the targets with an increase in the number of vacant units appearing in

town centres. However, it was too early to gauge how quickly those units would be re-let and how the downturn would affect the VAT registered businesses and employment rate statistics, as there was a considerable time lapse before the figures were released nationally. However, we were informed that the reduction in the town centre management service had not had an appreciable effect on the service's ability to address the vacant shop target as the same number of town centres were covered as previously. Nevertheless, staying on target was dependant on working with owners and agents to encourage them to be realistic in areas such as rent levels, in order to support early re-letting.

61. Following the evidence session held in March we asked for an update on progress in relation to these targets. We noted that in quarter 2 of 2008/09 performance on NI 151 was slightly below target⁹; performance on NI 152 was ahead of target¹⁰; and performance on NI 153 was also ahead of target.¹¹
62. It is our view that, in addition to Local Area Agreement targets which are developed nationally, there should be specific 'local' targets based on local priorities. For example, on ward might want improved parking or want to get a 'shopwatch' scheme set up; and another ward might want better signage or broken paving slabs tackled.

Recommendations:

1) That for each economic area within the borough there should be some appropriate objectives for the Economic Development Service/Town Centre Manager Team, based on local priorities.

⁹ The target for 2008/09 was 69.7% and performance was 68.7%

¹⁰ The target for 2008/09 was 15.2% and the performance was 14.7%

¹¹ The target for 2008/09 was 27.18% and performance was 24.89%

Recommendations

Our ten recommendations are set out below. We have also outlined how we intend to measure whether they have been implemented, should they be approved at Mayor & Cabinet.

Recommendations:

- 1) That the Council lobbies funders to relax the targets around getting the long term unemployed back into work in view of current economic circumstances, to ensure that funding is not at risk due to factors beyond the Council's control.
- 2) That, as part of the Mayor's recently announced apprenticeship scheme, a minimum of 25% of the available apprenticeship places / work placements are allocated to local schemes such as the North Downham Training Project, with the rest open to competitive allocation.
- 3) That, as a general rule but nevertheless subject to best value, Council contracts should be broken down into a number of smaller-value lots to increase the likelihood of small local businesses tendering successfully.
- 4) That each new business should be sent a 'welcome pack' when it first contacts the council, setting out all the different services that the Economic Development Service can provide to businesses, including contact details for the Business Advice Service run by South East Enterprises.
- 5) That all new businesses should be provided with a named contact in the Economic Development Service (with email address and telephone number supplied) to serve as their primary point of contact with the Council.
- 6) That the Council should develop an explicit model for assisting the self employed businesses (or 'consultant' style businesses) within the borough.
- 7) That the Council should support business networking for small businesses, either through the Town Centre Managers or through other named officers within the Economic Development Service.
- 8) That, whilst we note that the Government has announced that it will bring forward regulations to enable businesses to defer payment of 60% of the increase in their 2009-10 business rate bills until 2010/11 and 2011/12, we feel that more can be done to help small businesses. Specifically, the Council should (a) lobby Central Government to introduce a temporary reduction in business rates, in addition to allowing deferral of part of the payments due, to help small businesses through the recession; and (b) offer more flexible payment methods for the paying of business rates, in so far as this is within the Council's power.
- 9) That the Mayor investigates whether additional funding can be found from the Council budget or external sources, to provide specific support to businesses in smaller town centres and shopping parades, along the lines of the support provided by TCMs to businesses in areas covered by this service.
- 10) That for each economic area within the borough there should be some appropriate objectives for the Economic Development Service/Town Centre Manager Team, based on local priorities.

Recommendations

RECOMMENDATIONS

Key

Prioritisation: ST – Short term (requiring action immediately); MT – Medium term; LT – Long term

Responsibility: M – Mayor; ED - Executive Director; PO - Partner organisation

Evidence Base: O - Evidence received from officers; GP - Evidence received from “good practice”; LO - Evidence received from local organisations/businesses

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
Council to lobby funders to relax the targets around getting the long term unemployed back into work	ST (lobbying to take place before December 2009)	M	O/LO	Council to add the relaxation of the targets around getting the long term unemployed back into work to its Government Relations programme.	Government agrees to consider the Council's proposal.
A minimum of 25% of the available apprenticeship places / work placements available through the Mayor's apprenticeship scheme to be allocated to local training schemes	ST (to be adopted as part of the apprenticeship scheme to be launched this year)	M	LO	25% of the apprenticeship places / work placements available through the scheme to be reserved for the clients of local training schemes.	Local training schemes find it easier to access work experience placements for their clients. Clients benefit from the varied and beneficial work experience that local authorities can offer.
Council contracts to be broken down into a number of smaller-value lots.	ST (to be implemented by December 2009)	ED	O/LO	As a general rule but nevertheless subject to best value, Council contracts to be broken down into a number of smaller-value lots, as part of the actions that the Council is	The number of small local businesses tendering successfully for Council contracts to increase.

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
				taking to ensure it fulfils its obligations under the <i>Small Business Friendly Concordat</i> .	
Each new business to be sent a 'welcome pack' when it first contacts the Council.	MT (to be implemented by the start of the next municipal year, April 2010)	ED	LO	A welcome pack to be produced and provided to each new business (when it first contacts the Council) setting out all the different services that the Economic Development Service can provide to local businesses, including contact details for the Business Advice Service run by South East Enterprises.	Local businesses to be better informed about (and benefit from) the range of support and guidance services available to them.
All new businesses to be provided with a named contact in the Economic Development Service (with email address and telephone number supplied)	ST (to be implemented as soon as the recommendation is agreed)	ED	LO	Contact details for a member of the Economic Development Team to be provided to each new business (when it first contacts the Council) to serve as their primary point of contact with the Council.	Local businesses to have a primary point of contact with the Council (confusion over who to contact to seek help/guidance reduced).
An explicit model for assisting the self employed businesses (or 'consultant' style businesses)	MT (to be implemented by the start of the next municipal year, April 2010)	ED	LO	Support tailored to the needs of the self employed/consultants to be developed by	The self employed businesses (or 'consultant' style businesses) within the

Recommendations

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
within the borough, to be developed				officers and implemented.	borough to receive useful and effective support tailored to their particular needs.
The Council to support business networking for small businesses	MT (to be implemented by the start of the next municipal year, April 2010)	ED	LO	The Town Centre Managers or other named officers within the Economic Development Service to research and implement a service for supporting business networking for small businesses.	Local businesses to receive specific support with business networking.
Council to (a) lobby Central Government to introduce a temporary reduction in business rates; and (b) offer more flexible payment methods for the paying of business rates (in so far as this is within the Council's power).	ST (lobbying to take place before December 2009 and more flexible payments to be offered, if this proves possible, by December 2009)	M/ED	LO	Council to add the reduction of business rates to its Government Relations programme. Officers to investigate whether more flexible payment methods for the paying of business rates can be offered.	Local businesses to face fewer financial difficulties, impact of the recession on local businesses to be reduced.
Mayor to investigate whether additional funding can be found to provide specific support to businesses in smaller town centres and shopping	MT (to be implemented by the start of the next municipal year, April 2010)	M/ED	LO	Officers to prepare a report for M&C on the options for funding specific support to businesses in smaller town centres and shopping parades (including if the	The 'tipping point' (where there are too many empty shops and the wrong sorts of businesses in smaller shopping parades and town centres) to be avoided.

Recommendation	Prioritisation (ST, MT, LT)	Responsibility for action (M, ED, PO etc.)	Evidence Base (O, GP, VG etc.)	Action to be taken	Measure of success
parades, along the lines of the support provided by TCMs to businesses in areas covered by this service				proposals for reforms to the Local Authority Business Growth Incentive (LABGI) Scheme, when implemented, could provide the Council with additional resources to provide such support). Mayor to consider the findings.	
Appropriate objectives for each economic area within the borough to be developed	MT (to be implemented by the start of the next municipal year, April 2010)	ED	LO	Officers to consult businesses in each ward on their economic priorities (e.g. If they would like improved parking, a 'shopwatch' scheme, better signage, the fixing of broken paving slabs etc.)	The economic vitality and regeneration of the borough's economic areas to improve.

Glossary

CAA	Comprehensive Area Assessment
LABGI	Local Authority Business Growth Incentive Scheme
LDA	London Development Agency
LDF	Local Development Framework
LSC	Learning and Skills Council
S106	Section 106 Agreement
SRB	Single Regeneration Budget
TCM	Town Centre Manager

Appendices

Appendix A: Acknowledgments

The Committee would like to thank the following for their contributions to the review:

External witnesses:

- Tony Goldstein - South East Enterprise
- Sue Barry - North Downham Training Project
- Caroline Hamilton - 170 Works
- Martin Nash - MacDonald Egan
- Deborah Le'cand – owner of Khaana and Appetito restaurants, Catford
- Mark Stacey, owner of Riva Lounge restaurant/events venue, Catford

Council officers:

- Ian Soper, Head of the Economic Development Service
- John Miller, Head of Planning

Appendix B: Minutes of the evidence session held on 9 December 2008

4 Review: Economic Development – evidence session one

4.1 It was noted that the evidence session would focus on the proposals advocated in the commissioned review of the economic development service (in particular the 'lean' model), their implementation and their impact. The Chair invited John Miller, Head of Planning, to give a brief presentation to the committee, drawing out the main aspects of the report. Key points noted by the committee were as follows:

- The borough had a poor level of employment and significant out of borough migration for employment resulting in a leakage in expenditure.
- The available employment premises in the borough were generally low quality and it was difficult to encourage private sector investment when there was little incentive for businesses to locate in Lewisham – creating the right business environment for businesses was crucial and the use of Section 106 agreements to this end was helpful.
- The town centre managers had an important role to play in getting people to use the borough's town centres and supporting local businesses.
- Worklessness was a key issue for economic development in the borough and the Opening Doors service was focussing on the long term employed (with Job Centre Plus focussing on the short term unemployed).
- In view of the prevailing economic climate, the Business Advice service had moved from supporting new starters to helping existing businesses develop and survive.
- The team had approximately 30 staff – 10 in Laurence House; 5 town centre managers; and 15 in the Opening Doors service.

4.2 The Chair invited Members to question John Miller and Ian Soper, Head of Economic Development. The committee asked, and received answers to, the following questions (summaries of the responses given can be found beneath each question):

4.3 What are the links between the Planning Service and the Economic Development Service? (The Chair)

The Planning service is working on the levers to counteract the outflows of people and encourage people to spend money locally. There has been a significant change in the approach to planning policy to this effect and the LDF proposes that the major town centres of Lewisham and Catford are transformed. The retail sector is being encouraged to expand into new sites, offering a wider range of goods to entice weekend shoppers; and the night time economy is also being encouraged. In addition, the Planning service is working to ensure that new development provides a mix of uses with appropriate business space.

4.4 Is planning aligned to demand? (The Chair)

The service undertook a borough wide retail assessment which demonstrated the scale of leakage in expenditure and the need for additional retail space within town centres. Work undertaken by Land Securities also highlighted the low percentage of residents within the catchment area using Lewisham Town centre as their primary retail destination and concluded that more people would shop in Lewisham (rather than travel to Bromley for example) if there was a better range of goods on offer. One of the key roles of the town centre managers is to understand local markets and encourage local traders to improve (e.g. widen their opening hours, have more attractive shop fronts). For example, the run down shopping centre in Brockley has improved considerably and local people are giving it a chance. As a result, the area has become a lot more vibrant and more money is being spent locally.

4.5 What has been the impact of reducing the size of the town centre management team from 6 to 5 and what funding streams are involved in funding this service? (The Chair)

When various funding streams including Local Development Agency (LDA) and London Skills Council (LSC) funding dried up, the team was reduced by one post. This has meant that managers are no longer based at a particular town centre but are area based (as the Council did not want to reduce the number of town centres it supported). This has been largely successful although there is no scope for further dilution as the success of the scheme relies on forming partnerships with local traders and have strong personal relationships. However, proposals for reforms to the Local Authority Business Growth Incentive (LABGI) Scheme could provide the

Council with additional resources to support business retention and growth and also support the town centre managers in particular. In general, the introduction of the 'lean model' has seen, wherever possible, salaries removed from external funding and incorporated into the base budget to ensure that more posts are not at risk as external funding shrinks.

4.6 Although prioritisation must take place when you have limited resources, there must be a case for supporting smaller shopping parades to avoid the 'tipping point' being reached (where there are too many empty shops, the wrong sorts of businesses etc.). Smaller shopping parades can be successful and can complement the town centres by encouraging people to shop locally. (Councillor Ute Michel).

Due to prioritisation, there is not a lot of proactive work directed at the shop parade level. The economic development service needs to focus the resources it has, and for town centre managers to be credible, they need to have a visible presence and not be spread too thinly. Therefore they cannot support small shopping parades.

However, small shopping parades are supported at a strategic and policy level. For example, the economic development service works closely with planning policy to ensure that the planning applications process supports shopping parades and encourages the right mix of retail and service businesses in local parades. Thus the turning of retail shops into service premises (e.g. cafes) is not supported by planning policy. However, it is not normally the case that planning applications of this sort are received. Normally, the retail shop goes out of business, the shop lies vacant, and then an application to turn it into a café is put forward. Obviously in this case, it is better to allow a service to operate than for the property to lay vacant.

4.7 What impact has the new Business Link contract had on the borough and are the LSC funding opportunities for training being advertised? (Councillor John Muldoon)

Since the contract has been re-let the Economic Development Service has enjoyed closer contact with Business Link and is now 'on their radar'. They have been involved in talks about mixed use sites in the borough and have helped in identifying potential occupants.

The training has not been publicised that much as it is only

available for businesses with more than 5 employees; and the majority of businesses in Lewisham employ fewer than 5 employees. The Council has run training programmes for retailers but it is difficult for them to spare the time to attend training courses. For that reason, they tend to prefer mentoring and the 8 hour mentoring opportunities (taking place in shops rather than at external venues) and funded by the LDA have been very successful. However, such tailored training is very expensive and the Council is not in a position to fund this.

4.8 Why weren't we on their radar (Councillor Stephen Padmore)?

The Thames Gateway development involving large commercial investment has been a huge focus for Business Link but this has changed recently and they are beginning to look at the bigger picture. They have realised that there is a lot going on in Lewisham.

4.9 Should Lewisham's leisure facilities be more widely publicised?

Leisure facilities in other boroughs are advertised in Lewisham – perhaps because many residents are not aware of the leisure facilities available in the borough (e.g. Beckenham Place Park) due to poor marketing and signage. (Councillor Mark Morris)

There is an officer within the economic development service with a tourism brief and parks and theatres are marketed, but perhaps the marketing (and the signage) could be improved. The recently held Bike and Kite Festival was very successful and did encourage people to spend money in Blackheath. Similarly the Cornmill Country Fair in Lewisham was very successful. However, events of this kind are very expensive - each town centre has a budget of only £12,000 per year which will only fund 3 or 4 promotional events. However the European Funding Officer is looking to secure more funding for this type of work. Officers are also working on improvements to both the environment and signage of Waterlink Way, the route which runs south to north along the Pool and Ravensbourne Rivers as a central spine of open space for the borough.

4.10 When approaching Catford on the south circular from Brownhill Road, the derelict shops give a very poor first impression and the gyratory in general could be more smartly kept. What can we do about this? (Councillor Mark Morris)

TfL originally acquired those shops by Compulsory Purchase Order

(CPO) to implement road proposals for Catford. It is unfortunate that they later dropped the scheme for which the properties were acquired and the Council is now working with them to bring sites forward for development.

4.11 Is the core funding for the economic development service safe until 09/10 but following that year, there will be budget pressure? (Councillor Ute Michel)

All staff salaries now come out of the core budget apart from 2 posts. However, this means that most of the services provided by the team come out of external funding. Hopefully, funding will continue to be available in 10/11 but we cannot be sure until the next LAGBI announcement is made. £300k per year from LAGBI would enable the current level of service provision to continue.

4.12 The borough is very residential – does this mean that planning applications for industrial use encounter more opposition than they would in boroughs with a greater mix of land use (the Yellow Box application was stated as an example)? (Councillor Mark Morris)

Officers do not have that perception. The Council gets very few commercial applications but officers do not feel that these applications encounter a disproportionate amount of opposition. There were very specific circumstances surrounding the yellow box planning application to do with the scale of building proposed in relation to its setting and it cannot be taken as a typical example.

4.13 The restructure was driven by financial constraints – have the emerging economic difficulties had a further impact and affected the services provided by the team? (Councillor Ute Michel)

The current economic circumstances are challenging and they have underlined the need to move to a lean model. The circumstances have also affected the type of services offered. For example we are focussing more on supporting existing businesses to survive than supporting new starters.

4.14 Is funding linked to getting more people back into work? If so, it must be more difficult for Opening Doors to get the long term employed back into work than it is for Job Centre Plus to get the short term employed back into work)? (Councillor Ute Michel)

The short-term/long-term split between Job Centre Plus and the Council has always existed but it is becoming more defined. Funding is linked to targets around getting people back into work

and the current climate is making the targets harder to achieve, however funders are aware of the issues. At present there has been no relaxation in the targets but this may have to change.

4.15 Other matters discussed by the Committee included:

- Lewisham Gateway Project – all indications were that this would be going ahead. There was relatively little risk involved for the Council as it was not providing any finance, just land. There was an element of public sector grant involved (LDA and Single Regeneration Budget (SRB) funding) and outline planning permission had been granted.
- The 38% of Lewisham employees employed in the public sector was more reflective of the low numbers in other sectors than a particularly large public sector in the borough. There were hospitals and councils in every borough but relatively few private sector businesses in Lewisham.

4.16 The officers were thanked for attending and contributing to the Committee's review.

4.17 **RESOLVED:** That the information provided be noted and fed into the committee's final report; and that any questions not asked during the session due to lack of time, be forwarded to officers for a written response.

Appendix C: Minutes of the evidence session held on 10 March 2009

3 Review into Economic Development: Evidence Session 2

3.1 The Chair welcomed the following witnesses to the meeting and thanked them for attending:

- Martin Nash - Macdonald Egan
- Tony Goldstein - South East Enterprises
- Caroline Hamilton - 170 Works
- Sue Barry - North Downham Training Project
- Deborah Le'cand - Khaana and Appetito restaurants
- Mark Stacey - Riva Lounge

3.2 The witnesses provided the Committee with some background information on their businesses/organisations:

Mark Stacey (MS) – Mark had owned Riva Lounge on Bromley Road for just over three years and had rebranded the business in September.

Martin Nash (MN) – Martin was the Development Director of Macdonald Egan which worked in Lewisham, Southwark and Greenwich and which was involved in a number of large projects within the borough.

Caroline Hamilton (CH) - Caroline was the Project Manager of 170 Works in New Cross which delivered access to employment and training services to local people and was funded by the New Cross Gate New Deal for Communities.

Sue Barry (SB) – the North Downham Training Project was set up 23 years ago and provided training provision in the south of the borough.

Tony Goldstein (TG) - South East Enterprises held the contract for Lewisham's Business Advisory Service and offered a full range of services including help with finance and information technology.

Deborah Le'cand (DL) – Deborah had owned Khaana and Appetito restaurants in Catford for approximately 1.5 years.

3.3 The Committee asked, and received answers to, the following questions (summaries of the responses given can be found beneath each question):

3.4 What is your link to the Economic Development Service, are you well informed about the services it offers and what benefits has it brought to your company/organisation? (The Chair)

MS: I know a lot more now, having taken up a shop improvement grant (£30k for 3 units) after meeting the local Town Centre Manager (TCM). She helped me through the process of renovation and has offered help, which I am hoping to take up, with marketing in order to raise our profile. The TCM has already been working on deals between the theatre and local restaurants with joint advertising etc.

MN: Although our offices are at London Bridge we have three operations staff in Lewisham and have a business to business style relationship with the Council. We are involved, and would like to get more involved, in the regeneration of the borough.

DL: My story is similar to MS's. The TCM approached us and Khaana benefitted from a shop improvement grant (£10k for 1 unit) and helped us open up. We wish the grants were still available as we would like one for Appetito. It is good to have one point of contact with the Economic Development Service / Council (the TCM) and we have appreciated the help we have received with marketing and forging a link with the theatre etc.

3.5 What are the benefits of the TCM once you have established your business? (Cllr Michel)

MS: The TCM is very pro-active and has offered lots of help with promoting my business which I will pursue. She sends me regular emails and has also helped me with suppliers.

DL: The TCM has local knowledge and knows how to market local businesses. She is also working on getting local businesses to come together with regular meetings so they can help each other and so issues of communal concern can be followed up.

3.6 Are you aware of the Council's Business Advice Service? (Cllr Griesenbeck)

MS: The shop improvement grant caught my attention so I focussed on that. Now the renovation has been completed I'll have

more time to explore other opportunities for securing and growing my business.

DL: It would be helpful if this was advertised more strongly.

MS: It might be helpful if there was a way of advertising the 'whole package' and not just the TCMs.

3.7 How many employees does 170 Works have (Cllr Padmore)

170 Works is funded by the New Cross New Deal for Communities and has six employees including a Benefits Worker and Training Advisor.

3.8 How effective is 170 Works and the North Downham Training Project at getting people into work and what has been the impact of the recession? (Cllr Britton)

SB: It is difficult to provide figures – the source of our funding influences how vigorously we track people getting into work. Recently our funding has been more focussed on how we move people onto further training. The impact of the recession has been felt with more people looking for lower level jobs. In addition, people have it in their mind that it is harder to find work because of the recession and this can be a barrier.

CH: There are more short term contracts being offered, with employees in and out quickly. It would be helpful if targets were re-thought through in response to the economic downturn. Funding is often linked to targets around getting people back into work and the current climate is making the targets harder to achieve. However, funders are aware of the issues and we hope to negotiate changes or variations in the targets. We are finding now that people often get a temporary job rather than a permanent job following training.

3.9 Do you (170 Works and the North Downham Training Project) work with Goldsmiths? (Cllr Padmore)

CH: We did link with their Personnel Department but we would like to develop more links with the Community.

SB: We will be working with the University of Greenwich who would like to meet and talk to our students.

3.10 How do you interact with the Economic Development Service? (The Chair)

SB: We work with the Employment Development Manager who is very supportive and provides good advice and information.

CH: The Employment Development Manager introduced us to the Diamond Initiative (a pilot scheme to help prevent convicted criminals from re-offending, operating in Lewisham, Lambeth and Newham) and he came to our launch event.

MN: we participate in a number of events, comment on regeneration projects, attend regeneration workshops and have received help from the service in terms of the projects we have in the north of the borough in the New Cross/Deptford area. The regeneration vision for the borough is exciting and we want to get involved. We have come to understand our local patch and the needs of local businesses. Business in Lewisham is fairly transitory with lots of small businesses.

3.11 What impact has the recession had on businesses, especially restaurants? (Cllr Britton)

MS: The events side of the business is ticking over but lunchtime business in the restaurant is dropping off and the restaurant is generally a lot quieter.

DL: There has been a drop in sales at Khaana and we need to get more inventive and introduce something like a loyalty scheme. The café (Appetito) has been doing a bit better though.

3.12 Would marketing help from the Council help? (Cllr Britton)

MS: potentially yes – I haven't taken up the offer of help yet but will be looking to do so.

DL: Although not in the control of the Council, it would be helpful if business rates could be reduced for a temporary period and if more flexibility/cashflowing could be offered in terms of payments. The rates are high and the small business discount is only 1%.

TG: Marketing and PR is our core service and we have worked with hundreds of businesses in the borough. We do not have the resources to be as proactive as the TCMs but we can provide the tools to enable businesses that come to us to market themselves. When setting up a business, people often do research on the internet, find Business Link and Business Link then refer the new business owners to us. We have also had referrals through Job Centre Plus and we advertise in Lewisham Life to promote the business directory, our start up services and our support services.

We also try to get editorial in local papers.

3.13 How can local businesses be more successful and collaborative? (Cllr Padmore)

DL: the TCM is trying to get local businesses to get together and share ideas. A welcome pack for new businesses when you first contact the Council (e.g. when you contact the Licensing Service) or triggered by VAT registration, would be helpful. It would also be helpful if Shop Improvement Grants were re-introduced.

TG: We run regular network events with TCMs involving pre-starters and established businesses. However there is a general reluctance amongst retailers to attend such events due to the nature of their businesses which are often 7 day a week businesses – they can not spare the time. We are therefore looking to hold events in the evenings. We also run IT courses for existing businesses and train businesses to create their own website.

MS: it is useful that such events are organised although it is hard to find the time to attend such events.

MN: In Haringey they have ‘meet the buyer’ events where developers and contractors get together with small local businesses to encourage developers to engage with small local businesses rather than their standard suppliers and this has been very successful. As a result of one of these events, we have gone on to use local suppliers. We have also worked with 170 Works to take on apprenticeships and offer work experience in relation to major schemes. However, offering apprenticeships in the current economic circumstances is difficult. You do not get any value off trainees in their first year so anything that compensates for this would be beneficial (Cllr Padmore had suggested match funding).

CH: Small businesses are under a lot of pressure and my organisation could give more support to them in terms of training opportunities for staff and recruitment advice – linking them up with local people who they could employ.

SB: My organisation is a charity but it operates like a small business. We are on the verge of making people redundant so need to improve our viability. The Council could help by making it easier for our project to tender at sub-contract stage so we become more independent. The procurement process could be simplified.

3.14 What can the Council do, in addition to existing programmes, to

help boost your (170 Works and the North Downham Training Project) success rates? (Cllr Michel)

SB: We need to find forty placements each year and it would be helpful if finding a council placement was easier –the council is a big employer and provides very useful work experience.

CH: We would like to provide more focussed training around sustaining employment once in work (e.g. office etiquette) and offer more careers guidance.

- 3.15 Following questioning of the witnesses, the Committee questioned the Head of Planning and the Head of Economic Development. In response to a question from Councillor Michel, it was noted that the business advisory service contract had been extended for one year (funded by the LDA). It was also noted that the economic development service was now focussing on providing support to existing businesses but there seemed to be as many start ups as before the recession and this was a pressure as the service was not currently meeting demand.
- 3.16 In response to a question from Councillor Griesenbeck it was confirmed that external, European Union funding had decreased and the type of funding had changed. However, the European Officer was looking at specific programmes and was currently working with officers in the Czech republic on a small business project. In addition, the New Cross Gate New Deal for Communities was working on a project with a similar scheme in Lille. The Council was able to engage in a number of joint projects, subject to suitable funding streams being identified. It was further noted that help with exporting was provided to businesses if requested and that South London Business in particular provided assistance of this kind to local businesses.
- 3.17 The Chair asked about how easy it was for small local businesses to tender for contracts with the Council and if Council contracts, where possible, were broken down into ‘bite-sized chunks’ to increase the likelihood of small local businesses tendering. It was noted that the service helped get local small businesses ‘contract ready’ and encouraged the Council’s procurement team to break contracts down into smaller contracts where possible. However, it was noted that whilst this was done on occasion, the procurement team worked for departments and breaking contracts down into smaller parts was not always the priority. It was suggested that a council wide policy on this matter would be helpful.

- 3.18 The Chair also asked how upcoming tendering opportunities with the Council were advertised to small businesses and if there was a procurement section on the website. It was confirmed that there was a procurement section on the website.
- 3.19 Cllr Michel noted that it was clear that the TCMs were welcomed by businesses in Lewisham and asked whether there was any way of measuring the benefits they were bringing. It was noted that the Council measured the number of vacant units in town centres (as a Key Performance Indicator) and that in areas covered by TCMs there were fewer vacant units and, when there were vacant units, they stayed vacant for less time than in non TCM areas. However, this might not simply be due to the activity of the TCMs, as the areas covered by TCMs were more popular with businesses and therefore the units were easier to let.
- 3.20 The Committee discussed the importance of providing suitable business premises in order to encourage growing businesses to stay in the borough. It was noted that there was a dearth of larger premises and many businesses were reliant on adjacent units becoming vacant in order to grow. The economic development service worked with agents and owners to help fill vacant units with appropriate businesses that would be viable and sustainable; and would suggest unit mergers if this was a viable option. Furthermore, in new schemes the Council encouraged the building of flexible units which were large enough to accommodate bigger businesses but could also be subdivided to accommodate small businesses. In response to a question from the Chair, it was noted that supplementary planning guidance had not been used to date, to address this issue.
- 3.21 Councillor Muldoon asked if the Council thought that the promotion of a Lewisham branded microfinance initiative would be a beneficial activity for the Council to engage in and if it would represent value for money. It was noted that local businesses had access to a wide range of initiatives around London and that the creation of a specific council initiative might not be the best use of resources as it would take quite a bit of money to establish.
- 3.22 The Committee discussed the role of the Economic Development and Enterprise Board in helping the Council achieve the five key LAA targets related to economic development and noted that a wide range of partners sat on the board. Members also discussed the respective roles of the London Chamber of Commerce and the South East London Chamber of Commerce (which covers

Greenwich, Bexley & Lewisham).

3.23 Earlier in the session, Councillor Padmore raised the issue of the diversity of scrutiny review witnesses and this was discussed further later in the meeting, during discussion on the select committee work programme.

3.24 **RESOLVED:** That the information provided be noted and fed into the Committee's review.

Appendix D: Responses to the follow-up questions sent to officers following the session on 9 December 2008

Impact of implementation

- **What have been the key benefits and drawbacks of the lean model?**

Benefits:

- Almost all salary costs are now covered by core budget with the exception of Opening Doors service.
- Concentration on highest priority government and Council priorities.
- Town centre manager areas now more evenly allocated.

Drawbacks:

- Can no longer provide a service in non-priority areas such as short-term unemployed.
- Reliance on external sources to fund the service delivery programme.
- Proposed expansion of the town centre programme to cover some smaller town centres not currently possible.
- **Has implementation of the proposals affected the ability of the service to meet the expectations of Central Government and local expectations in relation to economic development?**

The lean model has been specifically structured to concentrate on delivering key central government priorities and local priorities as identified in the regeneration strategy, the corporate plan and the sustainable communities strategy. However it does mean that other local expectations cannot be addressed such as the expansion of the town centre programmes and providing an employment and training service to short-term unemployed. Other expectations are also limited by the level of external funding that can be sourced to fund new initiatives and external funding often means that such new initiatives are short-term.

Addressing shrinking external funding

- **Although the key functions of services reliant on external funding have been safeguarded by the restructure, what functions/additional services have been lost?**

- Reduction of the number of town centre managers from five to four.
- Closure of Construction Related Skills Service in 2008.
- Restructuring of Opening Doors service with two staff made redundant.
- Reduction of Opening Doors information, advice and guidance service at Sydenham Library, now only training is provided at this venue.
- Business awards event now run every two years, change from an annual event.
- Loss of one post in business support section.
- Loss of one post in project monitoring section.

Other areas of focus

- **As part of the review of sub-national economic development and regeneration, the Government is due to place a duty *on each London borough* to carry out an economic needs assessment of their local area. What impact will this have on the Economic Development Service and what preparatory work is taking place in relation to this new statutory duty?**

This new duty will have a significant affect on the service, partly as it introduces a new measure of the health of the local economy as a gauge of the effectiveness of the service but it also raises the profile of economic development as a service within the Council. Authorities are being encouraged not to wait for the legislation but to move ahead as part of good practice, ensuring that our policy development is underpinned with a strong evidence base. This evidence base will also help us meet the requirements of the new Comprehensive Area Assessment as that rolls out next year because one of the key questions asked in CAA is:

'How strong is the local economy?'

This overarching question is underpinned by 3 supporting questions :

- *'How well do local priorities express community needs and aspirations?'*
- *'How well are the outcomes and improvements needed being delivered?'*

- *'What the prospects for future improvement?'*

We are therefore planning to take forward the development of a Lewisham local economic assessment as part of our CAA programme. This will be undertaken as a corporate project led by the Regeneration Directorate and Policy and Partnerships Unit. Economic Development obviously have a key role to play in undertaking the assessment but we expect input from services across the Council. A paper is enclosed that summarises what the development of our evidence base could involve and proposes an approach to taking the work forward.

- **What role is the service likely to play in relation to the Government's new employment and enterprise policies (designed to respond to the challenges arising from the economic downturn)?**

The service will continue to work alongside key partners such as Job Centre Plus and Business Link for London to provide services to meet government priorities which have been reinforced in the new enterprise and employment policies. For example the New Horizons project, jointly run and funded by the Economic Development and South London and Maudsley Mental Health Trust, will continue to support long term incapacity benefit claimants and lone parents back into work or education.

- **What work is being undertaken to meet relevant LAA targets? Is meeting these targets at risk, given the reduction in funding for the Town Centre Management Service? What is the role of the Lewisham Employment and Enterprise Board in meeting LAA targets?**

The relevant LAA targets for Economic Development are:

- VAT registered businesses in the area showing growth.
- Overall employment rate.
- Working age people claiming out-of-work benefits in the worst performing neighbourhoods.
- In addition there is a local target of the number of vacant retail units in town centres.

All the work of the Economic Development Team is now aimed at specifically addressing these targets. The economic downturn is already having an adverse effect on these targets with an increase in the number of vacant units appearing in town centres. It is too early to

gauge how quickly those units will be re-let and how the downturn will affect the VAT registered businesses and employment rate as statistics as there is a considerable time lapse for these figures to be released nationally.

The reduction in the town centre management service has not had an appreciable effect on our ability to address the vacant shop target as the same number of town centres are covered as previously but any impact is dependant on working with owners and agents to encourage them to be realistic in areas such as rent levels to support early re-letting.

The Employment and Enterprise board monitors the relevant LAA targets and brings together key stakeholders at local and regional levels to ensure that their collective resources are most effectively used to meet the LAA targets.

Appendix E: Information requested following the sessions on 9 December 2008 and 10 March 2009

1. The role of the Town Centre Manager in Lewisham

The town centre management initiatives within the borough, including accessing external funding from central Government and Europe, are regarded as a priority as they are an opportunity to co-ordinate delivery of public services and support creation of business opportunities. Town centre management has been identified as an economic growth and development driver within the borough.

To date, ten Town Centre Management partnerships have been established, covering Lewisham town centre, Brockley, Catford, Deptford, Downham & Bellingham, Forest Hill, Hither Green, Honor Oak Park, New Cross & New Cross Gate, Evelyn street and Sydenham. The partnerships include key stakeholders in each area, including representatives of the local traders and residents associations, town centre property owners, police and the Council. Each partnership has a dedicated Town Centre Manager (TCM) employed by Lewisham Council Economic Development group (please note that several of the partnerships share a TCM). The TCMs collectively make up the Lewisham Borough Town Centre Management Team which is headed by the Senior TCM. The team also includes the Town Centres Development Officer.

The Town Centre Managers are responsible for implementing the town centre actions plans and for carrying out the objectives of the borough town centre strategy. They serve the important role as the “honest broker” between the Council and local businesses, working to engage local businesses and town centre stakeholders in the regeneration of the town centres and also to raise the profile of their town centre(s) both internally and externally. The Town Centres Development Officer is responsible for tourism, promotion and marketing of the town centres and the borough as a whole. These five posts form the Lewisham Borough Town Centre Management Team.

The London Borough of Lewisham TCM Team: In 2003, the Lewisham Borough Town Centre Management Team was established in order to rationalise the town centre initiative from individual un-connected officers into a co-ordinated team. The team has a small operating budget secured from sponsorship support (e.g. match funding from local businesses), grant contributions (e.g. LABGI and S 106 funds) and a small annual base budget provided by Lewisham Council.

Delivering the Strategy

The town centre management strategies are holistic and area-specific, incorporating regeneration, environmental and physical improvements, locally-based economic development, community safety, marketing and promotion, and strategic planning.

The overall objective of the Town Centre Management initiative is to promote the viability and vitality of the borough's town centres through a holistic approach to local economic development encompassing the following:

- **Business development and support:** ensuring that each town centre maintains and grows its economy through targeted business support and inward investment, with priority given to safeguarding and attracting local businesses and employment to the town centres.
- **Environment and public realm improvements:** advocating for and assisting with the physical regeneration of the borough's town centres, including improved management of the public realm and the delivery of Council services within the town centres, in order to help enhance functionality, accessibility, attractiveness and overall viability of the town centres.
- **Marketing and promotion:** promoting Lewisham Borough's town centres as places to shop, visit, work and live with emphasis on the distinct qualities of the town centres and businesses.
- **Community safety:** working in partnership with the police, community wardens, local businesses and key partners to reduce crime and the fear of crime in the town centres.
- **Sustainable partnerships:** fostering a sustainable working partnership between town centre businesses and property owners, residents, local police, the Council and other stakeholders, enabling local partners to lead in the delivery of the town centre business strategies and action plans.

Examples of current town centre management initiatives are:

- shop improvement grants;
- crime reduction partnerships – Business Watch, Shop Safe, street lighting improvements, Pub Watch schemes;
- leveraging in funding for the independent business sector;

- development and support of local traders associations, business forums and town centre business champions;
- animation and events programmes, including street festivals, live music and specialist markets to provide a stimulus for existing town centre customers and to attract new visitors;
- streetscape and environmental improvements, e.g. signage, hanging baskets, murals and artwork, reducing fly tips and graffiti, town centre clean up events, Big Breakfasts;
- business retention and recruitment—commercial property database, inward investment packs, shopper surveys, retail supply and demand analysis, commercial premises grants, advising on town centre planning applications and development strategies.
- tailored business training and support, including retail competitiveness training, food hygiene training support, one-to-one business advice, business networking events, development of local supply chains and identification of procurement opportunities for local businesses;
- marketing, e.g. town centre newsletters, Town centre web pages on the Council website, business directories, loyalty schemes, logo carrier bags, welcome pack for new residents and businesses, cooperative business adverts in local press;
- tourism: bed and breakfast directory, Destination Lewisham, visitor attraction networking/ business support events, town centre “Secrets” guides, food trails, heritage guides, borough map and guide, Made in Deptford Festival, Blackheath Visitor Strategy, coordination of Tour de France 2007 in Lewisham, partner work with Lewisham Information Centre/ Library Services and Visit London.

2. The LAA Economic Development and Enterprise Board

Terms of Reference

Lewisham Local Area Agreement.

Community strategy (priority outcomes):

- Foster enterprise and business growth.
- Raise skills level and employability.

Contributing outcomes:

- Increase employment rates in the most disadvantaged areas and for the most disadvantaged groups.
- Improve basic skills.
- Improve the productivity of small firms.

Board strategic aims:

- To co-ordinate the implementation and delivery of the LAA Economic Development and Enterprise block programme.
- To establish a coherent strategy for employment and enterprise development in Lewisham.
- To provide strategic direction to the allocation of resources to support employment, skills and enterprise development in Lewisham.

Objectives:

This multi-agency partnership will focus on a range of employment and enterprise related activities:

- Develop a comprehensive employment and enterprise strategy for Lewisham as part of the Local Area agreement process .
- Act as the lead body for the implementation of the local area agreement Economic Development and Enterprise block.
- Respond to the issues and challenges raised within the Government Skills White Paper, the Policy Action Team on Jobs recommendations and other government policy papers.
- Set in place joint actions to address the employment, skills and enterprise priorities of the Neighbourhood Renewal improvement plan.
- Direct funds towards key local priorities.
- Provide a link to other employment and enterprise partnerships across the Thames Gateway.
- Facilitate partnership working across sectors, in particular with funders and providers of employment and enterprise services.
- Monitor the borough achievements and progress toward agreed targets.

- Act as the main conduit for discussions with agencies such as the LDA, Thames Gateway and other sub-regional and regional agencies on employment, skills and enterprise related subjects.

Membership:

The range of key strategic stakeholders will be drawn together through this partnership which will act as the umbrella for the sector in Lewisham. The membership will be able to make decisions regarding the setting of policy, the allocation of resources to support strategic priorities and the ability to influence their own organisational direction.

***Membership:**

Councillor Heidi Alexander, Deputy Mayor – CHAIR

Malcolm Smith, Acting Executive Director for Regeneration, LB Lewisham

John Miller, Head of Planning and Economic Development, LB Lewisham

Steve Farrow, Partnership Manager, JobCentre Plus

Mark Cook, Director for Business Development, Lewisham College

Liz Dart, Interim Head of Community and Neighbourhood Development, LB Lewisham

Lewis Herlitz, LAA Economic Development and Enterprise Liaison, Voluntary Action Lewisham

Richard Livingstone, Partnership Manager, London East Learning and Skills Council

Rachel Weston, Partnership Manager, London Development Agency

Peter Wilson, Lewisham, Bexley and Greenwich Chamber of Commerce

Sabina Khan, Social Enterprise London

Stewart Goldring, ESF Delivery Unit Coordinator, London Voluntary Sector Training Consortium

***Secretariat**

Officers within the Planning and Economic Development Group will provide secretariat support for the Board organising agendas and minutes with the approval of the Chair.

The LAA Lead Officer will take responsibility for providing information on the performance and activities of projects funded through the LAA and for disseminating information to the LAA Economic Development and Enterprise Group on behalf of the Board.

***Economic Development task group.**

The LAA Economic Development and Enterprise Group will comprise delivery organisations that have been funded by the Board to deliver services that contribute to the Lewisham LAA targets. The group will meet regularly to monitor performance, pursue joint working and joint funding opportunities, identify good practice and develop exit strategies for the individual projects.

* Revisions to be approved by the Board

**ECONOMIC DEVELOPMENT and ENTERPRISE BOARD NI PERFORMANCE INDICATORS 2008/9
PERFORMANCE UPDATE December 2008**

Indicator	008/9 target	2008/9 performance Q2	2009/10 target	2010/11 target	Comments
NI 151 Overall employment rate	69.7%	68.7%	70.4%	71.2%	LAA indicator. The latest data is for the year April 07 to March 08. The definition for this indicator states that further guidance on the strategy for increasing the overall employment rate will be made available to Local Authorities, but this has not been published as yet.
NI 152 Working age people on out of work benefits	15.2%	14.7%	14.9%	14.5%	The latest data is for the quarter from Aug'07–May'08
NI 153 Working age people claiming out of work benefits in the worst performing neighbourhoods	27.18%	24.89%	26.59%	26%	LAA indicator. The latest data is for the quarter from Aug 07–May 08.
NI 161 Number of Level 1 qualifications in literacy (including ESOL) achieved	445	N/A	470	489	LAA indicator. Data for previous academic year will be available in December
NI 162 Number of Entry Level qualifications in numeracy achieved	560	N/A	572	585	LAA indicator. Data for previous academic year will be available in December
NI 163 Working age population qualified to at least Level 2 or higher	67.5%	N/A	68.2%	69%	LAA indicator. Data for previous academic year will be available in December
NI 164 Working Age population qualified to at least Level 3 or higher	45.9%	N/A	46.2%	46.5%	LAA indicator. Data for previous academic year will be available in December
NI 171 New business registration rate	N/A	N/A	N/A	N/A	Baseline data not available until early 2009. The guidance states that the first publication of the data series is due to be published in Oct'08 and will contain preliminary estimates of the number of business registrations occurring in 2007, which may be revised in 2009.
NI 172 Percentage of small businesses in an area showing employment growth	N/A	N/A	N/A	N/A	LAA indicator. Baseline data not available until early 2009. This is a new indicator that will require access to the Inter Departmental Business Register (IDBR). The guidance states that because of the complications around accessing the IDBR, this data will be calculated by central government on behalf of all local authorities.

3. Small Business Friendly Concordat

The Council has signed a National Procurement Concordat, the “Small Business Friendly Concordat”.

<http://www.lewisham.gov.uk/Business/TendersAndContracts/>

<http://www.lewisham.gov.uk/NR/rdonlyres/1DDF7CCB-FFCD-46EB-AECF-1880861288A8/0/SMEconcordatLBLVersion.pdf>

The concordat commits the Council to helping small businesses by encouraging a mixed range of suppliers in order to help develop and stimulate a varied and competitive marketplace. One of the main obstacles preventing small businesses getting work from local authorities is that the tenders are too large. Splitting up large contracts into packages of smaller work which local small businesses could then compete for, would therefore help.

The Council actively encourages local small businesses to access opportunities with the Council, with other public sector organisations and with large private sector organisations. The Council's Business Advisory Service held an event 'How to win business in Lewisham' on 18 March 2009. Over 80 local businesses attended the event, which included presentations from Andy Murray, Strategic Procurement Manager for the Council and other major buyers in Lewisham such as Building Schools for the Future and Barrett Homes.

Appendix F: Budget for the Economic Development Service 2009/10

Economic Development 2009/10 – Draft Budget.
as at March 2009

	Economic Development Development - Management	ED - Business & Enterprise	ED - Town Centre Management	ED - Training & Employment (inc Opening Doors)	Total
	£	£	£	£	£
Controllable Budget					
Income					
Government Grants					
Local Authority Business Growth Initiative (LABGI)	-	-	-	-	-
Working Neighbourhood Fund-ED & Enterprise	-	-130,000	-110,000	-96,000	-336,000
Other Grants					
Opening Doors-LDA/Learning and Skills Council etc	-	-	-	-271,000	-271,000
Business Development-ELBA	-	-55,000	-	-	-55,000
Other Contributions					
Opening Doors-5106 Funding of Local Labour Scheme	-	-	-	-270,000	-270,000
TCM-5106 Funding of TCM North Post	-	-	-46,000	-	-46,000
External Sponsorship-Deptford Festival etc	-	-	-4,000	-	-4,000
Fees and Charges					
Opening Doors-Staff Secondment to GLA	-	-	-	-20,000	-20,000
Rent Income					
TCM-Rent Income for Deptford Arches	-	-	-4,000	-	-4,000
Recharges					
ED Management-monitoring income from Quercus Project	-9,000	-	-	-	-9,000
Opening Doors-WNF Funding	-	-	-	-44,000	-44,000
Opening Doors-recharge to BAS for 121 LHS	-	-	-	-34,000	-34,000
sub-total - Income	-9,000	-185,000	-164,000	-1,027,000	-1,385,000
Expenditure					
Salaries	448,000	-	242,000	694,000	1,384,000
Other Employee Expenses	3,000	-	1,000	5,000	9,000
Premises	0	-	8,000	5,000	13,000
Transport	5,000	-	-	7,000	12,000
Supplies & Services	72,000	17,000	136,000	481,000	706,000
Third Party Payments	-	275,000	0	4,000	279,000
Other Recharges	-	34,000	0	0	34,000
sub-total - Expenditure	528,000	326,000	387,000	1,196,000	2,437,000
Total controllable budget	519,000	141,000	223,000	169,000	1,052,000

* ED Management supports the whole Economic Development Service - Business, Town Centre Management and Employment.
**2009-10 budget figures include £135k funding from Corporate Reserves for the Worklessness Initiative - Empowering People to Work. This is part of £200k agreed over a two year period 2008/9 & 2009/10 - and is not part of ongoing base budget funding. This reduces the true net base funding for the Economic Development Service to £917k.

Non-Controllable Budget

Non-Controllable Element of Budget					
Income					
Capital –non-controllable					
Write down of Govt Grants Def	-66,900	-	-7,600	-	-74,500
Expenditure					
Overheads - non-controllable					
Overheads & Support Service Recharge	942,000	-	-	-	942,000
Capital –non-controllable					
Capital Charges	74,100	-	-	-	74,100
Deferred Charges	4,856,000	-	1,342,000	-	6,198,000
Total non-controllable budget	5,805,200	0	1,334,400	0	7,139,600
**Under BV accounting Economic Development also includes overheads and capital charges for externally funded programmes such as New Deal for Communities.					
Total - Economic Development Budget	6,324,200	141,000	1,557,400	169,000	8,191,600

* The working budget at March 2009 is £8,056,600. In addition it is currently anticipated that the following funding will be made available in 2009./10.
 Working Neighbourhood Fund-ED & Enterprise - £292k (100% external funding)
 Local Authority Business Growth Initiative - £336k (100% external funding)
 Corporate Reserves for the Worklessness Initiative - Empowering People to Work - £135k (100% funded from Corporate Reserves)

Economic Development – Other Funding

	2007/8 Budget	Funding Ceases
LABGI – Local Authority Business Growth Initiative This is an annual grant provided by Central Government to support Business Growth Initiatives – the scheme is currently due to run until the end of 2008/9.	506,000	Mar-09 LBL will not know 2008/9 allocation until April/May of 2008.
LAA – Local Area Agreement Final year of the current two year programme. Economic Development will be coordinating project bids for a new programme.	477,000	
External Grant Management		
Quercus –Monitoring	8,000	
LAA – Monitoring	9,000	Mar-08
Business		
Business Development	9,000	Sep-07
Equal 2 – ESF	24,000	Sep-07
Opening Doors		
LDA ESF Opportunities Fund –Train to Work	76,000	Mar-08
LSC IAG (LAP)	68,000	Aug-08
Jobnet-via LB Bexley	72,000	Mar-09
LSC LITE – Prospects Services	103,000	Mar-08
LSPA–Lone Parents Project	77,000	Mar-08
CRS		
LDA-Thames Gateway Diversifying the Workforce	49,000	Sep-07
LDA ESF Opportunities Fund –Train to Work	122,000	Mar-08
Lewisham College etc	8,000	
Ekurhuleni Employment Partnership Project		
Commonwealth Local Government Forum	8,000	Jun-07
	633,000	
Section 106 Section 106 funding is available on an ad-hoc basis depending on the negotiation of agreements with developers . The funding is not limited to a specific financial period.		
Opening Doors		
Misc – existing reserves S106 balances	17,000	n/a
Bell Green Phase 2 – S106 Agreement	100,000	n/a funding drawn down in 2007/8
CRS		
Misc – existing reserves S106 balances	88,000	n/a
Bell Green Phase 2 – S106 Agreement	100,000	n/a funding drawn down in 2007/8
Theatre Place Connington Road – S106 Agreement	48,000	n/a funding drawn down in 2007/8
	353,000	
Other Income		
Town Centre Management – bag sales, rent and sponsorship etc	18,000	
Opening Doors – internal rent income Business Support	34,000	
	52,000	
Total	2,021,000	

For translation, please provide your details below:

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