

Merton Council

Sustainable Communities Overview and Scrutiny Panel

16 September 2014

Supplementary agenda

9 Economic Development Strategy - Progress Report

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Sustainable Communities Overview and Scrutiny Panel

16th September 2014

Agenda item: 9

Wards: All Wards

Economic Development Strategy – Progress Report

Lead officer: Chris Lee, Director of Environment & Regeneration

Lead member: Councillor Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration

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Reason for Urgency:

The Chair has approved the submission of the item as a matter of urgency in order that the Panel may give consideration to the EDS work programme in advance of the planned review/reporting via Merton Partnership planned for autumn 2014.

Recommendations:

- A. That the Sustainable Communities Scrutiny Panel note the progress made since 2012 on delivery of activities through the Councils Refreshed Economic Development Strategy 2012-2015.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 To provide a progress report to the Sustainable Communities Scrutiny Panel on the Refreshed Economic Development Strategy 2012-2015.
- 1.2 At the Cabinet Meeting on 22nd October 2012, Cabinet resolved to
 - A. agree the proposed economic development activity in the 'Economic Development Strategy' refresh 2012-2015; and
 - B. approved a virement of a maximum of £1,112, 875 for 2012/13 from specific grants and earmarked reserves to fund the proposed activity.It was noted that future years' budgets were to be submitted for Cabinet approval as part of the process of setting the overall Council budget and this has been the case.

2. DETAILS

- 2.1 The 2010 EDS set out a 20 year plan based on data from 2008. Due to the recession it was felt necessary to review Merton's economic position using more up to date data reflecting the changing local economy from 2008 on Merton's economy.
- 2.2 The EDS Refresh was written to deliver a short-term action plan of activity up to 2015. It sets out six "components for growth" and includes an action plan with delivery timetable and anticipated outcomes (found in the Summary of Actions).
- 2.3 The six main drivers that will ensure that Merton achieves its economic vision for growth:
1. Retaining existing companies
 2. Support business growth and start-ups
 3. Inward investment
 4. Town centre initiatives including BIDs
 5. Providing support to identified sectors
 6. Supporting unemployed residents into work
- 2.4 The attached appendix A identifies the actions to be delivered and provides an update on the progress.
- 2.5 In 2012/13 £702.4k was spent on EDS activities. In 2013/14 £448k was spent and this year it is proposed that £766k will be spent. Approval is being sought for this year's spend by Cabinet at the meeting of 20th October 2014.

3. ALTERNATIVE OPTIONS

- 3.1 None for the purpose of this report

4. CONSULTATION UNDERTAKEN OR PROPOSED

- 4.1 None for the purposes of this report.

5. TIMETABLE

- 5.1 The timetable was to deliver activities from the action plan in the three year period between 2012-2015.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 None for the purposes of this report - financial, resource and property implications of implementing the agreed recommendations are accounted for in the budget reports from Corporate Services submitted each year in October to Cabinet for consideration.

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 None for the purposes of this report – legal and statutory implications of implementing the agreed recommendations have been accounted for in the budget reports from Corporate Services submitted each October to Cabinet for consideration.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

- 8.1 None for the purposes of this report – human rights, equalities and community cohesion implications of implementing the agreed recommendations have been accounted for in the budget reports from Corporate Services submitted each October to Cabinet for consideration.

9. CRIME AND DISORDER IMPLICATIONS

- 9.1 None for the purposes of this report – crime and disorder implications of implementing the agreed recommendations have been accounted for in the in the budget reports from Corporate Services submitted each October to Cabinet for consideration.

10. RISK AND HEALTH AND SAFETY IMPLICATIONS

- 10.1 None for the purposes of this report – risk management and health and safety implications of implementing the agreed recommendations have been accounted for in in the budget reports from Corporate Services submitted each October to Cabinet for consideration.

11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THIS REPORT

- 11.1 Appendix A –EDS Refresh 2012-2015 Progress Report

12. BACKGROUND PAPERS

12.1 Minutes of the meeting of Cabinet held on 22nd October 2012

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
Supporting the retention of large and medium-size companies	Engage the 'top 100' most strategically important companies in the borough	1-2 days of staff time per week. Expenses budget for meetings and travel.	Long-term / recurring six-monthly meetings with firms.	<ul style="list-style-type: none"> • Greatly improved business relationships and intelligence • Potential business and job retention impacts 	Engagement is on going. Visits are being made and a report prepared to identify any need and follow up activity required. FutureMerton recruited a Business Growth Officer in November 2012 and his role is to engage with businesses. The EDSS programme mentioned below also incorporates this as part of the procured services.
	Facilitate supply chain and networking opportunities	Minimal staff time – will be accounted for by general relationship management	Long-term / ad-hoc depending on nature of opportunities	<ul style="list-style-type: none"> • Dependent on the nature of opportunities – but would expect commercial benefits to business and improved business-to-business relationships within the borough 	
	Respond quickly and effectively to employer enquiries and concerns	1 full time staff member (in post) however a case can be made for an additional resource to support this activity in the light of the Business Growth Officer workload	Long-term	<ul style="list-style-type: none"> • Improved business and job retention • Greatly improved reputation amongst businesses and some business intelligence 	

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Renew Industrial Estates Programme	£90,000	3 years to 2014 / 2015	<ul style="list-style-type: none"> Increased business and job retention increased turnover for businesses 	In recognition of the economic importance of the trading estate, and in view of the infrastructural barriers, the Council has provided funding to support the activities of the two largest estates, WLIE and SWBA, under the newly established Industrial Estates Programme. This includes funding for a high quality website to act as a marketing and promotional tool for attracting manufacturing and other industrial companies; funding for estate co-ordinators whose role are to interphase and co-ordinate any issues and activities between the estate companies and the Council, as well as working with firms to promote the sites and the businesses at each location. In addition, the council also provides on-going business and other support to all Merton's industrial estates through the Business Growth Officer.
Supporting Business Growth and Start-Ups	Develop and implement the new Merton Business Support Service (MBSS) programme	£200,000 per annum	3 year programme starting 13/14	<ul style="list-style-type: none"> 503 new jobs created in 3 years 270 new businesses started within 3 years 200 business per annum brokered business support 	The ITT was issued in May 2013. The 3 year contract was awarded to Merton Chamber of Commerce in July 2013 and is due to run until July 2016. Full details on outcomes will be presented to Cabinet in October 2014.
	Merton Loan Fund (MLF)	£300,000 (with additional 300k match funding from the London Loan Fund)	3 year programme, starting 13/14	<ul style="list-style-type: none"> 34 loans totalling £600,000 34 Merton firms £200,000 of additional finance accessed 17 jobs directly created 51 jobs directly safeguarded 	2 loan funds were launched as part of our business support programme in October 2013. Outputs will be reported in full to Cabinet in October 2014

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Review proposals on the Generator and Worsford House	No expense -	2 years	<ul style="list-style-type: none"> Generator has good occupation levels / Businesses at the Generator have significant growth potential 	<p>Worsford House was vacated by the Council in July 2012. The site is in the Sites and Policies DPD for development with a delivery timescale of 2018-2024. The council was incurring costs for the vacant premises including 24 hour security and fly tipping clearance in the region of £108k pa. The Council have enabled Grenfell Housing to locate as a pop up resource centre for a peppercorn rent. Grenfell manages the site to deliver training and support to job seekers. The site is currently referred to as Wandle Valley Resource Centre. To cover the costs for the site Grenfell provide space to SME's and other partners such as Merton Community Transport.</p> <p>The Generator is managed by Merton Chamber of Commerce and acts as an incubator for new SME's. MCC also provide training and deliver the Council's Merton Business Support Service (MBSS) from this site. The site is currently fully occupied.</p>

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Renew the Service Level Agreement (SLA) with the Chamber for the provision of business and economic development services	Funding of £35,000 for one year, To be reviewed towards the end of the first year.	1 year: April 13 to April 14.	<ul style="list-style-type: none"> Continued business support for forum management and town centre initiatives. Resolution of appropriate business/public sector related issues Improved business intelligence gathering and reporting. 	<p>This contract was awarded in May 2014 to The Merton Chamber of Commerce. The programme is referred to as the Economic Development Strategy Support (EDSS). It incorporates support in each of the components for growth. Activities include:</p> <ul style="list-style-type: none"> Assisting in the retention of large and medium companies; Supporting growth and start ups; Supporting sectors and town centres through business engagement with retailers, supporting proposals for BID's, securing investment in new development and holding business forums; Attending the Economic Well Being (sub group of the SCTP) Contributing to funding applications Gathering intelligence on skills
	Greening SMEs	£20,000 ERDF funding, possibility for more ERDF match if officer time allocated.	3 years to 2014 / 2015	<ul style="list-style-type: none"> Improved environmental performance amongst SMEs 	<p>Merton is one of 10 partners who received ERDF funding. The project is managed by Wandsworth Council and has run for 3 years. It is due to complete in December 2014. Full figures on the number of businesses that have gone through the programme will be reported to Cabinet in October 2014.</p>
Inward Investment	Development of an Inward Investment and Business Retention Strategy for Merton	£20,000	Strategy and Action Plan to be completed by 2014/15	<ul style="list-style-type: none"> An actionable plan detailing key projects for promoting Merton as an inward investment destination- and attracting foreign and UK companies into Merton 	<p>The contract was awarded in February 2014 and the Strategy and Action plan is now ready in draft. This will be presented for sign off in October 2014.</p>

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Delivery of inward investment action plan and projects	Allocate sufficient staffing resources to deliver this important component -at least 1 day of staff time per week	Long-term	<ul style="list-style-type: none"> • Increase no. of companies attracted • Increase no. of jobs created • Increase no. of companies staying in eth borough • no companies supported to grow 	
Town Centre Initiatives including BIDs	Retail study	£50,000	2012 - 2014	<ul style="list-style-type: none"> • Completed retail study with robust intelligence on future market demand at each town centre 	A study was not carried out. Other intelligence has been collected on retail activities and focus has been on town centre improvements.
	Mitcham Town Centre Initiative	£45,000 (remainder is Match Funding from the Mayor's Outer London Fund and other sources)	2012 - 2014	<ul style="list-style-type: none"> • Regeneration of the Town centre including improvements in public realm, transport and image • increase access to business support for local businesses 	This was part of a £6m regeneration project in Mitcham town centre. The OLF and match has been used to provide business support to the shops and market and to deliver events in the town centre. Improvements have been made to shop fronts/parades and the Iceland car park. The OLF work officially completed in July 2014.

Appendix A – EDS Refresh 2012-2015 Progress Report

Component of Growth	Description of Action	Resources	Timescales for Delivery	Expected Outputs	
	Business Premises Programme	£200,000 (£100,000 already received from High Street Innovation Fund)	3 years to 2014 / 2015	<ul style="list-style-type: none"> Improved shopfronts and other town centre premises leading to increase footfall and shoppers/sales; improved image and perception of town centres 	<p>Although we have offered a shop front improvement grant programme this has not been in great demand. £23X has been spent on 3 shop fronts and another £21k planned for 2 further shop fronts this year. This does not include improvements in /Mitcham and Colliers Wood town centres as these have been funded through other sources.</p> <p>Going forward and learning from activities carried out in Mitcham the proposal for this year is to deliver parade improvements which create more impact to the High Street and will enable a more joined up programme.</p>
	Support future BIDs where there is demand	Minimal	Long-term commitment	<ul style="list-style-type: none"> New BIDs for town centres where there is business demand 	This support is on going and also delivered through the EDSS programme.
	Place promotion for Colliers Wood and Mitcham	Accounted for under the SLA with the Chamber	Long-term	<ul style="list-style-type: none"> Improved image and profile for Colliers Wood and Mitcham- leading to increase business activities 	Delivered through the EDSS and proposal going forward is to have a dedicated town centre management role for all of the boroughs town centres.
	Mitcham Outer London Fund activity	Accounted for under the Mayor's funding and proposed match funding	2012 / 2013 and 2013 / 2014	<ul style="list-style-type: none"> jobs created new businesses started jobs safeguarded increase footfall 	Details are currently being collected on the OLF outputs and outcomes. These will be reported to Cabinet in October 2014.

Appendix A – EDS Refresh 2012-2015 Progress Report

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	Colliers Wood Mayor's Regeneration Fund activity	Accounted for under the Mayor's funding and proposed match funding	2012 / 2013 and 2013 / 2014	<ul style="list-style-type: none"> businesses supported jobs created jobs safeguarded shopfronts improved new businesses attracted increase footfall 	This has been delayed due to external factors but this year the programme for Colliers Wood commenced and the business support is planned for early 2015.
	Improve the town centre forums	Accounted for under the SLA with the Chamber	Long-term	<ul style="list-style-type: none"> Increase business engagement and attendance in Town centre Forums Better feedback from Council on business concerns / Better business intelligence 	This is delivered through the EDSS which has 8 forums in total programmed throughout the year.
	Develop social networking websites	Accounted for under the SLA with the Chamber	2012 / 2013	<ul style="list-style-type: none"> Social networking websites developed and promoted 	The website was for the creative sector to set up with support from the Council. This is still in development and managed through the EDSS programme.
Providing Support to Identified Sectors	Fund sector marketing and joint-working initiatives	£20,000 (£10,000 for each sector forum)	2013 / 2014	<ul style="list-style-type: none"> Improved profile for the key sectors; Improved business intelligence; Improved inter-business trading 	Support for the creative and green sectors. Forums were delivered in 2012 and 2013. A forum is scheduled for November 2014.
	Commission a creative and cultural sector study to support growth	Indicative cost of £10,000 - £20,000	2013 or 2014	<ul style="list-style-type: none"> A study with firm recommendations for how to build on the success of the creative and cultural sector 	A study did not take place but we work closely with partners in the creative sector and identify other ways to support growth.

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	Undertake mapping exercise of green technology firms	Minimal expense and staff time. Requires contacting accreditation bodies for details and setting up a database of registered suppliers in the borough	2013-2014	<ul style="list-style-type: none"> Comprehensive data on companies operating in the borough whose derive some or all of their turnover from green technology activities 	<p>There has been engagement with a range of businesses on energy efficiency retrofit working with Merton Chamber of Commerce and the GLA on a pilot project.</p> <p>Wider engagement with businesses on the Willow Lane BID on sustainability issues, with a focus on improving air quality.</p> <p>Bid to the LEP programme to support further engagement activities with local businesses.</p>
	Support networking of green construction firms	Accounted for under sector forum budget	2013 - 2014	<ul style="list-style-type: none"> Opportunities for scale working identified and explored with green firms 	<p>We interact with greening construction businesses through the Code for Sustainable Homes. Significant changes have been introduced over the past two years which impacts on businesses delivering green services. Furthermore, there are recent changes being made in the delivery of sustainable construction announced through the Housing Standards Review in 2014. The Council is waiting to see how changes to the planning system will affect green construction to enable a programme of support green construction companies to respond to these planning changes.</p>

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Supporting unemployed Residents into Work	Skills Strategy/Action Plan	£20,000	2013	<ul style="list-style-type: none"> A skills strategy and action plan setting out the key actions required to tackle skills and unemployment issues in the borough 	<p>An Employment and Skills Action Plan was prepared in December 2012 and is being refreshed in December 2014. This set 6 priorities for the borough including reducing unemployment in the East and supporting young people into employment. The Action Plan saw the development of the Take One initiative which led to 163 apprenticeship posts in the first 18 months. Unemployment figures since July 2012 have dropped from 3867 (2.8% of population) to 2,601 in July 2014 (1.9% of population). The net decrease of 1,266 equates to a 33% reduction.</p>
	Employability and Access to Jobs Programme	£200,000	3 years to 2014 / 2015	<ul style="list-style-type: none"> Match-fund other employment and skills initiatives to maximise scale and impact 	<p>The Economic Well Being Group members were able to bid for small grants to support employment and skills initiatives in 2013. To date £37k has been spent from this budget. It is hoped that some of this budget can be used as match for ESF bids in early 2015.</p>
	Additional staff resource specialising in employment and skills and support to business growth activity	£90,000	2 years to 2014/15	<ul style="list-style-type: none"> Co-ordinate the implementation of the skills and employment strategy/action plan; bid for funding for employment and skills projects; work in partnership with employment and skills organisations 	<p>An officer is in post from May 2014. This has meant that initiatives can be taken forward to support the EDS and the Actions from last years Access to Employment and Skills Scrutiny review.</p>

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