

Meeting:	Cabinet
Date:	4 <sup>th</sup> October 2006
Subject:	Harrow Economic Development and Regeneration Review: Towards an Enterprise Strategy.
Responsible Officer:	Director of Planning Services: Graham Jones
Contact Officer:	Senior Professional: Claire Codling
Portfolio Holder:	Property, Housing Planning (Development) and Planning (Strategic): Cllr Marilyn Ashton
Key Decision:	No
Status:	Public

## **Section 1: Summary**

### **Decision Required**

To identify a portfolio holder for this area of work

### **Reason for report**

1. Accept the principles of the Harrow Economic Development and Regeneration Review and ensure that the economic vision for Harrow in 2016 it provides contributes to the development of :-
  - The Community Strategy
  - The Local Development Framework
  - The Harrow Vitality Profiles
2. As well as encouraging using the Review to develop a revised economic development strategy which focuses on enterprise.
3. To seek approval to use the opportunity to realign the functions of Harrow in Business and tourism into strategic planning and economic regeneration.

## Benefits

### **As a result of the Review the future economic development strategy will:**

- Have an informed vision of the future of the local economy based on evidence
- Identify threats and opportunities
- Identify actions where intervention may be needed
- Set clear targets to evaluate efficiency and effectiveness of economic development<sup>1</sup>

### **In revising the strategy it will provide the opportunity to:**

- Inform the development of other key council strategies
- Develop a mechanism to support the election pledge of 'Building a better relationship with business'

It is anticipated that the final strategy will be enterprise focused and in the longer term mean that the Council and partners provide a more supportive environment for businesses to operate and grow in the borough

## Cost of Proposals

To be contained within existing budgets. However in setting out the range of functions the revised strategy needs to cover to have the most impact, the author will set out opportunities for growing the service when future resources allow, or external funding can be drawn down.

Any proposals for major spend on activities identified in the revised strategy e.g. incubator development will need to be brought back to Cabinet separately.

## Risks

The national, London wide and local economies are increasingly influenced by global changes. This could mean that actions arising from a revised strategy do not have the required effect due to matters outside the Council's control.

## Implications if recommendations rejected

Not taking forward the proposals will mean in the short term that delivery will be confined to an adhoc range of projects which don't maximise the strengths of the borough or address issues/needs identified in research. The economy does not stand still and in the longer term if action is not taken it may mean the borough becomes less economically productive.

<sup>1</sup> All four bullet points taken from IDEA route map Economic Development Strategies prepared with CEDOS chief economic development officers society 2003

## **Section 2: Report**

### **2.1 Introduction**

The new administration is aiming to raise Harrow's profile and reputation. The Economic Development and Regeneration Review was commissioned earlier this year. It's timing is fortuitous, as it gives the opportunity to develop a revised economic regeneration strategy, built on a strong evidence base, it also enables input from the new administration on its direction<sup>2</sup>, as well as enabling the Review to inform the development of other key Council documents.

Economic Regeneration is not a statutory service, but the Local Government Act of 2000 gave councils a wider duty to promote the economic, social and environmental well being. This power provides the opportunity for the Council to take a proactive role providing clear direction, leading our partners into a new era which builds on our economic strengths and addresses our weaknesses.

Local authorities' role in leading on Economic Development has been given further weight with the addition of the fourth block in Local Area Agreements focussing on economic development and enterprise.<sup>3</sup>

Harrow Council is already signed up<sup>4</sup> to support the implementation of the West London Partnership's Economic Development Strategy and Harrow's Strategic Planning and Partnership Officer chairs the West London Economic Regeneration Officer Group which is seeking to develop a co-ordinated approach to implementation of aspects of the West London strategy. When the revised Harrow strategy is written it will have a 'golden thread' to link it to the, West London and regional economic development strategy.

### **2.2 Background**

In November 2005, Cabinet approved plans for a comprehensive review of the regeneration and economic development function. The background to this and the reasons for doing so are set out in the Cabinet Report. The aim of the review is to ensure, that in future delivery clearly focuses on Harrow needs which are based on a strong evidence base.

A project group was set up to oversee the process. The group is known as HEDRR Harrow Economic Development and Regeneration Review and is overseen by Graham Jones Director of Strategic Planning.

The starting point for the review was to take advantage of other research that was being carried out e.g. business mapping, which involved contact with over 1,000 businesses in the borough and reviews, plus assembling appropriate existing empirical statistical material to build a robust evidence base called the Harrow Economic Profile<sup>5</sup>.

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<sup>2</sup> Cabinet and SPAP briefing arranged for 3<sup>rd</sup> October 7.00 p.m.

<sup>3</sup> In Harrow this is being taken forward through the Sustainable Development and Enterprise Management Group

<sup>4</sup> Cabinet approval given Nov 2005

<sup>5</sup> available by email from [Claire.codling@harrow.gov.uk](mailto:Claire.codling@harrow.gov.uk)

The evidence base therefore consists of:-

- A new comparative analysis of local data about Harrow's economy set in a regional and national context
- A business needs survey of around a quarter of Harrow's businesses who operate from commercial premises as well as a survey of a quarter of the large employers
- A new employment land study<sup>6</sup>
- Research into incubator space provision in the area, social enterprises in Harrow and creative industries
- Reviews of tourism and Harrow in Business

GHK Consultants were chosen through a competitive tendering process to provide external objective economic research support and analysis. They have now produced the Harrow Economic Profile which informs a further report "Economic Regeneration Review Towards a revised strategy." which provides the context in terms of regional, sub-regional and local economic development planning, and uses this together with the evidence base to put forward options and sets out the challenges we face in pursuing these options in terms of the type of local economy we wish to see develop and the range of action we and our partners need to take to meet them.

This material has been taken to a range of focus groups, involving partners, business intermediaries and the voluntary and community sector, as well as colleagues.

### **2.3 Findings**

This is a very short summary from the executive summary of the report enclosed as Annex 1.

Harrow is a classic outer London borough in terms of earnings, employment and skills mix, number of commuters and pockets of problems.

Harrow also has many strong features, which mark it out from other boroughs: a good business mix, including new<sup>7</sup> and ethnic minority owned businesses.

The report encourages us to remember that Harrow remains a supplier of labour to central and other parts of London. 62% of residents work outside Harrow.

There are significant risks in the future such as further large company rationalisation: skills mismatching: transport issues and some evidence of a declining environment for business.

Any substantial increase in commuting levels could tip the balance and mean that the borough becomes more of a dormitory for London, becoming less sustainable with fewer local businesses reducing its vitality.

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<sup>6</sup> The report draws on the second draft of the employment land survey, the final report is awaited

<sup>7</sup> Business Link for London table (August 2006) on the number of new business starting up, taken from Vat registration rates over a 10 year period, puts Harrow as fourth in London.

The report goes on to say that we need to take action to address these risks.

## 2.4 Implications

The report suggests that a revised strategy should focus on:-

- Developing a genuine partnership with businesses, Small and Medium sized enterprises (SMEs) through our work with Harrow in Business, but also engaging with our larger businesses<sup>8</sup> to encourage businesses to stay in the area.
- Improving the skills of the population and access to the labour market so that all are able to contribute to and share in economic growth, for example taking part in the pilot West London Working pilot to move people from incapacity benefit into work. **(Sept Cabinet Report)**
- Improving the business environment by meeting local business needs in a variety of ways such as provision of incubator space and customer-friendly access and encouraging new businesses to stay and grow in the borough **(See accompanying cabinet report 'Business Incubation Management company'.)**
- Playing to the underlying strengths of the economy, developing key sectors such as tourism, creative industries and exploiting the opportunities of major developments both within the borough such as the town centre and close by e.g. Wembley.

It is expected that the revised strategy will cover the functions set out below:-

	<b>Function</b>	<b>Suggested activity</b>
	Land and property	Proactively managing employment land e.g. incubator development
	Business skills development Encouraging new businesses	HIB enterprise activity
	Inward investment and business retention	Promoting Harrow, liaising with larger businesses
	Enterprise ed	Encouraging entrepreneurial activity in education sector
	Enabling local business	Business portal , encouraging local procurement and local supply chain development
	Business liaison	Enforcement concordat / working towards a one stop shop for business ?
	Strategic skills development	Ensuring business future skills needs are met
	Sector support	Tourism – creative industries
	Town Centre	Town centre liaison with retailers

<sup>8</sup> Invitation to first meeting of larger businesses with a view to setting up a network has been sent out – date 14<sup>th</sup> December 2006.

Some of these functions are and will continue to be delivered by other directorates and colleagues in the council and also by partners. However as much of this activity focuses on enterprise, it is suggested that the revised strategy will become an Enterprise Strategy. A matrix will be included as part of the strategy which clearly identifies ownership of each sphere of activity.

Local authorities have a number of roles to play: building alliances and lobbying, influencing, partnering, supporting as well as delivery. It will be important to clarify the council role in each sphere of activity.

Harrow in Business has benefited from an arms length relationship with Harrow Council. The revised strategy, with enterprise support as an integral part provides the opportunity for closer working with Harrow in Business, it is suggested that the management of the Service Level Agreement is therefore moved from Business Development to Strategic Planning and Economic Regeneration to support this.

One of the recommendations from an earlier scrutiny review<sup>9</sup> was for tourism to also be included as part of economic development activity. Revising the strategy to include tourism will enable this to happen and encourage work on promoting Harrow to businesses.

## **2.5 Next steps**

Development of a revised strategy with an enterprise focus, will start in the Autumn, with a view to circulating a draft early in the new year to have in place by Spring 2007.

## **2.6 Consultation**

A short consultation plan has been implemented to a) make sure there is broad agreement with the review findings b) to gather soundings on the priorities for action and c) to raise the awareness of officers working on: the Community Strategy, LDF and the Vitality Profiles. A short flyer has been sent to all those involved in the initial research. In addition officers have taken a summary presentation of the findings to colleagues' team meetings and have also met with local partners.

Once a revised strategy has been drafted, this will be taken back to the same individuals and groups for final comments and then brought back to Cabinet.

## **2.7 Financial Implications**

Any costs will be contained within existing budgets but in addition opportunities for service growth will be reviewed either as future resources allow, or external funding is obtained. Any proposals for major spend on activities identified in the revised strategy will be reported to Cabinet.

## **2.8 Legal Implications**

No comment

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<sup>9</sup> Approved by Cabinet April 2006

## **2.9 Equalities Impact**

In the longer term projects developed from the revised strategy will be targeted to reduce economic inequality, by e.g. raising skill levels

## **2.10 Section 17 Crime and Disorder Act 1998 Considerations**

N/a

### **Section 3: Supporting Information/Background Documents**

1. Cabinet Report Nov 10<sup>th</sup> 2005

Annex 1 Economic Regeneration Review towards a Revised Strategy – Executive Summary

#### **Background Documents:**

Harrow Economic Profile – full document available by email from [Claire.codling@harrow.gov.uk](mailto:Claire.codling@harrow.gov.uk)