local london

Sharing Prosperity with Local London

The Case for Investing in East and North East London

HATCH

LOCAL LONDON IS A REGION OF NEED AND HUGE OPPORTUNITY

We want to work proactively with Government to overcome our challenges, unleash our potential and underpin the national economic recovery

*The Shared Prosperity Fund allows Government to take control of regional development funding. This report sets out **five key reasons** why we believe our region should be at the forefront of your decision making.*

LOSS… *of £1bn of funding to catalyse productivity*

We were due to receive up to £1bn of European Structural and Investment Funds in the next funding round. This money would have been used to deliver transformational projects that would have driven regional and national productivity growth in line with the National Industrial Strategy. Investment would have been in our priority areas of infrastructure, enterprise, employment and skills.

NEED… *to 'level up' with the UK and London*

We need investment to tackle entrenched economic and social challenges. Our region continues to suffer from historic inequalities linked to the decline of traditional industries. Our economic and social challenges are as significant as most other former industrial towns and are far greater than other parts of the capital. Funding will allow us to 'level up' with other parts of the country and capital while also supporting the Government's ambitions to reduce inequality between communities across the country.

VULNERABLE… *to macro-economic changes*

We are highly vulnerable to macro-economic changes and can use investment to build a more resilient economy and population. The current COVID-19 pandemic is a clear reminder that our region is more exposed and vulnerable to economic disruption than other places. This links to a range of factors including our labour market, business structure, sector mix and community resources.

OPPORTUNITY… *to deliver significant economic change and underpin the national economic recovery*

We are the country's most important opportunity area. We are one of the most productive regions despite our deep and entrenched structural issues. This means that our region can underpin the national economic recovery as it offers among the best returns in the country for every pound of public money invested. We also have a range of competitive advantages that mean we are well placed to deliver huge growth, support the recovery and capitalise on changing trading relationships. For example:

- We have highest number of opportunity areas in London which have capacity for over 135,000 new homes and 105,000 new jobs
- We are close to three of the UK's main deep-sea container ports and there is a unique opportunity to develop underused freight facilities in Barking
- We are at the confluence of several nationally important economic growth corridors (including the UK Innovation Corridor and the Thames Estuary Corridor) and are poised to take advantage of the agglomeration benefits of being part of the most productive city in the country

We have a clear plan to capitalise on these advantages if funding is made available.

READY… *to work proactively with Government to drive change*

We are ready to work closely with you to drive change and to take a more proactive role in determining the future of our region. Our ask is to: (1) be involved in setting the direction for local investment priorities; (2) be directly involved in deciding which projects are funded; (3) have specific funding ringfenced to address our need; and, (4) be fully represented across any new or existing governance structures. We believe that this, alongside your ambition to overhaul the overly bureaucratic processes associated with the European Funds, will help deliver better outcomes for our region. We are hoping for more influence over how investment decisions are prioritised and delivered locally, but will work proactively with Government and any accountable body whatever decision on funding administration is made. Our ultimate ambition is to deliver the best outcomes for our region and, in turn, the country.

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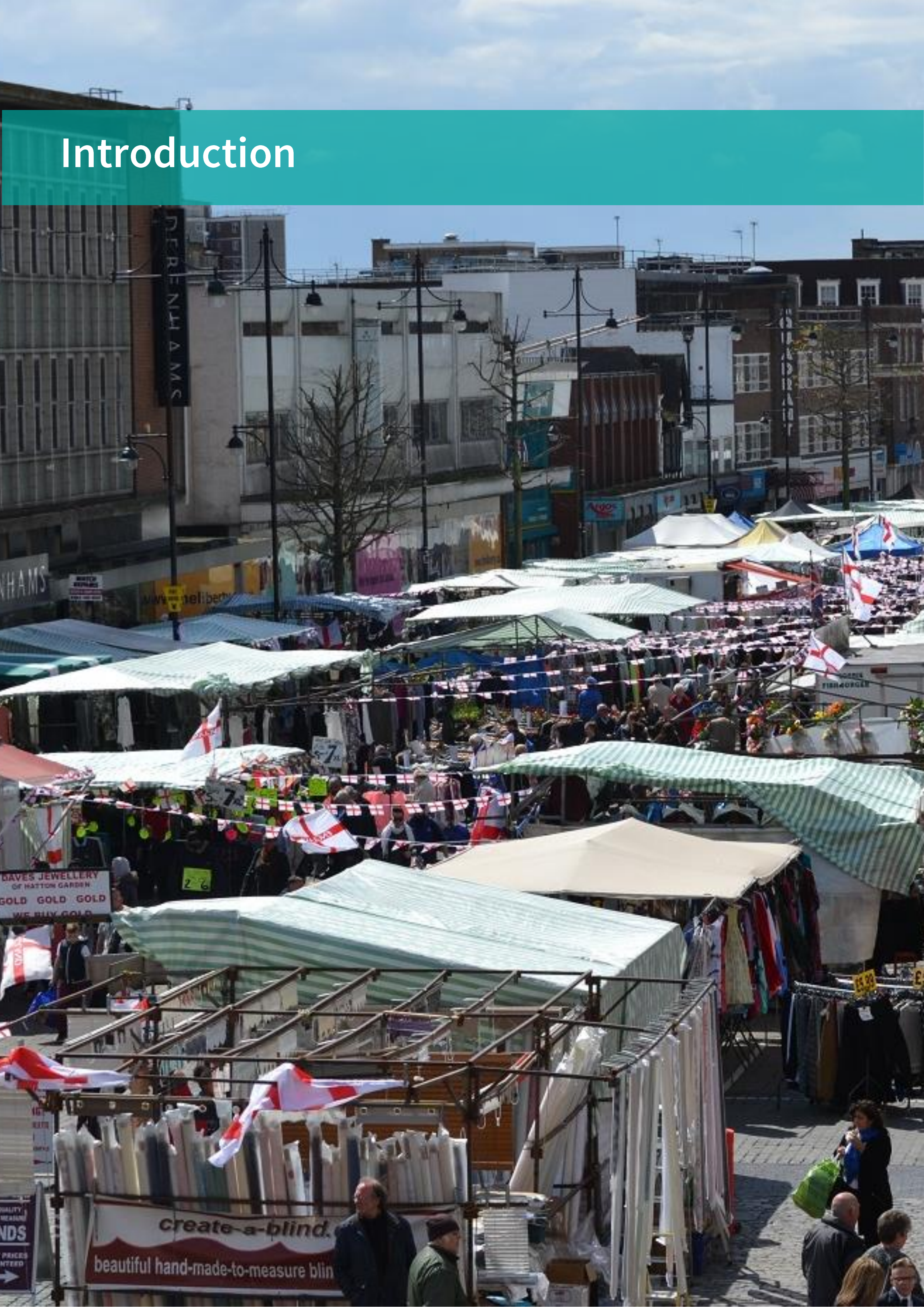


1. Introduction

1.1 Local London is one of four sub-regional partnerships in the capital.

1.2 We are a collection of eight councils representing 2.3 million residents and around 100,000 businesses in the east and north east of the city[1]. We have a larger population than Birmingham, Manchester and Liverpool combined.

1.3 Through our three-year **Local London Plan** we work collectively to enable growth in one of the country's most deprived areas by delivering several multi-million-pound programmes, leveraging public and private investment and through our membership of key growth corridors.

1.4 Our overarching ambition is to*: "…achieve growth through our international connections as much as via our local and regional networks. We will work for inward investment that enables us to deliver better infrastructure, expand our business base and develop our future workforce. This will mean we can give local people and communities the best opportunities to benefit from our growth"*.

1.5 To achieve this aim we use our resources to raise funds and income for the sub-region, which involves bidding for grants and attracting inward investment. We also manage and oversee programmes and projects focused on health, young people, carers, skills and employability.

1.6 One source of funding we have previously utilised is **European Structural and Investment Funding** via the European Regional Development Fund and European Social Fund. In the next round of funding we had expected to receive in the region of **£650m** to **£1bn** to help us 'level up' with more developed parts of Europe, the UK and London.

1.7 As we have left the EU, this investment will now not come forward. Government has, however, made a strong and positive commitment to match the funds via the **Shared Prosperity Fund**[2] which will have similar aims to European Structural and Investment Funds[3] (i.e. to reduce inequalities between communities). The Fund will be less bureaucratic and more efficient than before.

1.8 We had expected that Government would consult on the Shared Prosperity Fund by now but owing to COVID-19 this has been delayed. We understand that it may also not be possible to undertake given the current climate.

1.9 This report responds to and makes the case for our sub-region. It illustrates that there are still compelling reasons to invest in our area as part of the Shared Prosperity Fund. It also emphasises that we want to work proactively with Government to overcome our challenges, unleash our potential and underpin the national economic recovery. We believe that by working together we can achieve collective goals of transforming our region *and* delivering major productivity growth.

1.10 The report is structured around **five** key reasons why we believe we should be at the forefront of your decision making in relation to the Shared Prosperity Fund.

[1] Our member boroughs include Bexley, Greenwich, Newham, Enfield, Waltham Forest, Redbridge, Barking & Dagenham and Havering. This almost aligns with the European Union's East / North East London regional geography. Statistical analysis generally focuses on this European geography given the nature of the report and existing precedent, but we are committed to leveraging investment for the whole region.

[2] The UK Shared Prosperity Fund, House of Commons Library

[3] ibid

LOSS… of £1bn of funding to catalyse productivity	*We were due to receive up to £1bn of European Funds to deliver projects that would have driven regional and national productivity growth in line with the National Industrial Strategy*
NEED… to ‘level up’ with the UK and London	*We need investment to tackle entrenched economic and social challenges and to ‘level up’ with the UK and rest of London*
VULNERABLE… to macro-economic changes	*We are highly vulnerable to macro-economic changes and need funding to build a more resilient economy and population*
OPPORTUNITY… to deliver significant economic change *<u>and</u>* underpin the national economic recovery	*We have huge opportunities for investment which can deliver positive economic change <u>and</u> help to support the national economic recovery*
READY… to work proactively with Government to drive change	*We are ready to work closely with Government to deliver change and to play a more prominent role in determining the future of our region*

NB: ‘We’ refers to East and North East London rather than the Local London sub-regional partnership

LOSS...

of £1bn of funding to catalyse productivity

2. LOSS… of £1bn of funding to catalyse productivity

We were due to receive up to £1bn of European Funds to deliver projects that would have driven regional and national productivity growth in line with the National Industrial Strategy

2.1 The European Union (EU) provides several streams of funding to its Member States, including **European Structural and Investment Funds**. These aim to:

"…reduce disparities in the level of development in the regions of the EU and help less developed regions to catch up"

2.2 The fund is split into different streams, but the most relevant to our sub-region are:

- **The European Regional Development Fund (ERDF)** – mainly focused on supporting small businesses and research and innovation, with some focus moving to a low carbon economy
- **The European Social Fund (ESF)** – strongly focused on employment, particularly around getting people into the workforce or improving their skill levels

2.3 Structural and Investment Funds are allocated based on need, which is determined using GDP per head. Regions are classified as 'less developed', 'transition' or 'more developed' regions. Less developed regions are eligible for the greatest share of funding.

- **'Less Developed' Regions** (GDP per head is below 75% of EU average)
- **'Transition' Regions** (GDP per head is in the range of 75-100% of EU average)
- **'More Developed' Regions** (GDP per head exceeds EU average)

2.4 Local London was previously grouped with 'Outer London', but in 2016 the EU updated its regional geographies and Outer London was re-defined into three areas: (1) **Outer London East and North East**; (2) Outer London West and North West; and (3) Outer London South. This is because the different parts of Outer London are distinct.

2.5 Outer London East and North East includes seven of Local London's member boroughs: Barking & Dagenham, Bexley, Enfield, Havering, Greenwich, Redbridge and Waltham Forest. Under this distinct geography our area would be classified as a 'Less Developed Region' as GDP per head is currently below 75% of the EU Average[4].

2.6 The EU would classify it as an area that needs support 'levelling up' with other parts of the trade bloc.

[4] Structural Funds Eligibility: Comparison of Reference Periods 2014-2020 and 2021-2027, Conference of Peripheral Maritime Regions

The European Policies Research Centre estimate that East and North East London would have been part of a group of 7 Less Developed Regions in the UK that would share around £4.5bn[5].

If this is divided equally, our sub-region would have been eligible for around £640m[6].

If this is divided by population the sub-region would have been eligible for £1bn[7].

2.7 Based on the objectives of the fund and our need, money would have been spent on transformational projects that drive productivity in line with the National Industrial Strategy. Priorities for investment would have included catalysing infrastructure, supporting enterprise, reducing unemployment and improving skill levels.

2.8 We understand that Government plan to replace these funds with the UK Shared Prosperity Fund. The purpose is to:

"reduce inequalities between communities across our four nations… [by] strengthening the foundations of productivity as set out in our modern Industrial Strategy"[8].

[5] EU Cohesion Policy Funding 2021-2027: What might the UK have got without Brexit?, European Policies Research Centre

[6] ibid

[7] EU Cohesion Policy Funding 2021-2027: What might the UK have got without Brexit?, European Policies Research Centre *and* ONS Annual Population Survey

[8] The UK Shared Prosperity Fund, House of Commons Library

2.9 There are also ambitions related to tackling inequality, overcoming deprivation and inclusive growth *and* a commitment to "at a minimum match the size of those funds in each nation"[9]. Given the current context we anticipate that it may also be one of the main funding sources available to support the economic recovery from COVID-19.

2019 Conservative Manifesto

"The UK Shared Prosperity Fund will be used to bind together the whole of the United Kingdom, tackling inequality and deprivation in each of our four nations. It will replace the overly bureaucratic EU Structural Funds – and not only be better targeted at the UK's specific needs, but at a minimum match the size of those funds in each nation".

2017 Conservative Manifesto

"We will use the structural fund money that comes back to the UK… to create a United Kingdom Shared Prosperity Fund, specifically designed to reduce inequalities between communities across our four nations. The money that is spent will help deliver sustainable, inclusive growth based on our modern industrial strategy. We will consult widely on the design of the fund, including with the devolved administrations, local authorities, businesses and public bodies".

Given that the objectives of the Shared Prosperity Fund align strongly with those of the European Structural and Investment Funds we believe that there is still a compelling case for investing in our region.

Investment of a similar scale would deliver the transformative change that our region requires while also catalysing significant productivity growth. This will help support the economic recovery at regional and national scales.

The rest of this report sets out the case for receiving this investment. It focuses on our need, vulnerability, opportunity and readiness.

[9] Conservative Manifesto 2019, Conservative Party

NEED...

to 'level up' with London and the UK

3. NEED… to 'level up' with the UK and London

We need investment to tackle entrenched economic and social challenges and to 'level up' with the UK and rest of London

3.1 The Government has been clear about its ambition to address disparities between communities across the UK. On winning the election last year Boris Johnson set out his intention to "unite and level up" the country and has since taken proactive steps towards delivering this.

Our sub-region highlights that regional disparities are, however, not limited to North versus South but also exist *within* prosperous regions like London. Our experience is that rapid growth and development can exist alongside persistent deprivation and economic challenges.

'Levelling up' with the UK

3.2 Our sub-region continues to suffer from historic inequalities. This reflects the continuing legacy of the decline of traditional industry in the 1970's and 80's.

3.3 Much like the experience of many towns and cities in the North and Midlands, the decline of major industries and large employers affected formerly prosperous manufacturing areas here like Dagenham, Ilford, Enfield, Woolwich and Barking. There are still parts of Local London that have yet to fully redefine their roles following earlier industrial decline.

3.4 This creates challenges around economic inactivity, deprivation and skills with some residents left behind and detached from economic opportunities. These issues are affecting a population of 1.9 million, in a sub-region over one and a half times the size of Birmingham.

3.5 The levelling up agenda should apply wherever inequality exists. The UK2070 Commission, an independent investigation chaired by Lord Kerslake into persistent spatial inequalities in the UK, argues that:

"Regional inequalities are more complex than simple north-south or town-city divides, and even within successful regions there are underperforming areas".

3.6 It also calls for investment in struggling areas that:

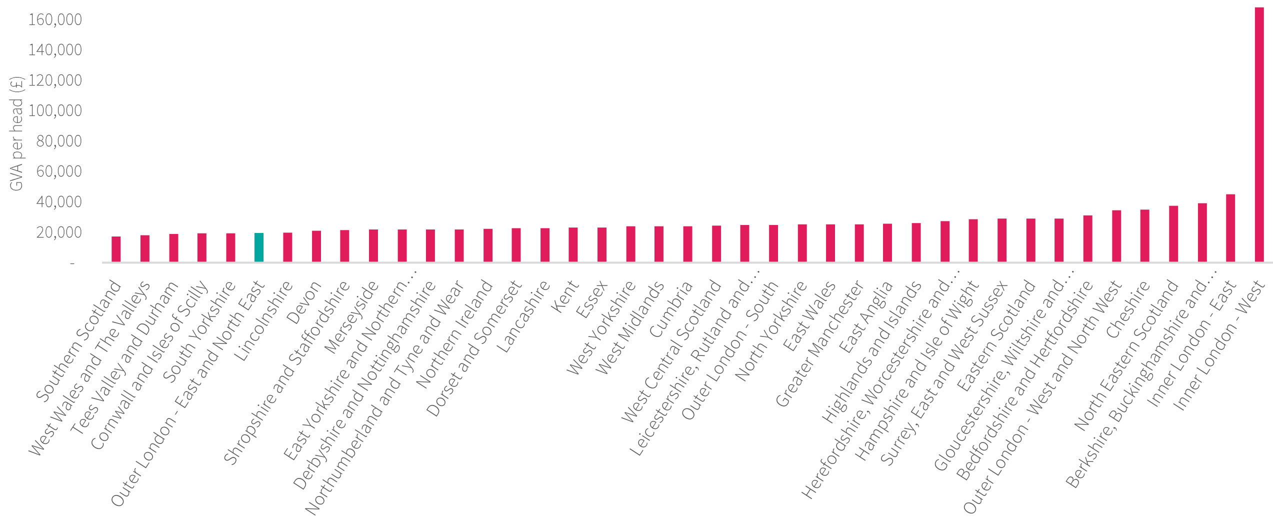
"Have experienced the decline of traditional industries… whilst also needing improved transport, better broadband connectivity and skills. Their local economies are often characterised by a high number of low-pay, poor-quality jobs and low levels of start-ups."[10]

3.7 These conditions exist in this part of London and their prevalence highlights that issues of economic underperformance and wellbeing affect all parts of the UK. On several headline measures, Local London is struggling versus other areas of the UK.

[10] UK2070 Commission Final Report, UK2070

3.8 The sub-region[11] is one of the lowest performing regions in the UK on the EU's measure of 'need' which is GVA per head. East and North East London is the 6th lowest performing region in the UK on this measure, comparable with Cornwall & the Isles of Scilly and South Yorkshire and *worse* than places like Merseyside, Derbyshire & Nottingham and Northumberland and Tyne & Wear.

GVA per head, 2018



Source: ONS (2019) GVA per head (£) NUTS2, 2018

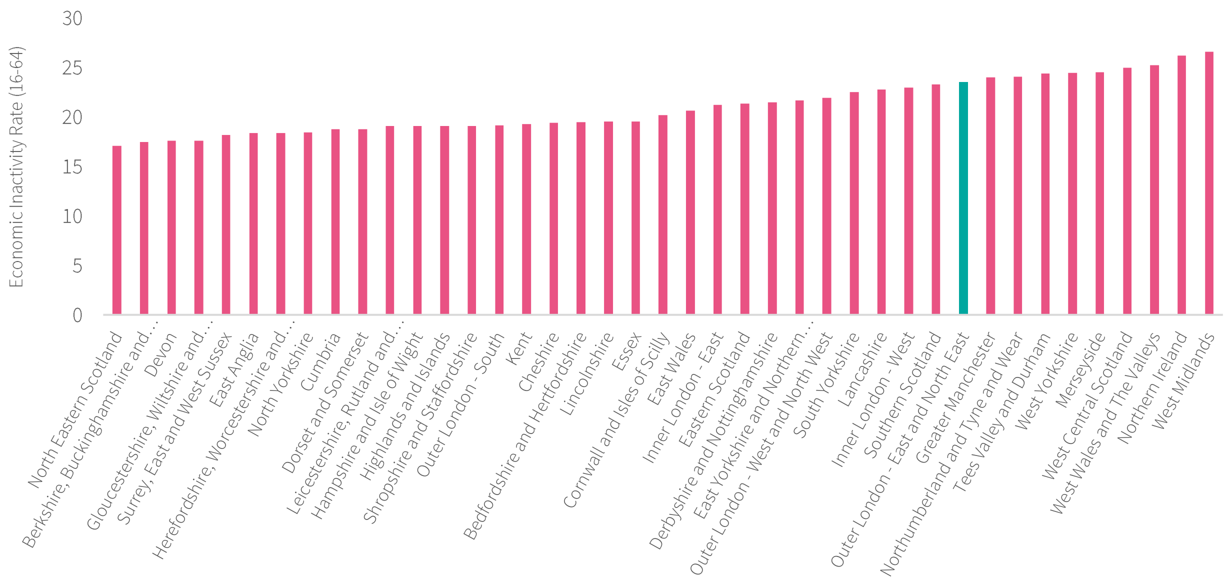
3.9 This measure reflects an under-representation of key modern sectors like Finance and Insurance; Information and Communication; and, Professional, Scientific and Technical activities as well as our large population. The share of employment across sectors most closely aligns with Birmingham suburbs rather than London.

3.10 The role of sectors like Wholesale and Retail; Manufacturing; and, Construction are much more prominent in East and North East London. The economy is also made up of small businesses and most employment is in start-ups, microbusinesses and SMEs. SMEs make up over 95% of local businesses here and six out of 10 new businesses are unable to survive beyond the first three years of their inception.

3.11 Economic inactivity is also a significant issue. Across the sub-region, 24% of 16-24-year olds are not actively searching for work or are unable to work. Economic inactivity is similar to comparators in the West Midlands and North West – for instance rates in the Manchester and Birmingham suburbs are 22% and 25% respectively. In Enfield almost 1/3 of the working age population are inactive.

[11] Defined here as NUTS3 region Outer London East/North East for the purpose of comparison

Economic Inactivity Rate (16-64-year olds), 2018



Source: ONS (2019) Local labour market indicators by NUTS 3 area 2018

‘Levelling up’ with London

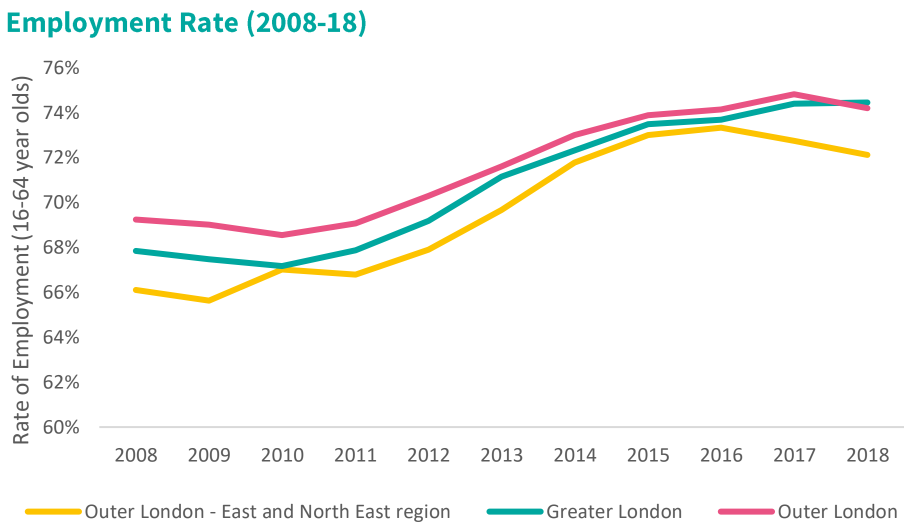
3.12 As well as being comparative to struggling areas outside the South East, the sub-region is also very different to the rest of the capital. London-wide figures mask significant disparity in the economic and social performance of East and North East London compared to Inner and Outer London.

3.13 Local London persistently underperforms across a broad range of measures around labour market participation, income and earnings and opportunities for social mobility.

3.14 One result of an incomplete recovery from industrial decline in Local London, as in many other places, is high levels of deprivation with strong inter-generational aspects.

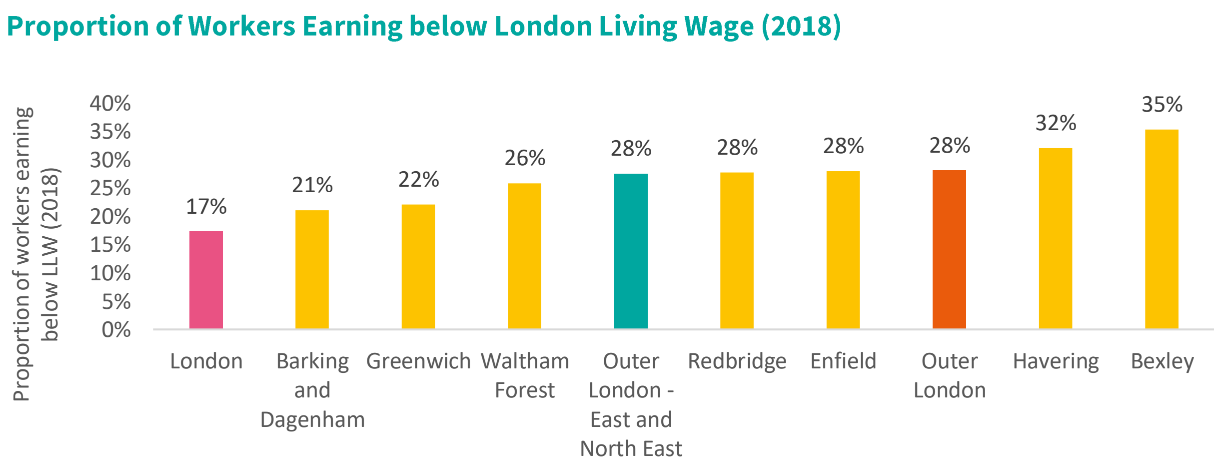
3.15 There are clear concentrations of deprivation in the Upper Lea Valley and north of the Thames. A fifth of our neighbourhoods (20%) are in the top two deciles for deprivation nationally. This compares to 12% across Outer London and 16% across Greater London. Deprivation is more entrenched here too - between 2015 and 2019, the number of neighbourhoods being classed as most deprived dropped by 6% in London but only 3% here.

3.16 Higher deprivation is one of the key factors driving high rates of non-participation in labour markets as well as other social issues. The employment rate has decreased since 2015 in Local London and is lower than Outer London and Greater London - 72% compared to 74% and 74% respectively. Economic inactivity has also increased and is higher than in both Outer London and London as a whole.



Source: ONS (2020) Annual Population Survey

3.17 Disposable income has also persistently been below the London average. Within our region, individuals living in Bexley have the lowest disposable income (£18,655), followed by Greenwich and Havering. The overall average of disposable income is £21,600, which is well below both the Outer London and Greater London figures of £24,600 and £27,800 respectively.



Source: ONS (2020) Annual survey of hours and earnings - workplace analysis 2018

3.18 28% of employees are also paid less than the London Living Wage, which equates to 144,000 people. Variations across the Local London area disguise that in some areas around one third of employees are earning below £10.75 per hour (e.g. Bexley and Havering). All Local London boroughs have a higher proportion of people not earning the London Living Wage than the London average.

3.19 The region also has fewer residents with degree level qualifications and more people with no qualifications than Outer London and London more generally.

3.20 The proportion of the workforce with degree level qualifications is 42%, below the Outer London figure of 48% and 53% across Greater London. Nearly 100,000 people or 8% of Local London have no qualifications compared with 6.6% in both London and Outer London.

	Proportion of the population with NVQ4+, 2018	Proportion with below NVQ2/entry level qualification 2018
Local London	42%	8.0%
Outer London	48%	6.6%
Greater London	53%	6.6%

Source: ONS (2020) Annual Population Survey 2018

We know from investment rounds like the Stronger Towns Fund and Getting Building Fund that recent Government investment has been prioritised in parts of the country that are traditionally thought of as left behind.

Our research, however, emphasises that Local London should be considered as much at risk as many of these places. It shows that significant regional disparities exist *within* cities and that our challenges are as significant as other parts of the country.

Funding will help the region 'level up' with other parts of the country and capital. This would support the Government's ambitions to reduce inequality between communities across the UK.

VULNERABLE...

to macro-economic changes

4. VULNERABLE… to macro-economic changes

We are highly vulnerable to macro-economic changes and need funding to build a more resilient economy and population

4.1 The shocks and reverberations of a crisis are never uniformly felt across economies. The real impact of a crisis reflects the composition of local economies and communities.

4.2 Local London is different from both Inner London and the boroughs that are more generally regarded as comprising Greater London. It has a complexity and variance of wealth, deprivation and well-being which is unique in the South East.

4.3 The area continues to suffer from historic inequalities that show themselves in its relative underperformance across a wide range of economic and social indicators. Issues around deprivation and disadvantage, poorer labour market conditions and business environment influence the performance of the economy and strength of the communities in the area.

4.4 We know that many of these features are key determinants of how resilient an area will be to an economic shock. The issue of resilience has been brought into sharp focus by COVID-19, which has exposed frailties in areas of housing, income, work and health across the UK.

Whilst no part of the UK will come through the pandemic unscathed, some places will fare better than others. The current experience is a clear reminder that Local London is more exposed and vulnerable to economic disruption than other places.

4.5 Recent economic analysis from the Joseph Rowntree Foundation shows that four of Local London's boroughs are expected to be among the top twenty most heavily hit in the country[12]. This is based on the potential peak unemployment rate and the current number of people out of work per vacancy.

4.6 Industrial structure, business structure and labour market conditions have a strong bearing on how an economy fares in response to a shock. The table below considers these features in relation to our region and underlines that we are vulnerable to sudden shifts in economic conditions.

[12] Barking & Dagenham, Newham, Waltham Forest, Enfield

Labour market

People in East and North East London are less highly qualified than elsewhere in London and this translates into lower and more precarious earnings. There is fragility in employment – low paid zero-hour contracts have inbuilt risk. Despite many residents having some formal qualifications, they are disadvantaged by a lack of experience in growth sectors of the future. Engagement with the labour market is also lower and there is a higher rate of unemployment and inactivity.

Business structure and environment

East and North East London is dominated by small businesses and most businesses struggle to continue operating beyond their first few years. An unstable business base creates more uncertainty, reducing the likelihood of a business investing in its future. Business density is also much lower than the London and UK averages.

Spending on innovation is £312 lower per head than the national average. Yet we know that firms who are innovative have a track record of performing well through recessions, particularly where that innovation has been based on new technology. Digital connectivity is improving, but there are many domestic and industrial areas that are not well connected. This also limits the ability of companies to be able to innovate.

Industrial Structure

The sub-region's predominant sectors are Construction; Wholesale and Retail; and, Manufacturing. These are typically less productive and lower wage industries. There is also an overrepresentation of public-sector workers, such as Health & Social Work and Education. Studies also suggest that higher reliance on manufacturing and lower profile of knowledge based and professional services makes area less resilient.

Community Resources

Community and social dimensions are also important. Features of local places such as the built environment, amenities and circumstances of families within them shape the resilience of communities to respond to COVID-19. We know that the pandemic has disproportionately affected the economically and socially vulnerable places across the UK. One fifth of our neighbourhoods are in the top two deciles for deprivation nationally. The greater the levels of inequality, the lower the resilience to manage trauma. Access to the right skills, well-paid employment secure housing tenure, strong in-work training and a properly funded benefits system all reduce pressure on the system during the calm periods and are essential during times of crisis.

4.7 On the immediate COVID-19 impacts, the pace of disruption means that intelligence on how and where the economy is affected is currently limited. We can, however, see signals that Local London has been heavily impacted by the crisis in the short term and the longer-term recovery is yet to unfold.

4.8 Initial insight indicates that the pandemic has disrupted the Local London economy at an unprecedented pace. More than a quarter of the workforce has either lost their job or been furloughed, which is above the Greater London average[13].

4.9 Sectors that rely on physical presence such as Construction; Manufacturing; Hospitality; and, Retail have been most significantly affected by COVID-19 measures. These industries are overrepresented in Local London compared to the capital as a whole. Exposure to employment impacts in a number of boroughs such as Newham and Bexley highlight the high proportion of the workforce engaged in these industries.

4.10 The COVID-19 experience has also exposed long-standing structural weaknesses in the economy which have been present for some time and which must be addressed for long term resilience to any future shocks. Building greater resilience into the approach to growth will benefit everyone who lives and works in this part of London and must now be a priority. Any funding secured as part of the Shared Prosperity Fund will be used to do this.

[13] Coronavirus Job Retention Scheme statistics, HM Revenue & Customs (2020)

OPPORTUNITY...

to deliver significant economic change <u>and</u> underpin the national economic recovery

5. OPPORTUNITY… to deliver significant economic change *and* underpin the national economic recovery

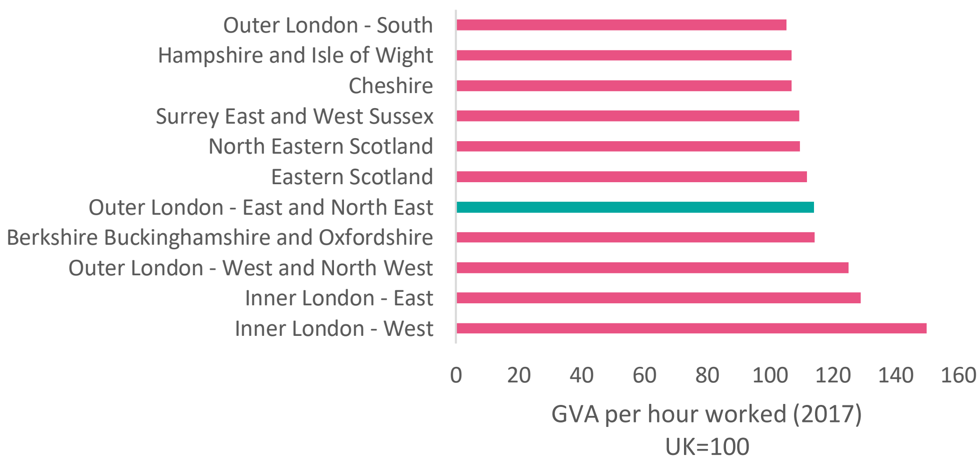
We have huge opportunities for investment which can deliver positive economic change and help to support the national economic recovery

5.1 East and North East London is the country's most important opportunity area.

5.2 On the one hand, it is the nation's fifth most productive region[14] despite having deep and entrenched structural issues. This means that our region can deliver among the best returns in the country for every pound invested by Government and the taxpayer. This has always been important but is even more pertinent given the on-going and expected economic impacts of COVID-19.

5.3 It also means that if metrics that underpin the five pillars of productivity can be addressed, the area can have significant positive impacts for productivity and economic output. It would also ensure that the benefits of having strong productivity can be expanded to more of our population. Example metrics include economic inactivity, income, deprivation, business number and R&D expenditure as set out below.

GVA per hour worked - highest ranking UK NUTS2 regions (UK=100)[15]



[14] In terms of GVA per hour worked

[15] ONS (2019) Sub regional productivity: labour productivity indices by UK NUTS2 and NUTS3, 2017

Performance against metrics related to productivity[16]

Rank	Inactivity Rate (2018)	Workers earning below Living Wage (2018)	Proportion neighbourhoods top 20% most deprived (2019)	Businesses per 10,000 population (2018)	R&D expenditure per head (2017)
1	United Kingdom 21%	Greater London 20%	Outer London 12%	Greater London 586	Greater London £629
2	Greater London 21.9%	United Kingdom 23%	Greater London 16%	Outer London 465	United Kingdom £376
3	Outer London 22.1%	Outer London E/NE 28%	Outer London E/NE 19%	United Kingdom 409	Outer London £280
4	Outer London E/NE 24%	Outer London 33%	United Kingdom 20%	Outer London E/NE 389	Outer London E/NE £64
Source	Annual Population Survey (APS)	Annual Survey of Hours and Earnings (ASHE)	Indices of Multiple Deprivation (IMD)	UK Business Count	Business Expenditure on Research and Development (BERD)

If our economic inactivity rates aligned with the Outer London average it would add at least £1.5 billion to the UK economy each year.

If our GVA per head of population aligned with Outer London West and North West it would add at least £29 billion to the national economy each year.

5.4 On the other hand, the sub-region's context makes it ideally placed to underpin the economic recovery by driving economic growth and productivity gains at a range of scales.

5.5 As set out in the table and map below we are: (1) part of the UK's most productive city; (2) at the confluence of several nationally important economic corridors (including the UK Innovation Corridor and Thames Estuary Corridor); (3) home to the highest number of opportunity areas in London which have the capacity for over 135,000 new homes and 105,000 new jobs; (4) made up of motivated and engaged boroughs; and, (5) poised to capitalise on a range of economic futures.

The region also has a clear plan to capitalise on these competitive advantages if funding is made available as set out in our collective Growth Narrative. Our aim is to deliver *"successful inclusive growth and improve quality of life for local people and communities"*.

[16] ONS (2019) Sub regional productivity: labour productivity indices by UK NUTS2 and NUTS3, 2017

Part of the UK's most productive city

London drives the national economy and is by far its most productive region. Local London is a key part of the capital and is ready to make more of this competitive advantage as other sub-regions have. Our strategic position and connectivity to key economic nodes allow us to benefit from agglomeration and clustering impacts. Any investment in infrastructure and supporting businesses in the region will have a significant and positive impact on productivity and economic growth.

At the confluence of several nationally important economic corridors

We are part of the Thames Estuary Corridor and the UK Innovation Corridor. These are major economic opportunities that are expected to drive growth. The former is a major transformative programme which will create jobs, improve productivity and deliver infrastructure in an area stretching from East London into Essex and Kent, and is expected to add £115 billion to the national economy by 2050. The latter is a corridor of knowledge-intensive activities stretching from Central London to Cambridge with huge potential to embed the UK's position as a global leader in med-tech and agri-tech

Home to the highest number of opportunity areas in London

We have the largest concentration of Mayoral Opportunity Areas in the capital. These areas have capacity for over 135,000 new homes and 105,00 new jobs. Our areas are London Riverside, Greenwich Peninusla, Woolwich, Thamesmead & Abbey Wood, Ilford, Charlton Riverside, Olympic Legacy Site and the Upper Lea Valley.

Made up of motivated and engaged boroughs

Every one of our boroughs has an emerging story which demonstrate their commitment to delivering change. For example Newham have developed a Community Wealth Building Strategy, Barking & Dagenham have undertaken a Growth Commission and Enfield have just published a new Economic Development Strategy.

Poised to capitalise on changing trading relationships

Local London is well-positioned to capitalise on the expected changes in the UK's trading relationships. It is close to three of the UK's main deep-sea container ports and there is a unique opportunity to develop under-used freight facilities in Barking.

If we secure investment we will direct it to our eight priority areas: (1) digital connectivity; (2) transport infrastructure; (3) the Thames Estuary; (4) the UK Innovation Corridor; (5) major infrastructure developments; (6) town centres and workspaces; (7) skills and employment; and, (8) film, culture and green industry.

5.6 There are a range of tangible investment opportunities under each of these priority areas that could be funded. These are ambitious projects and programmes that will be transformative for the sub-region and help us overcome a range of barriers to economic growth and productivity. They will *enable* more change; help unlock significant private sector investment; and, deliver positive economic change at regional and national scales. Some example investment priorities are set out below.

Local London's Opportunity Areas are an important resource for meeting the strategic needs of the sub-region and wider city region. Alongside transport needs, as set out below, some will require land remediation given the previous uses of the land they sit on. A clear investment priority is to ***undertake land remediation*** *in order to enable the sites to be developed and to attract private sector investment from developers.*

There are a range of infrastructure investments needed to enable high-density sustainable development to come forward in Local London's Opportunity Areas. At the moment there is a mismatch between the aspiration to develop these areas and the strategic transport plans in place to meet them. Infrastructure investments are needed to link the areas with major town centres and important employment locations.

Example investment priorities include: ***(1) Extending the Elizabeth Line to Ebbsfleet*** *to unlock the Bexley Riverside Opportunity Area; and,* ***(2) Four tracking the rail route between Coppermill Junction and Broxbourne*** *to increase capacity along the London Stanstead Cambridge Corridor in order to accelerate the delivery of new homes (including over 30,000 in Enfield), unlock new commercial space and create a range of tangible economic benefits.*

Road and rail networks in Local London are heavily oriented towards radial connectivity with the majority of connections meeting the needs of commuters travelling to and from central London. Orbital connectivity is poor which has led to a high car dependency across the subregion. This brings economic and environmental costs and limits opportunities for those without access to private transport (through income, age and disability). It also limits the labour market catchments in Local London as it reduce their ability to attract workers from neighbouring areas.

Example investment priorities include: ***(1) Extending the DLR network to link the Royal Docks, Thamesmead and Abbey Wood Opportunity Areas to Barking and Ilford*** *and to existing radial routes; and,* ***(2) Developing a light rail or bus rapid transit corridor*** *to improve radial connectivity in Havering to better link existing communities to each other and with opportunities in London Riverside.*

Local London's high-speed broadband coverage is behind other parts of London. This is a barrier to (a) investment from sectors that depend on fast internet connectivity (e.g. creative and digital industries, high tech manufacturing and off site construction); and, (b) improving the overall quality of life offer to retain the region's existing workforce and attracting new residents.

Funding ***improvements in digital infrastructure*** *across the region is therefore another investment priority. This will help attract new businesses and jobs to the area and will build on the development of two new data centres which are currently being built near to Dagenham East Underground Station.*

The Thames Estuary Corridor and UK Innovation Corridor present a range of economic opportunities for the sub-region. There are, however, a range of quality of life challenges which means that a low propotion of skilled workers choose to live in the area and it can be difficult to attract higher-value businesses. There are a range of factors driving this such as the availability of good quality housing, the attractiveness of places and underinvestment in public services.

To take advantage of economic opportunities, funding could be prioritised to create ***new urban ecosystems that span commercial, residential and leisure attributes*** *that will make them attractive to target sectors, business investment, employers and skilled workers. There are a range of places where this could occur across the region.*

5.7 There are a range of other priorities that could be funded using the Shared Prosperity Fund and we welcome a discussion on these with Government. These relate to a wide range of issues including housing, enterprise, SMEs, inward investment, workspace and unemployment.

5.8 There are also other tangible opportunities such as the consolidation of Smithfield, Billingsgate and New Covent Garden into the Dagenham Docks; the delivery of infrastructure to enable development at Meridian Water; and, additional investment into Havering's ambitious estate regeneration programme.

5.9 Member boroughs are working alongside this to deliver a range of ambitious and world-class projects across the sub-region. As the map below shows this ranges from delivering East London 'Hollywood' using the arrival of the OMA Film Studios in Enfield to support this, to the £300m regeneration of Newham's Royal Docks which is expected to deliver 35,000 jobs and 4,000 new jobs as well as attracting over £5bn of inward investment. These projects could be expedited using Shared Prosperity Funding or delivered alongside alternative investments to amplify the impacts.

London's centre of gravity has shifted eastwards over recent decades and plans for accommodating the city's future growth show that this is set to continue.

KEY

- Land and space
- Creative industries
- Technology
- Growth Corridors

1 – Olympic Park, Stratford
The success of the 2012 Olympic Games and its transformational legacy provide a vivid example of how brilliantly both people and places can respond to opportunity in this part of London.

2 – More development land than anywhere in the Capital
The Local London region has the largest concentration of opportunity areas in the Capital. Opportunity Areas are London's major source of brownfield land which have significant capacity for development – such as housing or commercial use - and existing or potentially improved public transport access. Typically, they can accommodate at least 5,000 jobs, 2,500 new homes or a combination of the two, along with other supporting facilities and infrastructure.

3 – The Royal Docks in Newham
The £314 million, five-year regeneration of the Royal Docks in Newham will be a catalyst for growth across East London. The scheme has the potential to generate 35,000 jobs, 4,000 new homes and attract more than £5 billion in inward investment by 2037/38. It is London's only Enterprise Zone – a designated area where employers can access business rate relief and other financial support.

4 – Historic London Markets re-locating to Dagenham Dock
London's historic Billingsgate, New Spitalfields and Smithfield markets will move to a site at Dagenham Dock formerly occupied by a power station. The site contains 42 acres of industrial land and good connections to the rail network and the River Thames. Construction will take place between 2023 and 2025 generating jobs and new opportunities.

5 – Meridian Water in Enfield
Meridian Water is a major £6 billion, 20-year London regeneration programme led by Enfield Council bringing 10,000 homes and thousands of jobs to Enfield, north London. The development has brand new railway station unlocking the area for commuters with better connects south to Stratford and London Liverpool Street, and north to Stansted and Cambridge.

6 – Area around Lea Bridge will become a major hub for Waltham Forest
Just to the north of Queen Elizabeth Olympic Park and on the edge of the Lee Valley Regional Park, these three mixed-use development sites will provide 3,000 homes (35-50% affordable), 3,000 m2 of commercial, community and cultural workspace, a new entrance for Lea Bridge Station, a public plaza with commercial uses, gateway buildings with distinctive character and identity, and an energy centre.

7 – Improved connectivity stimulates growth in Bexley
Extending Crossrail from Abbeywood to Ebbsfleet would transform connectivity for Bexley and the wider Thames Estuary. It would unlock new homes, employment sites, jobs and link Ebbsfleet to City Airport, Canary Wharf, the City, the West End and Heathrow. The feasibility is being tested through a Government-funded business case.

8 – Ilford Town Centre masterplan in Redbridge
The rebirth of Ilford Town Centre is one of London's most exciting regeneration projects. The introduction of Crossrail services will be supported by a multi-million pound refurbishment of Ilford Station. Major improvements will transform the area around Ilford station. The Ilford Housing Zone will bring more than 2,000 new homes, including approximately 600 affordable homes by 2021.

9 – Silvertown Tunnel will improve cross river connectivity and reduce congestion
This twin-bore road tunnel under the Thames in east London will link Silvertown to the Greenwich Peninsula. We expect construction to begin in 2020, with the new tunnel opening from 2025 The scheme will reduce congestion at the Blackwall Tunnel and improve the reliability and resilience of the wider road network. It will also transform East London's cross-river bus network.

10 – Housebuilding revolution in Havering
Havering's biggest regeneration project will see major house-building on 12 estates across the borough, which will see more than 5,000 homes built over the next 12-15 years. As part of the project, Havering Council has have pledged to deliver a borough-wide legacy by investing in education, training and skills opportunities, and by employing local businesses to work on the scheme.

11 – East London 'Hollywood'
East London is fast becoming the UK's film and television-making base with new capacity being created to support this burgeoning industry.

Film and studio complex, the OMA Film Studios, will be London's largest film and TV studio when it opens in 2020 in Enfield. The complex provides 139,000 sq ft of studio space including a 26,750 sq ft stage, stores, and workshops. In Dagenham, there are plans in train to convert 22 acres of former factory space into state-of-the-art film-making facilities.

12 – Woolwich is London's new cultural district
A series of proposed developments on the banks of the River Thames at Woolwich will bring a set of historic buildings back into use to house cultural organisations and industries. The new creative quarter will deliver new jobs and skills in the borough.

13 – Digital connectivity in East London will be super-fast
Local London has an ambitious digital infrastructure programme in train which will improve internet connectivity across the sub-region's public spaces. In addition, key providers like O2 have indicated this part of London are among its priorities for superfast 5G technology.

14 – State of the art digital infrastructure will attract businesses and jobs to East London
Two data centres being built near to Dagenham East tube station will be among the UK's largest. The £1.5 billion project is expected to attract businesses from far and wide to East London and create hundreds of jobs in various sectors.

15 – The UK Innovation Corridor
This area between Cambridge University and Imperial College in London is the UK's life sciences and agri-tech corridor generating billions of pounds annually. With further investment in rail, road, housing and digital infrastructure, the benefits to UK productivity and growth are substantial.

16 – The Thames Estuary 'Green Blue' Plan
The Thames Estuary Growth Board will publish a bold and exciting plan for the Estuary this year. The prospective jobs, homes, business start-ups and revenue this blueprint will catalyse through 'good green growth' initiatives will be play an integral role in national recovery and growth post-COVID and post-Brexit.

17 – The Thames Estuary 'Production Corridor'
Thames Estuary Production Corridor is an ambitious industrial vision to develop a world-class hub for cultural and creative production along the Estuary – leading global innovation, creating new jobs, developing talent and supporting the rapid growth of the creative economy.

Building on the area's manufacturing legacy, this bold programme will develop a series of large scale, state-of-the-art creative and cultural production centres, creating opportunities for strategic skills programmes and putting local talent at its heart.

It is estimated that long-term investment in the Thames Estuary's creative industries could deliver 50,000 new jobs, adding an extra £3.7bn to the UK economy.

Benefits of Investing in East and North East London

5.10 There is a clear and compelling case to invest in East and North East London.

5.11 It is important to note however that…

The benefits of investing in the region will also ripple out beyond Local London's boundaries.

As the boxes below show benefits would be delivered across several different geographical scales.

Benefits for Local London

- ✓ A higher material standard of living for residents through access to higher-paid employment and improved quality of life, for instance through better housing and public realm and reduced health inequalities;
- ✓ Greater inclusion of residents in the economy and society through reduction in economic activity and a reduction in inequality amongst those in work;
- ✓ Increased social, cultural, and leisure as well as economic opportunities; and,
- ✓ Productivity growth and economic recovery.

Benefits for London

- ✓ A greater and more distinctive contribution to London's overall competitive offer as a global city, including increased economic resilience and widening of opportunities through the diversification of economic sectors;
- ✓ Easing of housing and commercial affordability pressures, which currently threaten London's growth, through increasing the rate and quality of new development; and,
- ✓ A major contribution to the meeting of London's environmental targets.

Benefits for Surrounding Regions

- ✓ Relaxation of growth constraints in the London Stansted Cambridge Corridor;
- ✓ New opportunities for growth in the Thames Estuary Corridor;
- ✓ Supply chain spend with regional businesses and enterprises; and,
- ✓ Greater economic opportunity and employment options for residents of East and South East England.

Benefits for the UK

- ✓ Improved labour market opportunities by giving workers from elsewhere in the UK greater access to jobs in London;
- ✓ Increased tax take and reduced welfare spend, providing scope to pursue other priorities;
- ✓ Growth in high-value, internationally competitive sectors, improving overall UK productivity;
- ✓ Supply chain spend across the whole country; and,
- ✓ Significant productivity growth underpinning the economic recovery.

READY…

to work proactively with Government to drive change

6. READY… to work proactively with Government to drive change

We are ready to work closely with Government to drive change and to play a more prominent role in determining the future of our region

6.1 Our sub-region is ready to take this forward and we want to work proactively with Government to do so. We have the capabilities, capacity and know how to use funding to deliver transformative change and ensure a strong return on public sector investment.

6.2 Local London itself currently manages over £50m of projects and programmes that deliver tangible benefits to residents. These range from multi-million-pound schemes delivered with partners to smaller programmes directly delivered by our team. Our work focuses on tackling some of the major economic and social issues already set out in this report and includes projects focused on: (1) young people; (2) skills and employment; (3) businesses; and, (4) infrastructure.

Work and Health Programme

Local London currently delivers a £39m Work and Health Programme funded by the Department of Work and Pensions. This is our flagship programme which focuses on supporting residents who are long-term unemployed and/or have disabilities or health conditions back into work and to sustain work. The focus is on supporting people to overcome barriers to accessing employment and helping them to find work that is flexible to their commitments and enables career and wage progression.

6.3 Our member boroughs also have unparalleled experience of delivering large-scale and long-term regeneration and economic development projects. They are currently delivering some of the most complex and ambitious schemes in the world:

- **The London Borough of Enfield** are leading and *directly delivering* Meridian Water which is one of Europe's largest regeneration projects. It is a £6bn, 25-year scheme that is expected to bring 10,000 homes and thousands of new jobs to the borough over a 200-acre brownfield area.
- **The London Borough of Newham** are working with developers and the Greater London Authority to deliver the Royal Albert Dock regeneration scheme. The ambition is to create London's third business and financial district by creating new office, residential and public realm adjacent to London City Airport. Over £1.7bn is being invested in the area and it is expected to deliver 30,000 jobs and generate £6bn for the London economy.
- **The London Borough of Redbridge** are leading regeneration in Ilford Town Centre. This includes £15m of improvements to public realm, but also delivery of 6,000 homes and 3,000 new jobs by 2030. This will build on the opportunities that the arrival of the Elizabeth Line will bring to the area.

- **The London Borough of Barking and Dagenham** has set up BeFirst which is a pioneering regeneration company that is owned by but operated independently of the Council. The business's mission is to accelerate growth in the borough and capitalise on its position as one of London's best investment and development opportunities. They aim to deliver 50,000 new homes and 20,000 jobs over the next 20 years.

6.4 We are also ready to play a more prominent role in determining *how* funding is used.

6.5 The Shared Prosperity Fund allows Government to take control of regional development funding and to be more flexible than ever before about how it is used. We hope that this provides a unique opportunity for us to work closely together to overcome our challenges, unleash our potential and underpin the national economic recovery.

We do, however, want a stronger voice than we have had before. We have therefore set out a series of principles to reflect what we believe the sub-region needs from a future funding settlement.

We ask that Government consider these when deciding how to administer and manage the Shared Prosperity Fund in relation to East and North East London.

6.6 These principles focus on our sub-region rather than Local London as an organisation.

1	**Local London...** should be involved in setting the strategic direction for local investment priorities	*The sub-region's unique challenges, opportunities and priorities should be better represented in funding strategies and local actors should have a stronger say in how funding is used*
2	**Local London**... should be directly involved in deciding which projects are funded	*The sub-region should be involved in making decisions about how funding is used as we are closer to the needs and opportunities of our area*
3	**Local London**... should be seen as separate to other parts of London and have specific funding ringfenced	*The sub-region's challenges are far greater than other parts of London, and we have more opportunities, so funding should be ringfenced for both the benefit of the sub-region and the city as a whole*
4	**Local London**... should be fully represented across any new or existing governance structures	*Our interests should be better represented on boards and committees that make decisions about funding and priorities*

NB: 'Local London' refers to East and North East London rather than the Local London sub-regional partnership

6.7 One way to achieve these principles would be to devolve fund administration directly to actors in our sub-region. This *could* involve awarding funding directly to our member boroughs for specific projects and initiatives. It *could* also involve the Local London sub-regional partnership taking more responsibility in managing funding. This might involve, among other things, issuing calls for proposals, managing governance structures, appraising projects, supporting project delivery, monitoring performance and evaluating programmes.

6.8 We recognise that this would involve shifting the way our organisations currently operate, and that it marks a departure from most existing administrative models, but there are several reasons why it might make sense to pursue a sub-London approach:

- Devolution to the sub-region could be more agile than administering funds at the pan-London level as actors have a strong understanding of needs and opportunities and might be able to direct funding more quickly and efficiently to where it is most impactful.
- The sub-region is home to 2.3 million residents, which means it has more people than all but four LEPs (excluding London). LEPs currently administer European Funds and Local Growth Funds, but others are much closer to their populations than in London.
- The sub-region has eight member boroughs who have strong capabilities in relation to economic development and regeneration *and* they deliver the full range of services offered by County Councils. There are more boroughs here than fourteen other LEPs, which demonstrates the capacity and potential of the region.
- Several other Less Developed Regions (e.g. Tees Valley & Durham and the Isles of Scilly & Cornwall) cover entire LEP areas or more whereas East and North East London is just a small part of the wider London system so does not necessarily get prioritised in the same way.

6.9 There is also precedent in devolving funding decisions to boroughs and other tiers of Government as the example of the Strategic Infrastructure Pot below shows.

Strategic Infrastructure Pot (SIP)

The Mayor of London, City of London and London Boroughs established the London Business Rates Pool in 2018-19 with Government. The benefit of this is that London retains 100% of any growth in business rates income over and above the business rates baseline set by central government. It was agreed by members of the pool and Government that 15% of the available income would be used to establish a collective Strategic Investment Pot to fund investments focused on economic growth across London.

Rather than retaining control at the London level, funding allocation decisions were devolved to the City of London Corporation which is the pool's lead authority. The City made arrangements for inviting bids, evaluation and the preparation of a recommendation report to consult all pool members. Boroughs could bid for funding individually or in groupings, but cross-borough applications encouraged. Around £46.8 m has been committed to date in the first tranche.

6.10 Another way to achieve these principles would be to use existing administrative models for either European Funds or Local Growth Funds but adjust how they operate to include better representation for our sub-region.

6.11 If the existing European Funding model is pursued, for example, we could work with the GLA, LEAP and Government to: (a) be better represented on sub-committees and Programme Boards; (b) shape the funding strategy; and, (c) support Government with the appraisal process. The

Local London sub-regional partnership could also operate an area-specific sub-committee which could involve co-ordinating funding proposals for our member boroughs.

6.12 If the existing Local Growth Funding model is replicated we could work with the GLA and LEAP to: (a) be more involved in developing the funding plan; (b) support the LEAP with the appraisal process; and, (c) be fully represented on the Board and thematic sub-committees.

6.13 We are currently engaging with the Greater London Authority and London's Local Enterprise Action Partnership to determine how we could work more collaboratively should one of these administrative models be pursued.

6.14 It is important to note, however, that…

…we are open to working proactively with Government and any accountable body, whatever decision is made in relation to funding administration and decision making. Our ultimate ambition is to deliver the best outcomes for our region and, in turn, London and the UK.

London: +44(0)207 336 6188

Manchester: +44(0)161 234 9910