Committee: Cabinet  
Date: 18th July 2011  
Agenda item: 8  
Wards: All  
Subject: Economic Development Programme 2011/4  
Lead officer: James McGinlay, Head of Sustainable Communities  
Lead member: Cllr Andrew Judge, Cabinet Member for Environmental Sustainability and Regeneration  
Key decision reference number: 1040  
Urgent report:  
The legal requirements for Access to Information have not been met. The chair has approved the urgent submission of this item in order that the allocation of s106 and capital funding can be programmed to deliver projects beginning in the current financial year.

Recommendations:  

1. That the Cabinet agree the Economic Development Programme 2011/14 as set out in Appendix 1 and the financial resources as set out in Appendix 2.

1. Purpose of report and executive summary  
1.1 This report sets out for Cabinet approval the Economic Development Programme 2011/4.  
1.2 The Cabinet agreed Part 1 of the Economic Development Strategy on the 16th of March 2009. The Part 1 report focussed on the plans for the development of Merton’s Town Centres as successful, vibrant and cohesive places to both live and work. In addition the Part 1 programme set out a programme of activities intended to mitigate the impact of the recession on Merton’s businesses and residents.  
1.3 The Cabinet adopted the Economic Development Strategy, Part 2, “A New future: An Economic Development Prospectus for Merton” on 15th March 2010 and agreed the further development to prioritise initiatives subject to the availability of funding.  
1.4 The Economic Development Strategy “A New Future: An Economic Development Prospectus for Merton” contained four core economic objectives:  
- To improve the average levels of productivity, gross value added and hence pay for jobs in Merton
• To build on Merton’s strengths in location, attractiveness, brand value and expertise to promote its economy
• To promote economic resilience in Merton through a diverse local economic base which does not rely too heavily on any one sector for its continued success
• To ensure that activity is delivered in a way that supports other values and objectives, notably addressing deprivation in the east of the borough and protecting built heritage and the environment.

1.5 The Economic Development Strategy intends to focus on the economy over the next five years but sets out an economic vision for the borough for the next 20 years. The strategy is drawn from the Local Economic Assessment, an analysis of employment sites in the borough and survey of nearly 250 businesses in the borough.

2. **Details**

2.1 The proposed Economic Development Programme 2011/14 is the result of a review of the Economic Development Implementation Plan following the Council elections in May 2010 and in the context of the financial challenge facing the Council.

2.2 The programme seeks to address the challenges contained in the Economic Development Prospectus with projects that are deliverable and cost-effective within the limited resources that are available.

2.3 The Economic Development Programme 2011/14 is grouped into 5 themes, details of projects, projected timescales and budgets are contained in appendix 1:

- Development Promotion
- Enterprise and Business Support
- Employment and Skills
- Development of Business Space
- Economic Intelligence

3. **Alternative options**

3.1 The Council could do nothing but this would result in some Section 106 agreements not being implemented as the finance is allocated for economic development work and the Loan Fund resources, again agreed for economic development projects would remain in balances. It was also put at risk the Boroughs ability to weather the current recession and build a more resilient local economy.

4. **Consultation undertaken or proposed**

4.1 The key projects in the draft programme have been presented to the Sustainable Communities and Transport Partnership at a joint meeting with the Local Economy Sub-Group along with a range of invited businesses and the Wimbledon Business Forum.
4.2 Overall the draft programme was welcomed with particular support for a revived Merton Loan Fund to address the continuing gap in the provision of finance to businesses.

5. **Timetable**

5.1 The Economic Development Programmes contains projects that are scheduled to run from 2011/2 financial year, and a programme to launch the various projects will be developed for a launch event for the programme in early summer.

6. **Financial, resource and property implications**

6.1 There are no property implications arising from the report.

6.2 The finance to cover the Economic Development Programme is drawn from finance from the Local Authority Business Growth Initiative (LABGI) funds paid in previous years, from a number of Section 106 payments made by developers to specified economic development projects and from the Merton Loan Fund resources which the former Government Office for London and the London Development Agency agreed could be re-used for economic development projects prioritised by the Council.

6.3 Details of the financing of the Economic Programme are included as Appendix 2.

7. **Legal and statutory implications**

7.1 The Local Government Act 2000 requires that every local authority produces a ‘Sustainable Communities Strategy’ for promoting the economic, social and environmental well-being of its area. The Economic Development Programme will contribute to the delivery of the economic aspects of the Sustainable Communities Strategy.

7.2 The Local Democracy Economic Development and Construction Act 2009 requires each local authority to carry out economic assessment for their area, the Merton Economic Assessment informed the development of the Economic Development Strategy and hence the development of the Economic Development Programme.

8. **Human rights, equalities and community cohesion implications**

8.1 There are none arising directly from the report.

9. **Risk management and health and safety implications**

9.1 There are no health and safety implications arising from the report.

9.2 Possible risks associated with the implementation of the Economic Development Programme could be caused by poor programme or project management. Regular monitoring of the Economic Development Programme will be undertaken which will mitigate any risks.

10. **Appendices – the following documents are to be published with this report and form part of the report**

10.1 Appendix 1-Economic Development Programme 2011/14 Project details
10.2 Appendix 2-Economic Development Programme 2011/14 Finance

11. Background Papers – the following documents have been relied on in drawing up this report but do not form part of the report

11.1 Merton Local Economic Assessment 2009

11.2 A New Future: An Economic Prospectus for Merton 2010

12. Contacts

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  - Tel: 020 8274 4901

13. Useful links


13.2 Readers should note the terms of the legal information (disclaimer) regarding information on Merton Council’s and third party linked websites.

13.3 http://www.merton.gov.uk/legal.htm

13.4 This disclaimer also applies to any links provided here.

Appendix 1
Economic Development Programme 2011/14
Project Details

Development Promotion

www.merton.gov.uk
Development Initiation
Proactive promotion of development proposals amongst landowners and developers to address the business accommodation needs of the Borough in accordance with the LDF Core Strategy.
Focus would be given to sites in Council ownership, areas included in the Regeneration Strategy and industrial areas identified for modernisation.

Branding
Merton possesses one of the most well known brands ‘Wimbledon SW19’ in the country and possibly the world, being as it is at the centre of the sporting world’s attention for two weeks every year and longer in 2012. however the borough does not maximise the benefits of this association.

The work proposed involves seeking specialist advice on how the Borough might capture more of the benefit from the brand and using the brand in the Council’s future inward investment promotion.

Enterprise and Business Support

Overview
The landscape for support to business and enterprise will radically change over the next three years with the closing of the London Development Agency and its replacement with a London wide Enterprise Partnership. The regionally based Business Links are due to close by March 2012 being replaced by a national web-site and call centre but without a local presence.

The funding of London’s business support programme (Business London) ended in December 2010, Business Link London is due to close by March 2012 (likely closure date is November 2011) and apart from the nationally led Mentoring Scheme there is unlikely to be business support apart from that provided to unemployed people provided through JobCentre Plus contracts.

It is very unlikely that South London will be eligible for support from the Regional Growth Fund and the issue of match funding for ERDF is still to be resolved Therefore it is likely that if business support is to be provided it will have to be from local authorities.

The Enterprise and Business Support Programme

The proposed programme for enterprise and business support focuses on the priorities identified in the Economic Development Prospectus and on the changing provider landscape with the aim of building Merton as one of London’s best places to locate and do business.

Promotion of Enterprise and Growth of New Business

1. Merton Business Awards
Building on the success and lessons of the first Merton Business Awards this provides for an annual business awards scheme which would include more promotion in the East of the borough and a possible Merton Business Civic Awards scheme for businesses based in each of the town centres.

2. **Merton Business Loan Fund**

Businesses continue to have difficulty in raising the required funds for start-up and growth despite the efforts of the banking system. The creation of the revised Merton Business Loan Fund involves the creation of a joint fund with Greater London Enterprise on the basis of an equal amount of funding from each party, so an investment of £200k from the Council would create a fund of £400k which could be accessed exclusively by local businesses on the basis of eligibility criteria to be established.

3. **Merton Business Grants**

This fund enables the Council to provide support to various businesses to improve business premises, Shopfront Improvement Grants and grants to assist the training of key staff.

The detailed criteria and schemes would be subject to approval when developed.

4. **Merton Means Business**

The current Merton Means Business programme delivered by the Chamber of Commerce for the Council after a procurement process provides:

- A Business Help Desk
- A Business Advice Service
- Outreach services to identify and target businesses in need of assistance
- A programme of business workshops, seminars and peer group learning/networking events
- A Library of Training and Advice Publications.
- Management of the Business Generator

The current programme runs to 31st January 2012 and will be evaluated during the autumn of 2011. However the Business Help Desk provides initial telephone contact with businesses who are seeking information and it is recommended that the Business Help Desk is continued for 2011/14:

- Business Help Desk: Provision of telephone enquiry service either answering direct business requests or identifying best source of support.

It is possible that the Business Help-Desk could be provided in-house or contracted to a business support provider on a contract basis, the procurement options for the Business Help-Desk need to be considered in detail and it is recommended that the Head of Sustainable Communities, in consultation with the Cabinet Member for
Environmental Sustainability and Regeneration, agree the procurement option for the
Business Help Desk.

Generator Business Centre
The management of the Business Generator is delivered as part of the Merton Means
Business with the current contract ending on 31st January 2012. The Council has a
lease on the building until March 2017.

The contract has shown that a private sector operator can reduce costs whilst
maintaining the service designed to assist businesses in the start-up stage.

During the initial phase of operations the Council provided some funding towards
deficits caused the slower than anticipated letting of the building as a result of the slow
down of new businesses creation caused by the uncertainty of the recession. However
with the Generator now full with a waiting list of companies wishing to take space
current projections indicate that the Generator can be run on a break-even basis as
originally intended.

It is recommended that the Council invite operators, including the Chamber of
Commerce, to take over the management of the Generator for the remaining 5 years of
the Council lease. This would enable the Council to withdraw from the Generator
management and enable the operator to negotiate a new lease with the property
owners direct.

Relationship Building/Key Sector Engagement

The aim of this priority is to improve the Council's link with the business community
through the delivery of business forums based around the town centres and with key
sectors.

1. **Going for Gold**

   The Going for Gold programme is run by the Merton Chamber of Commerce on behalf
   of the Wimbledon Partnership Board. The three-year programme is designed to deliver
   additional town centre projects and events to show local business what a Business
   Improvement District could achieve. The Going for Gold programme ends in 2012
   when a ballot will be held to establish a Business Improvement District. For 2011/12
   the Going for Gold Service Level Agreement will include the targets and milestone in a
   programme leading to a ballot. £30k for Wimbledon Town Centre management will be
   added to the Going for Gold payment to provide the funding to enable the preparation
   work to take place for the vote to establish the BID.

2. **Merton Chamber of Commerce**

   The Merton Chamber of Commerce has been in receipt of a grant payment of £36k per
   annum as a contribution to the cost of its services and partnership activities including
   the costs of bidding for public sector contracts including those let by the Council.
It is recommended that a grant (£30k) be continued for 2011/12 with the grant linked to direct service provision such as the organisation of town centre and key sector forums along with the generation of leads for the Merton Business Loan Fund.

3. **Wimbledon Town Centre Management**

The Council has supported the Town Centre Management Initiative for a number of years and in view of the development work needed for the possible Business Improvement District. It is recommended that the Council contribute £10k to the Wimbledon Town Centre Management Initiative for 2011/12.

The Council’s contribution will be reviewed towards the end of the financial year to establish the benefit gained from the Town Centre Management initiative.

**Employment and Skills**

The key purpose of a local employment programme is to gain for the borough the best value from the emerging Government Work Programme, which will be delivered by contractors in a large West London geography. It will be important for the Council to engage with the lead contractors to facilitate and monitor local delivery and ensure that they complement the Merton ED Strategy.

The skills development programme will aim to utilise local resources (LABGI, S.106, local educational establishments etc) to match-fund or lever-in external funds from sources such as the European Social Fund to achieve better/more accessible vocational training provision for residents and businesses in the Borough. These resources will also be harnessed to the Council’s “green and diverse economy” objectives.

Currently two local schemes are in development.

1. **Eco-Skills training Project**

This will involve the development of eco-build and retrofit courses for existing Merton businesses in appropriate sectors with attendance being grant-aided by the Council (and possibly the ESF).

2. **Provision for training**

A sum allocated to assist local organisation deliver training programmes as part of Work Programme contracts.

Details to be developed with local organisations and Work Programme contract holders.

**Development and Improvement of Business Space**
The overall aim of this programme is to increase the provision of business space and provide information and advice to potential inward investors seeking local premises. Operating alongside the development control process the programme will protect the quantity and improve the quality of the stock. It will also include some access improvements to Canterbury Road studios.

1. Canterbury Road – Access Work
   Involves relaying the access way to the Council owned and managed workshops along with additional drainage work.

2. South London Property Database
   To enable the Council to subscribe to the South London Property database managed by South London Business. The database provides a service for companies looking for premises in South London.

Economic Intelligence

Central to the economic development programme is a continued understanding of the changes in the economy and the regular ability to access the relevant data sources (which could include such sources as the Inter Department Business Register, Annual Business Inquiry, Experion and the Local Data Company for town centre data etc.)

The information would enable the production of a regular Economy Bulletins setting out trends in the local economy along with comparisons with the sub-region, London and nationally, and a possible refresh of the Borough Economic Assessment, along with providing economic information for the planning process.

~Business Directory

The provision of an up-to-date business directory would provide the business community with opportunities for building supply chains.

The directory could be provided electronically or in paper form or both.
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## Appendix 2 Economic Development Programme 2011-2014 Financial Profile

### Total Available

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### Section 106-Purpose

- 296/6 UGI Meters 50,000 Section 106 (Spend deadline 15/07/2012) Towards initiatives in the Councils economic development strategy and/or to facilitate the acquisition and development of land for employment and/or business purpose and no other purpose.
- 308a Spencer Hill Road 128,671 Section 106 Business Premises only Towards regeneration initiatives including training employment and business space in BLM.
- 314/7 Burlington Road 20,000 Section 106 (Spend deadline 1/11/2013) Towards regeneration initiatives including training employment and business space in BLM.
- 286a 216-218 Rowan Road 16,540 Section 106 Measures to secure employment benefits within the LBM including the acquisition and/or improvement of land and buildings for business user within the B Use Class (B1-B8).
- 343b Sleepeezee 20,000 Section 106 (Spend deadline 14/08/2013) For skills training.
- Loan Fund 340,000 Can be used to match fund with external partners to provide the £400k loan fund (below)