



Our Response to the Mayor's Economic Development Strategy

The Mayor of London's draft Economic Development Strategy, published in December 2017, aims to establish a fairer, more inclusive economy in the capital that creates and supports growth across all London's sectors. This briefing provides an overview of London Councils' response to the Mayor's draft Strategy and outlines some of the next steps.

Background

The **draft Economic Development Strategy (EDS)** sets out how the Mayor aims to ensure that all Londoners can benefit from economic growth across the capital. It identifies a number of key themes to address in order to achieve continued economic growth across the capital that all Londoners can benefit from. These are:

- **A fairer, more inclusive economy** – including better educational opportunities for all, a lower cost of living, fairer pay and employment practices, better health and less poverty.
- **Creating the conditions for growth** – through enhanced workspace, better transport and infrastructure, more innovation and better skills, and by encouraging enterprise and entrepreneurship.
- **Supporting London's sectors** – including smart services, life sciences, tech and digital, and the cultural, creative and tourism industries.
- **Delivering the Mayor's vision** – through partnership work and support from everyone with a stake in London's economy.

The Mayor states that he will work with communities to ensure they also feed into policy development and delivery, whilst continuing to work with London boroughs, the wider South East region and other UK cities to support growth both locally and nationally. He also uses the draft strategy to make the case for further devolution to London.

Analysis

London Councils' response to the draft EDS consultation argues boroughs and their expertise are key components towards delivering the strategy's vision. It also makes the case for a more

flexible, place-based approach to prepare London's economy for the UK leaving the European Union (EU), as well as future, unpredicted, technological and economic changes.

The response identifies aspects of the strategy's vision that are of particular wider importance to London local government, such as the need for devolved local leadership and more localised skills and employment support, and makes the case for continued and robust collaborative partnership work between the Mayor and the boroughs to achieve this.

A more place-based approach to the EDS that recognises labour market differences within London would enable individual boroughs and sub-regional borough groupings to enhance their business environments in accordance with local priorities. In particular, we argued that boroughs' deep connections with their community and local businesses and their strengths in supporting local, high-value infrastructure projects that will benefit local communities and businesses, as well as wider sub-regions and London as a whole, should be recognised.

Devolution and public service reform continue to be key ambitions for London local government. Our consultation response therefore highlighted the need for London government – the Mayor and the boroughs – to work together to identify opportunities for further devolution to London. These powers and freedoms need to be devolved to a local, borough level in order for the strategy's vision for a fairer, more inclusive and affordable economy to be achieved.

Skills devolution will be a key component to delivering to strategy's long-term vision for more innovation, better skills levels, and better educational opportunities for all. Our response to the EDS seeks commitment from the Mayor to continue to work alongside boroughs in making the case for further devolution of skills budgets to create locally-led opportunities for improvement in the quality, consistency and suitability of provision across London.

Other areas where further devolution could help achieve the strategy's vision include:

- Devolution of 16-19 skills provision.
- Retention of London government's fair share of Apprenticeship Levy.
- Improved careers information advice and guidance services.
- Greater role for boroughs in the delivery of employment support services, e.g. co-location of employment and local government services.
- Exploring possibilities for the introduction of a tourism levy that is retained within the capital, while continuing to build upon the recommendations of the [2017 London Finance Commission](#).
- Increased resources for boroughs to accelerate housing delivery and greater flexibility over the setting of planning fees and the use of right to buy receipts.
- Exploring opportunities for further devolution around the use of Permitted Development Rights, Land Value Capture (LVC), and Tax Increment Financing.

Devolution of the AEB to London provides an opportunity to enhance existing employment support provision and support more people to enter and stay in work. Better alignment between skills and employment provision could significantly enhance the London offer to people in low paid work. Lobbying for greater alignment between Jobcentre Plus and London local government services should also be an important part of this.

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Our response also highlighted the following additional points in order for certain aspects of the strategy's vision to be achieved:

- **Fairer, inclusive economy** – the local authority role in reacting to labour market changes and making London a more affordable place for people to live, work, and learn in should be recognised and made clearer.
- **Lower the cost of living** – Local authorities should receive sufficient funding for childcare provision and the creation of new childcare provision within schools should be encouraged where there is need, space and funding available, but boroughs need flexibility to determine what works best in their local community.
- **Increased work-based learning** – there is a lack of evidence regarding what works in supporting adults (particularly those in low paid, low skilled jobs) to progress in work and low take-up rates suggest Adult Learner Loans should be made more attractive to learners, whilst the Mayor's Good Work Standard could go further in encouraging employers to invest more in skills development.
- **Economic fairness** – further reforms to mainstream employment programmes to make them more effective in supporting disadvantaged Londoners into work.
- **Additional business support for SMEs** – build on the success of the London 100 per cent business rates retention pilot to encourage greater business rates devolution and work with local authorities to explore how any additional provision of affordable office space will meet the needs of London's SMEs in the growing economy.
- **Make London an innovative global city** – London government – the Mayor and the boroughs – should encourage businesses to think about how they ensure they possess the talent they require now and in the future, whilst the Mayor needs to help address digital infrastructure issues like faster broadband connectivity speeds and eliminating 'not spots'.
- **Strengthen London's global attractiveness** – ensure that the cost of doing business in and availability of a range of workspace types in London allows for a diverse mix of industries to thrive in the capital.
- **Invest in infrastructure** – develop a collaborative, framework approach towards development at small, borough-led sites, as well as for Growth and Opportunity Areas, whilst continuing to explore options for LVC or a similar method of funding infrastructure improvements in London.
- **Enhancing town centres** – enable boroughs to better support land assembly for both housing and workspace, whilst exploring how to encourage co-location of employment and residential use on employment land.

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Commentary

London local government has developed a strong working relationship with the Mayor of London, working together to build a global, successful city, exemplified in part by the agreement to pilot 100 per cent business rates retention in the capital from April 2018. We want to build on this relationship to deliver an EDS that works for all residents, workers and businesses in London.

The capital will face a number of challenges and opportunities over the coming years, including exiting the EU, tackling productivity levels, and accelerating housing delivery. The Mayor's EDS should therefore support ambitious devolution and public service reform in order to build upon London's economic growth and shape it to work for Londoners and for the country as a whole.

In our response London Councils strongly argued that it was only through a place-based approach that takes advantage of local area strengths would the Mayor achieve the strategy's vision. London Councils emphasised the need for continued partnership work between London boroughs, the Mayor and national government on London.

The government's UK Industrial Strategy and Mayor's final EDS for London present an opportunity to make better use of local assets to boost growth and productivity in the capital. However, it is not clear what the role of the EDS will be as part of London's Local Industrial Strategy. The Mayor and the London Economic Action Partnership (LEAP) must ensure that boroughs and sub-regional partnerships (SRP) are integral to the development and subsequent delivery of London's local strategy, whatever form it takes.

Continued partnership work between the Mayor, London Councils, boroughs and SRPs will be essential in the delivery of the final strategy's long-term objectives. London Councils will continue to make the case for boroughs' central role in delivering economic growth for London and its communities.

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Links:

[The Mayor's Economic Development Strategy for London \(draft for consultation\) PDF](#)

[London Councils' consultation response PDF](#)

[Further reading on Economic Growth London Councils website](#)

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Portfolio holders and those members who requested policy briefings in the following categories: Leadership, Devolution and Democracy; Economic Development