

Report for: Cabinet

Date of Meeting:	15 July 2021
Subject:	Draft Economic Strategy
Key Decision:	Yes
Responsible Officer:	Mark Billington, Interim Corporate Director, Community
Portfolio Holder:	<ul style="list-style-type: none">• Cllr Keith Ferry, Portfolio Holder, Business, Property and Leisure• Cllr Graham Henson, Leader of the Council, Strategy, Regeneration, Partnerships and Devolution Portfolio Holder.
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All wards
Enclosures:	Appendix1: Draft Economic Strategy Appendix 2: EqIA

Section 1 – Summary and Recommendations

The impact of the Coronavirus pandemic in Harrow has been deep and wide ranging, and the immediate responses to mitigate the economic consequences of the pandemic now need to be built upon to deliver inclusive and sustainable economic growth.

This report seeks Cabinet approval for the draft Economic Strategy 2021-2030, as set out in Appendix 1.

Recommendations:

Cabinet is requested to:

1. To approve the Council's Draft Economic Strategy, 2021- 2030.
2. To delegate authority to the Interim Corporate Director, Community, Property and Leisure and (ii) Strategy, Regeneration, Partnerships and Devolution, and the Leader of the Council, to edit and revise the draft strategy, and incorporate outcomes arising from further consultation at strategic level with internal and external stakeholders, and to adopt the final version of the Harrow Economic Strategy, before it is published in Autumn 2021.

Reason: (for recommendations)

To support a long-term post- pandemic recovery that aligns with the economic vision and priorities of the Borough Plan to 2030.

Section 2 – Report

1. Introduction

1.1 The draft Economic Strategy has been developed in response to and in support of the Council's Borough Plan 2019-2030. The Plan sets out a vision for Harrow which is to build an inclusive, sustainable, and thriving economy, with flourishing local enterprises, providing well paid employment opportunities for Harrow's growing and diverse population. The key outcomes of this strategy are to deliver the economic priorities as set out within the Borough Plan:

- High earning jobs within the borough
- Micro, Small and Medium-sized enterprises grow sustainably within the borough
- Employment opportunities to match skills available within the borough
- Local learning / skills opportunities match business needs / sectors
- Vibrant town and district centres

1.2 The impact of the pandemic in Harrow has been deep and wide ranging. It has accelerated and exacerbated changes that were already occurring, including:

- The growth of e-commerce and widening of the digital divide, with those with low skills or little access to the internet at increased risk of being left behind, leading to social and digital exclusion.
- The migration to on-line trade significantly impacted the retail sector and some businesses, accelerating the loss of jobs in elementary occupations, such as cleaners, unskilled labourers, and factory workers.
- The increase in home-working and loss of occupations through the automation of jobs - increasing income inequality.
- The onset of Brexit also creates a climate of uncertainty, threatening inward investment and the flow of skills from EU countries, impacting trading conditions for Small and Medium Enterprises.

1.3 Upheaval across the borough's economy, businesses, investment, and jobs has meant the legacy of the pandemic requires the Council to take a strategic approach and lead on:

- Improving the skills and employability of our residents; and
- Stimulating business growth and job creation.

2. Options Considered

1. Do nothing
2. Focus on a short-term Covid-19 economic recovery plan
3. Develop a strategy which includes plans to support the borough's short term recovery and provides a strategic framework to deliver sustainable and inclusive growth but also focuses on longer-term aspirations.

2.1 **Option 1** is rejected because the Council has committed through the Borough Plan to create a thriving economy. To do so requires a clear strategy with supporting priorities, objectives, and actions.

2.2 **Option 2** is rejected because this would only address the immediate impact of the pandemic but would preclude the Council from taking a long-term approach to tackling issues of income inequality, low skills, low pay, and low productivity.

2.3 **Option 3** is recommended as it provides the foundations to support a post- pandemic recovery and aligns with the longer-term economic vision and priorities of the Borough Plan to 2030.

3. Background

- 3.1 The Harrow draft Economic Strategy is written in the context of Harrow's economic characteristics, its strengths and weaknesses and the need to deliver the priorities of the Borough Plan. It recognises that local economies form part of sub-regional, regional, national and even global economies. The table below outlines how the four key themes of the draft Strategy align to local priorities, sub-regional, regional and national strategies. This wider strategic framework includes the West London Build and Recover Plan, the London Recovery Programme and the UK Government's Build Pack Better strategy.
- 3.2 The strategic alignment will support the Council and its partners to secure external funding for our programmes and maximise our ability to ensure Harrow's residents and businesses benefit from access to national, regional, and sub-regional programmes.

Harrow's Economic Strategy	West London Build and Recover Plan	London Recovery Programme	UK Government Build Back Better
Skills and Employability	Skills and Employment	New Deal for Young People	Skills
Business Growth and Job Creation	Micro-business and Self Employed Growth	Helping Londoners into Good Work	Innovation Green Industrial Revolution Global Britain
Sustainable Place Making	Town Centres Housing and Infrastructure Low Carbon Economy	High Streets for All	Levelling Up High Quality Infrastructure Green Industrial Revolution
Connected Communities	Housing and Infrastructure	Digital Access for All	High Quality Infrastructure

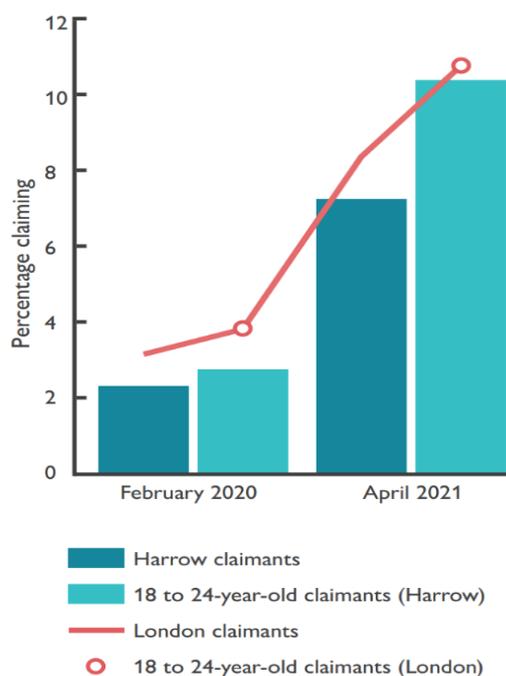
4. Current Situation

- 4.1. Harrow is one of the most culturally diverse local authorities in the UK, with around 60% of residents from Black, Asian, and Multi-Ethnic backgrounds and a growing Eastern European community. The graph below shows that 18-24 years have experienced the highest growth in unemployment. Although local data is unavailable, national data shows that unemployment for people with White backgrounds increased from 3.3% to 4.5% and for people with Black, Asian and Multi-Ethnic backgrounds from 7.5% to 9.5%. It is likely that a similar disproportionate impact was experienced in Harrow. Since the pandemic, Harrow (like the rest of London), has seen a significant increase in unemployment.

4.2 Local data also shows the greatest job losses were in elementary occupations impacting the lowest paid and lowest skilled workers. The loss of jobs in these sectors should not be unexpected as even when trading restrictions were at their peak, some 60% of Harrow's High Street businesses were unable to trade.

4.3 It is too early to understand the immediate impact of the pandemic on Harrow's Metropolitan town centre and its district and local centres. However, the April 2021 Harrow Metropolitan Town Centre survey (which took place after non-essential shops were permitted to open) showed the total vacancy rate based on shop frontage is 11.5% - compared to 7.2% in January 2020. The closure of Debenhams in May 2021 will have increased the vacancy rate further to 13%.

Percentage of overall unemployment benefit claimants in pandemic, compared with 18 to 24-year-old claimants



4.4 **Covid-19 Recovery: immediate support** – The Council secured over £16m in external funds to deliver a range of employment, business support and infrastructure programmes. Details of its immediate response to the impact of the pandemic on local residents and businesses is summarised as follows:

4.4.1 Skills and Employability

- The Council expanded its job brokerage scheme and launched a vacancy bulletin supporting those who became unemployed to work with sectors, such as social care.
- It transferred apprenticeship levy funding to SMEs to create new apprenticeships in care, health, construction, and digital sectors.
- It expanded its ESOL and employability provision to deliver outreach services.
- It promoted its Jobs, Employment and Training Programme as well as its Work and Health Programme.

4.4.2 Business Growth and Job Creation

- Distributed £62¹ million in government grants to over 900 local businesses.

¹ Data as of June 2021

- Provided businesses with free 1:1 business advice, training, and health checks through its business diagnostic programme.
- Invested in a Business Skills Accelerator programme, helping 250 local micro-businesses trade online.
- Changed procurement policies to enable immediate payment for valid invoices for Community and Voluntary Sector Organisations and to small businesses.

4.4.3 Sustainable Place Making

- Carried out physical and visual improvements to Harrow town and district centres, enabling safe trading; maintaining local spend; and supporting social distancing.
- Provided business advice and guidance to support the viability of the town and district centres.
- Implemented transport initiatives to encourage sustainable travel to local centres.

4.4.4 Connecting Communities

- Launched the 'Harrow Basket', online portal, to encourage residents to buy goods and services online from Harrow businesses.
- Helped local businesses to trade online and develop their digital capability
- Provided training to "digitally excluded residents" to mitigate social exclusion.

5. Why a change is needed

5.1 The immediate measures to alleviate the economic impact of the pandemic will not be sufficient to address the long-term impact of Covid-19. The pandemic has accelerated a number of structural shifts in Harrow's economy and a long-term economic strategy is needed to address a number of issues, which are summarised below:

- The growth in unemployment, particularly in Young People and Black, Asian and Multi-Ethnic residents.
- Exclusion from economic activity for residents with low, or no IT skills and little access to the internet, which has been exacerbated as a result of the accelerated transition to e-commerce.
- The loss of income for businesses that lack appropriate skills, or access to finance to re-pivot their business model to meet the demands of a rapidly changing economy.
- Anticipated growth in housing demand as restrictions on evictions end.
- The pandemic has seen the acceleration of part-time work which has grown by 8% over the past 3 years, leading to the loss of secure and sustainable employment and causing income insecurity. This provides the opportunity to develop the entrepreneurial skills of some residents to transition to sole traders and running micro-businesses and to support the growth of businesses to provide full time jobs.

- Building careers, skills, learning and employment infrastructure to meet the growth in demand for support and the need to upskill residents that have lost jobs in the “old economy” in order to compete for work in the “new economy”.
- The pandemic has accelerated the shift in Harrow’s business base towards the knowledge economy, which provides a parallel opportunity to improve Harrow’s digital infrastructure, address the skills gaps of some residents and micro businesses, and develop a programme to attract high tech businesses to Harrow.
- An unprecedented change in working arrangements for a significant proportion of the workforce, who have been working from home some or all of the week. If this pattern continues post pandemic it has the potential to provide new, long term opportunities for the local economy.

5.2 The draft Strategy aims to address these key challenges and deliver the Borough Plan’s priorities for a thriving economy, tackling poverty and inequality, building homes and infrastructure.

5.3 To achieve this, the draft Strategy lays out priority areas to 2030 under four themes, with objectives delivered over the short, medium and longer-term. These are summarised below:

5.3.1 Skills and Employability

With the aim of:

- Developing skills across the borough
- Increasing employment opportunities
- Matching skills of our residents to jobs

The borough has seen job losses in administrative, hospitality, retail, and entry-level occupations. Therefore, the challenge will be in replacing those lost jobs with better paid sustainable employment.

We are focusing on upskilling residents for roles that are fit for the future and targeted towards our growing business and employment sectors. Mapping future skills and demand for skills and vocational qualifications will be an immediate priority. We will engage with our Strategic Development Partner, to inform curriculum development and access to training through local education providers.

5.3.2 Business Growth and Job Creation

Focusing on:

- Supporting businesses to survive and grow
- Developing and growing local supply chains
- Encouraging inward investment

Over 94% of Harrow’s businesses are classed as micro-businesses with dominance of a few industry sectors: professional and technical; information

technology and communications; and construction industries, as well as a growing knowledge economy.

The strategy will continue to provide business support services, development of local supply chains and through procurement policies, prioritise local businesses in accessing second and third tier supplier opportunities and their wider networks.

This will be supported by development and delivery of an investment plan and marketing campaign to promote opportunities available across commercial sites, town centres, district centres and industrial estates: working with our Strategic Development Partners to bring businesses into new and existing commercial space.

In the longer term, we will look to establish Harrow's global presence as a well-connected location for overseas businesses to use as a base for satellite offices.

5.3.3 Sustainable Place Making

Prioritising:

- Improving energy efficiency
- Enhancing sustainable transport infrastructure
- Creating vibrant town and district centres
- Growing the circular economy

The Council is investing in public realm improvements across the borough, which will deliver healthy streets and further enhance cycling and walking routes, with a balanced use for town centres between retail, employment, living accommodation and a leisure offer.

Supporting housing growth will benefit Harrow Metropolitan town centre, and its district and local centres, the growth of 15-minute neighbourhoods, will help high streets and independent businesses to grow, making it easier for residents to live, work and enjoy their local surroundings. This localised approach will enable the borough to deliver improved air quality, more liveable neighbourhoods, improved accessibility, and increased opportunities for active travel: reducing reliance on car journeys.

Plans for Harrow's development support its vision towards achieving carbon neutrality by 2030 - aiding delivery of its Climate and Ecological Emergency Strategy and supporting the Local Plan to redefine town centres and neighbourhoods as low carbon, low pollution economic hubs.

Our neighbourhoods will be responsible communities and support the growth of a vibrant and sustainable good food economy: providing our communities with healthy and affordable options.

Building on our work to improve energy solutions for our council and school buildings and our fleet of vehicles, we will be working to retrofit our own housing stock, working with social housing providers, and encouraging private

homeowners to do the same: creating a more sustainable and lower carbon borough.

5.3.4 Connecting Communities

Focusing on:

- Improving digital infrastructure
- Advancing digital inclusion
- Enhancing our Knowledge economy

The pandemic has created significant challenges for local businesses, particularly in the hospitality and retail sectors, which have been the hardest hit. The cultural shift to online trading and leisure pursuits has meant that businesses have had to adapt rapidly to survive.

The transition to digital engagement has been swift, with businesses and residents relying more on digital technology and good broadband connection. For Harrow's vulnerable, disadvantaged residents and migrant communities, lack of affordability, access to technology and the limited digital skills can lead to increasing levels of social exclusion as well as reduced access to employment opportunities.

The Council is leading on a digital infrastructure strategy, to deliver gigabit capable infrastructure and delivering full fibre to the premises, while also supporting residents and businesses to gain the skills to be able to benefit from the growing digital offer and avoid digital exclusion.

Through these four key themes, the strategy provides a detailed vision and will be supported by an action plan to facilitate post-pandemic recovery in town centres, improve jobs and career opportunities in growth sectors, attract new entrants and support businesses in existing growth sectors, whilst targeting emerging sectors such as the knowledge economy offering high value jobs.

6. Implications of the Recommendation

6.1 The Economic Strategy will be delivered through existing resources and external funds. We will work with West London Alliance, the Greater London Authority, and relevant Central Government departments, to ensure Harrow's businesses and residents can access local, sub-regional, London and national provision to enable business growth, safeguard jobs, create new jobs, grow the skills of residents, and support residents to enter employment.

6.2 In addition to funding for business grants, the Council has secured over £16m in competitive funding bids. The adoption of the Economic Strategy by Cabinet would demonstrate the Council's determination to deliver long term economic sustainable and inclusive growth programmes that align to the priorities of the UK Government, Greater London Assembly, and the West London Alliance.

- 6.3 As a major purchaser of goods and services and as a Planning Authority, the Council can use its procurement policies to support residents to gain employment and apprenticeships in the supply chain and helping businesses to compete for tenders, as well as driving the development of the low carbon, circular economy through its asks of suppliers. It can also use its planning powers to help create an infrastructure for economic growth.
- 6.4 The Council's joint venture with its Strategic Development Partner (once the preferred bidder is confirmed) provides an example of how social value in the tender process can be used to generate business growth and to create local jobs for residents.

7. Staffing / Workforce

- 7.1 The Strategy will be co-ordinated and led by the Regeneration and Enterprise services.

8. Performance Issues

- 8.1 The Performance Framework defines a set of short, medium and long-term outcome measures that can be used to identify progress against performance. Those measures include economic activity, skill levels, earnings, Gross Value Added, business births, deaths and survival rates, job growth, unemployment and town and district centre vacancy rates. Output measures will include performance against the targets agreed with suppliers and funding agencies, for example number of businesses supported and grown, spend in the local supply chain, the number of residents supported into apprenticeships, work placements and jobs.

The performance measures can be found in the Draft Strategy Scorecard - **under background papers**

- 8.2 The performance management of locally delivered programmes will include equality and diversity monitoring. This will enable the measurement of participation and outcomes from our programmes and enable the development of Equality Action Plans at a project and programme level.

9. Environmental Implications

- 9.1 The development of a green and sustainable local economy is an important factor in driving down greenhouse gas emissions in Harrow. Encouraging the growth of circular economy businesses, the adoption of low carbon technologies in our infrastructure and adapting our procurement policies to deliver low carbon goods and services all directly contribute to the borough's aspiration to be carbon-neutral by 2030. The draft Economic Strategy helps to deliver the Council's Climate Change Strategy 2019 to 2024, approved by Cabinet in January 2019, and the Council's Climate and Ecological Emergency Interim Strategy approved by Cabinet in March 2020.

<https://www2.harrow.gov.uk/ieDecisionDetails.aspx?ID=62618>

<https://www2.harrow.gov.uk/ieDecisionDetails.aspx?ID=62757>

10. Risk Management Implications

Risks included on corporate or directorate risk register? No

Separate risk register in place? **Yes**

The relevant risks contained in the register are attached/summarised below. **Yes**

10.1 The following key risks should be considered when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
<p>Without actions taken as a result of a clear strategy, there is a risk that:</p> <ul style="list-style-type: none">• The Post-pandemic economic recovery will slow down• There will be a decline in business survival rates• Footfall in our towns and district and town centres will decline• Local residents will be unable to secure employment and communities will continue to be impacted by poverty and deprivation• The borough will not achieve carbon neutrality by 2030	<ul style="list-style-type: none">• The adoption of the proposed strategy and Action Plan will help address the risks identified	Amber
<ul style="list-style-type: none">• Lack of funding to deliver the Strategy	<ul style="list-style-type: none">• Development of pipeline of opportunities to map against national Build Back Better Growth strategy, the London Recovery Programme, and the West London Subregional Build and Recover Plan.• Relationship management with strategic partners and alignment with their strategic priorities.	Amber
<ul style="list-style-type: none">• Inability to deliver agreed outcomes.	<ul style="list-style-type: none">• Develop and implement programme and project management methodology across capital and revenue	Amber

Risk Description	Mitigations	RAG Status
	<p>programmes that will ensure the strategic management of projects delivering physical, social and economic regeneration of Harrow.</p> <ul style="list-style-type: none"> • Develop and implement financial, quality, and performance management systems that monitor and support the delivery of targets on time and within budget. • Develop a joint reporting and performance framework with statutory partners and stakeholders to capture the social and economic impact of their work in Harrow. These will include Jobcentre, Greater London Assembly, West London Alliance, Wates (Harrow Strategic Development Partner), Community and Voluntary sector and Business Forum 	
<ul style="list-style-type: none"> • Lack of capacity to support all people needing skills or employment 	<ul style="list-style-type: none"> • Building on existing programmes locally and on a sub-regional basis • Alignment with national, regional and sub-regional strategic priorities • Working with colleges and VCS partners • Maximising social value generated through the planning and procurement process. 	Amber
<ul style="list-style-type: none"> • Inability to preserve office space and protect employment land 	<ul style="list-style-type: none"> • The Council's regeneration & development programme includes creating affordable workspaces. • Utilise planning powers to place conditions on land use 	Amber

11. Procurement Implications

11.1 The Council is able to utilise its procurement powers and policies to support the development of local supply chains and stimulate local employment, and business growth-particularly in the green economy.

- 11.2 The Council will also review and strengthen its procurement policies, driving sustainable activities prioritising local businesses in accessing second and third tier supplier opportunities and their wider networks.
- 11.3 Other than this, focussing of our procurement policies and approach to support increased local spend and utilising the Council's purchasing power to drive the local economy, other procurement implications will be picked up through the detailed action plan that is being developed to deliver the strategy.

12. Legal Implications

- 12.1 The Economic Strategy 2021-2030 attached to this report at Appendix 1, sets out the Council's intention and outcome targets to mitigate the economic consequences of the covid pandemic to ensure long term sustainable economic growth. These are consistent with local and national requirements and commitments. Legal will continue to support this strategy as the outcomes are implemented.

13. Financial Implications

- 13.1 The Draft Economic Strategy sets out key themes and objectives to support long-term post-pandemic economic recovery. The delivery will be through existing resources, With the exception of staff already employed, there is no other revenue budget to support the strategy and the delivery of this is dependent upon external funding. Having an agreed strategy that aligns with regional and national policies is expected to help leverage external funding to support the delivery of the action plan. The Council will make use of existing resource to build capacity and work with third party partner organisations to maximise delivery outputs.
- 13.2 A number of existing projects will make a positive contribution to delivering the strategy. These include Wealdstone Future High Street funded from MHCLG, Wealdstone bus improvement project funded from TfL, business support programmes as part of Additional Restrictions Grant, and Public Sector Decarbonisation Scheme funded from Department for BEIS, etc. The Council will continue to bid for further external funding to support delivery of the strategy.

14. Equalities Implications / Public Sector Equality Duty

- 14.1 The strategy supports the revised Borough Plan which has a new and additional focus on tackling racial disproportionality as well as socio-economic inequality and disadvantage and will support delivery of our equality duties across the borough.
- 14.2 The performance management of locally delivered programmes will include equality and diversity monitoring. This will enable the measurement of participation and outcomes from our programmes and

enable the development of Equality Action Plans at a project and programme level.

- 14.3 The Economic Strategy aims to create job opportunities, encourage entrepreneurial activity and business growth, diversify town centres – all of which will be universally beneficial for Harrow's communities and residents.
- 14.4 The objectives set out in the draft Strategy will have a positive impact on residents with protected characteristics, including those facing multiple barriers into employment and those on low incomes.
- 14.5 It should be noted that statistical data on Harrow's population profile is based on Census 2011 data, which is out of date. Other work has been undertaken to update our population profile in more recent years and whilst being more accurate we know this still does not provide the level assurance and detail required around the full population profile. Therefore, it may not be possible to identify accurately new and emerging issues affecting groups with protected characteristics.
- 14.6 The EqIA (Appendix 2) makes a series of recommendations:
- A review of the EQIA at regular intervals to consider the outcomes of the 2021 Census data and intelligence on Harrow's population profile.
 - Data on the impact of Covid-19 on individual groups in Harrow is limited. Therefore, it is recommended that the EQIA is reviewed at a later stage when data becomes available, and in conjunction with the results of the 2021 Census to identify any groups that are at multiple disadvantages in the borough.
 - There is limited data on Harrow's large micro-business sector, in terms of ownership by protected characteristics. Therefore, it is recommended that work is undertaken to gather baseline data, to ensure that the borough can respond to the needs of local businesses.
 - Ensure equality monitoring is robust and incorporated as part of the performance framework and monitoring process for all projects, initiatives and actions to support the final Economic Strategy.

15. Council Priorities

Please identify how the decision sought delivers these priorities.

- 1. Improving the environment and addressing climate change**
- 2. Tackling poverty and inequality**
- 3. Building homes and infrastructure**

4. Addressing health and social care inequality

5. Thriving economy

The draft Strategy delivers on priorities 1, 2 and 5.

15.1 The objectives to deliver sustainable growth will help address climate change, primarily by increasing the percentage of energy efficient homes, and reducing journey times through developing local supply chains and increasing footfall and spend in Harrow's High Streets (priority 1).

15.2 It aims to address income inequality by a focus on skills, employment and targeting business support on micro-businesses (often the least productive and profitable). The measures to support people into work and to grow their skills to earn more will deliver both mental and physical health outcomes (priority 2). There is a clearly demonstrated relationship between poor health and unemployment.

15.3 The draft Strategy sets out a range of objectives to deliver the priority of a Thriving Economy Priority (5).

15.4 The Strategy also supports the delivery of priorities 3: Building homes and infrastructure and 4: Addressing health and social care inequality.

Section 3 - Statutory Officer Clearance

Statutory Officer:

Signed on behalf of the Chief Financial Officer Jessie Mann

Date: 28th June 2021

Statutory Officer:

Signed on behalf of the Monitoring Officer Stephen Dorrian

Date: 25th June 2021

Chief Officer:

Signed off by the Corporate Director - Mark Billington, Interim Corporate Director, Community

Date: 28th June 2021

Head of Procurement: Nimesh Mehta

Signed on by the Head of Procurement

Date: 28th June 2021

Head of Internal Audit:

Signed on by the Head of Internal Audit Susan Dixon

Date: 29th June 2021

Mandatory Checks

Ward Councillors notified: NO as all wards are affected

EqIA carried out: YES

EqIA cleared by: Shumaila Dar, Head of Equality, Diversity and Inclusion

Section 4 - Contact Details and Background Papers

Contact: Farah Ikram, Interim Head of Policy, e-mail: farah.ikram@harrow.gov.uk , tel: 07874891521

Background Papers:

[Build Back Better: our plan for growth](#)

[The London Recovery Programme](#)

[2020-September-Build-and-Recover-Plan.pdf \(wla.london\)](#)

Draft Scorecard



Background
Economic Strategy E

Call-in waived by the Chair of Overview and Scrutiny Committee

NO