

MAYOR AND CABINET		
Report Title	Response to recommendations made by the Public Accounts Select Committee on the Review of Economic Development	
Key Decision	No	Item No. 13
Ward	All	
Contributors	Executive Director for Regeneration (Economic Development Manager)	
Class	Part 1	Date: 15 July 2009

1. Summary

- 1.1 The Public Accounts Select Committee produced a report entitled "Economic Development: A Review by the Public Accounts Select Committee" in June 2009. The report was received by Mayor and Cabinet on 8th July 2009. It was agreed that Mayor and Cabinet would provide a report to the Public Accounts Committee setting out a response to their recommendations. Each recommendation is reproduced below in section five.
- 1.2 Some of the Committee's recommendations are achievable without any significant financial implications. Others may require the allocation of new resources. Where there are significant financial implications it is recommended that the Mayor authorises officers to ascertain full and complete costs and report back their findings at the earliest opportunity.

2. Purpose of the Report

- 2.1 This report provides a response to the recommendations made in the Public Accounts Select Committee Report presented to Mayor and Cabinet on 8 July 2009 on the Review of Economic Development.

3. Policy Context

- 3.1 Shaping our future – Lewisham's Sustainable Community Strategy 2008-2010 contains the shared priorities for the borough. It sets out a framework for improving the quality of life and life chances for all who live in the borough. The recommendations contained in this report contribute to the key priority, Dynamic and Prosperous.
- 3.2 The recommendations contained in this report also support, and are consistent with, the Council policy objective 'Strengthening the local economy'.

- 3.3 People, Prosperity and Place, Lewisham's Regeneration strategy 2008-2010, also provides the context for the work of Economic Development. Under the theme of Prosperity this strategy states that by 2020, Lewisham will have a thriving, dynamic and creative economy. Lewisham's population will be well educated, highly skilled and successful, making an important contribution to the workforce both inside and outside of the borough.

4. Recommendation

It is recommended that the Mayor:

- 4.1 Agrees the collective responses to the statements and recommendations set out in section five and that these be reported to the Public Accounts Select Committee.

5. Response to recommendations

- 5.1 *The committee recommended 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.*

Response: The current trend in both national and regional commissioning of employment support contracts is towards an output related model, passing down the risk to delivery agencies, which is in direct conflict with the above recommendation. The allocation of Working Neighbourhoods Fund and the current funding allocation to New Horizons to support those on income support and lone parents, offer a more flexible and resident-centred approach. The council has also supported the report, Tackling Worklessness: 'A review of the contribution and role of English local authorities and partnerships.' March 2009. The report states, 'Maximum flexibility is required by local authorities and their partners to identify and spend funds in a way that will have the most impact.' This recommendation will also be raised at the Economic Development and Enterprise Board of the LSP where key funders and partners in the borough meet.

- 5.2 *The committee recommended 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.*

Response: Referral onto the apprenticeship scheme has been agreed as via Jobcentre Plus. All partners are able to refer clients via the Jobcentre to access this opportunity. HR are currently carrying out a review of all agencies who seek work placements with the Council which includes third sector organisations such as North Downham Training Project. This will result in a more equitable approach to

accessing work placement opportunities across the Council. It would not be appropriate to ring fence opportunities for specific organisations as this could breach equality of access requirements.

- 5.3 *The committee recommended 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.*

Response: In 2009 the Council's Corporate Procurement Team incorporated within its core services the role of 'supplier management' to ensure the continued development of diversity in the council's supply chain. The Economic Development Service is working with the Corporate Procurement Team to increase opportunities for local small businesses to work with the Council and its partners. This includes breaking up work which was previously let as a single large contract into a series of smaller pieces of work. These opportunities are then promoted to local businesses who are supported to be tender ready.

- 5.4 *The committee recommended 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.*

Response: New businesses are provided with details of the Council's Business Advisory Service and Town Centre Management service and with useful contact details within the Council. The business pages of the Council website have recently been extensively reviewed and updated, providing clearer, more comprehensive guidance on the business support services in the borough. A new e-newsletter is also being developed that will be circulated to business every two months.

- 5.5 *The committee recommended 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.*

Response: New businesses are provided with a named contact in the Economic Development Service. Town Centre managers are the primary contacts for businesses in the main town centres, business advisors and members of the Business Development team are primary contacts for other businesses.

- 5.6 *The committee recommended that the Council should develop an explicit model for assisting the self employed businesses (or 'consultant' style businesses) within the borough.*

Response: This has also been identified as a growing need by economic development and a proposal has been submitted to the

Economic development and enterprise partnership for Working Neighbourhood funding to support self-employed business over the next two years. The LSP board meets on the 16th July 09 to consider WNF proposals.

- 5.7 *The committee recommended 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.*

Response: In the localities that the Town Centre managers operate, local business associations are established or developed and small businesses supported. The Business Development team in Economic Development lead on a number of networking opportunities across the borough. A recent example was the 'Beat the Credit Crunch' event at the Civic Suite where 80 businesses attended. A further two larger events are planned for 09/10 as well as four smaller events in the main town centres, Deptford, Lewisham, Catford and Sydenham/Forest Hill. The idea for these smaller events would be to attract local Town Centre businesses and to support the Town Centre Management work. Bi-monthly networking events are held with the Chamber of Commerce. Links have also been made with the Federation of Small Businesses who will be attending the Economic Development and Enterprise Board with the specific aim of providing greater support and networking opportunities for small businesses in the borough.

- 5.8 *The committee noted 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. The committee felt that more can be done to help small businesses. Specifically, that 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.*

Response: The Council has extended the payment period of those businesses electing to pay by direct debit from the statutory 10 months, to 12 months. The Council does not have the power to automatically offer instalment schemes beyond the financial year to which the charge is raised. A mail shot was sent to all businesses in April 09 providing details of the Government's Business Rates Deferral. They were urged to contact the section if they were experiencing problems in paying their business rates. The business rates section have also been proactively calling businesses that have not applied for Small Business Rates Relief with the aim of encouraging take up. At this point it is not considered appropriate for the Council to lobby government on this matter. Currently 99% of Lewisham business do pay business rates.

There is a range of other business advice and support services in place to assist small businesses in the borough.

- 5.9 *The committee recommended 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.*

Response: The long-term objective of the Town Centre management team remains to provide a service to as many town centres as possible but until additional resources can be secured the current team of four town centre managers can only cover the current group of twelve town centres. The team also includes a town centres development and tourism officer who supports the team and promotes the whole borough visitor economy. A proposal to fund a peripatetic Town Centre manager for two years, in response to the recession has been submitted by the Economic development and Enterprise Partnership under the Working Neighbourhood fund (WNF). The LSP board meets on the 16th July 09 to consider WNF proposals.

- 5.10 *The committee recommended 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.*

Response: Currently each Town Centre manager works closely with the localities they cover to agree local priorities. This is carried out by working with stakeholders including local traders associations and direct business contact. This work cannot be extended to cover all areas until additional resources are secured. The overall regeneration strategy for the borough, People, Prosperity and Place, seeks to address the economic development needs of the whole borough. There are a number of area based strategies such as the Deptford New Cross Masterplan that, through thorough consultation with the local community seek to develop the economic and physical environment of particular areas of the borough.

6. Financial implications

- 6.1 A number of the recommendations do not involve any additional costs to the Council. External funding through the working neighbourhood fund is being sought in relation to recommendations 5.6 and 5.9. If this funding bid is not successful the recommendations can not be implemented unless a resource can be identified within existing budgets.

7. Legal implications

- 7.1 It is anticipated that regulations made under the Local Government Finance Act 1988, will be introduced by the end of July 2009 for the express purpose of allowing business rate payers to defer payment of 60% of the increase in their 2009-10 rate bills until 2010-2011 and 2011 -2012. This is a new Government initiative to provide flexibility to businesses so as to help them manage their rates bills in the current economic climate. Local Authorities will be obliged to write to all local businesses offering them the option to defer payments, only the necessary regulations have been made.

8. Crime and disorder implications

- 8.1 There are no crime and disorder implications related to this report.

9. Equalities implications

- 9.1 A higher proportion of small and medium businesses are run by BME communities. Residents most disadvantaged from the job market are lone parents, those on incapacity benefits, young people, and people over 50 and those from BME communities. Any of the above recommendations will contribute to reducing these inequalities.

10. Environmental implications

- 10.1 The support of small and medium businesses reduces the number of empty business properties in the borough, reducing vandalism and fly-tipping. This will have positive effects in terms of the environment.

11. Background documents and originator

Title Document	Location
Economic Development: A review by the Public Accounts Select Committee	Committee and Business Services Lewisham Town Hall

- 11.1 For further information please contact Kevin Turner, Economic Development Manager, on 020 8314 8229, Kevin.turner@lewisham.gov.uk